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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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IN RE:	:	Chapter 11
	:	
ARCAPITA BANK B.S.C.(c), et al.,	:	Case No. 12-11076 (SHL)
	:	
Debtors.	:	Jointly Administered
	:	
-----X	:	

**NOTICE OF FILING OF AMENDED EXHIBIT L TO SECOND AMENDED
DISCLOSURE STATEMENT IN SUPPORT OF THE SECOND AMENDED JOINT
PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND
RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that, on April 25, 2013, the Debtors in the above-referenced Chapter 11 cases filed their *Second Amended Disclosure Statement in Support of the Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and Related Debtors Under Chapter 11 of the Bankruptcy Code* (the “Second Amended Disclosure Statement”) [Docket No. 1038].

PLEASE TAKE FURTHER NOTICE that, the Debtors hereby file an amended Exhibit L to the Second Amended Disclosure Statement (the “*Amended Exhibit L*”), which replaces the Exhibit L that was attached to the Second Amended Disclosure Statement in its entirety. A copy of the Amended Exhibit L is attached hereto as Exhibit 1. A blacklined copy of the Amended

Exhibit L, which is marked to show changes from the version filed on April 16, 2013, is attached hereto as Exhibit 2.

Dated: New York, New York
April 26, 2013

Respectfully submitted,

/s/ Michael A. Rosenthal

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EXHIBIT 1

Amended Exhibit L

Draft – Pending Disclosure Statement Approval

**SYNDICATION COMPANIES AND REORGANIZED ARCAPITA
SETTLEMENT TERM SHEET**

This term sheet (the “*Term Sheet*”) describes the material terms of an agreement among the Debtors, AIM, the Syndication Companies and, after the Effective Date of the Plan, Reorganized Arcapita (each as defined below) relating to the sale or other disposition of the portfolio investments identified on Exhibit A (each, an “*Investment*” and, collectively, the “*Investments*”). As set forth on Exhibit A, the Investments are divided into two categories, the “*Major Investments*” and the “*Minor Investments*.” It will be a condition precedent to the effectiveness of this Term Sheet that Arcapita Bank will continue to be an “affiliate” of the Arcapita Group through and after the effective date of the Plan (the “*Effective Date*”) as a result of the transfer of 50.01% of the shares in Arcapita Bank to New Arcapita Bank Holdco, provided that such condition precedent may be waived in writing by the UCC (as defined below) in its sole discretion. Absent further agreement by the parties hereto, the agreement evidenced by the Term Sheet will become effective on the Effective Date of a consensual Plan that implements all of the provisions of this Term Sheet, including those described on Exhibit B attached hereto, which the Debtors (as defined below) and the UCC agree describes their agreement with respect to certain issues that will be incorporated into the Plan.

The transactions described in this Term Sheet are subject to conditions to be set forth in definitive documents and to the approval by the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”). This Term Sheet is being presented for discussion and settlement purposes only and is entitled to protection from any use or disclosure to any person pursuant to Federal Rule of Evidence 408 and any similar rules. Nothing in this Term Sheet shall be construed as an admission of any fact or liability, a stipulation or a waiver, and each statement contained herein is made without prejudice, with a full reservation of all rights, remedies, claims and defences of the parties hereto.

Capitalized terms not defined in this Term Sheet have the meanings given to them in the joint plan of reorganization filed on February 8, 2013 (as may be amended or modified from time to time, the “*Plan*”), to be confirmed in the pending bankruptcy cases of the Debtors, and the related disclosure statement (the “*Disclosure Statement*”).

PARTIES	
UCC	The Official Committee of Unsecured Creditors appointed in the Debtors’ chapter 11 cases.
Debtors	The following companies which filed for protection under chapter 11 of the Bankruptcy Code: Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc. (collectively, the “ <i>Debtors</i> ”).
Reorganized Arcapita	Refers to, and includes, (i) the entity that will be formed under the laws of the Cayman Islands on or prior to the date on which the Plan shall take effect (the “ <i>Effective Date</i> ”) that will issue the New Arcapita Shares (such entity, “ <i>New Arcapita Topco</i> ”) and will own, after the Effective Date, [substantially all of the issued and outstanding shares in an entity that will be formed under the laws of Bahrain (“ <i>New Bahraini Arcapita Holdco</i> ”), which will own] 100% of the issued

	and outstanding shares in New Arcapita Bank Holdco and 99.99% of the issued and outstanding shares in New Arcapita Holdco 1 and (ii) all other new entities to be formed in connection with implementation of the Plan, together with the Debtors, as reorganized pursuant to the Plan, and each of their subsidiaries. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the Central Bank of Bahrain (“ CBB ”) and/or Bahrain Ministry of Industry and Commerce (“ MOIC ”), are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.
Syndication Companies	For each Investment, each Cayman Islands holding company through which the Arcapita Group initially syndicated the interests in the Investment to third-party investors, as described in the Disclosure Statement other than any such holding company which is wholly owned by a single investor who has not provided a proxy to Arcapita Investment Management Limited (“ AIML ”) and/or does not currently have an administration agreement in place with AIML. For the avoidance of doubt, the term “Syndication Companies” shall include any PVs or PNVs which hold any interests in Transaction HoldCos as of the Effective Date.
Transaction HoldCos	For each Investment, the top-level holding company through which the Debtors (before the Effective Date of the Plan) and Reorganized Arcapita (after the Effective Date of the Plan), and the Syndication Companies each own their interests in the Investment.
LT CayCos	For each Investment, any Reorganized Arcapita entity that holds a direct equity interest in the Transaction HoldCo applicable to that Investment.
AIM and AIM Bahrain	AIM Group Limited, a Cayman Islands company that will be a party to the Management Services Agreement (as defined below). AIM will form and own, after the Effective Date, 99.99% of the issued and outstanding shares (with the remaining shares owned by another wholly owned newly formed Cayman Islands subsidiary of AIM) in an entity that will be formed under the laws of Bahrain (“ AIM Bahrain ”).
DISPOSITION COMMITTEES	
Purpose	For each Major Investment and Minor Investment (except for those Major Investments and Minor Investments in which there is a third party investor that is not a Syndication Company, a Debtor or one of its wholly-owned subsidiaries (each, a “ Third-Party Investor ”), the relevant Syndication Companies and the LT CayCos, as necessary, shall amend the articles of association or similar organizational documents of the applicable Transaction HoldCo (and/or enter into a shareholders’ agreement or other arrangement) to provide that the shareholders’ consent shall be required with respect to the sale or other disposition of (i) all of the interests in the Transaction HoldCo and (ii) all or substantially all of the assets directly or indirectly owned by the Transaction HoldCo, whether structured as a

	<p>merger, consolidation, or otherwise (each, a “Sale Approval”). As of the Effective Date, the shareholders of each such Transaction Holdco shall have established a committee (each, a “Disposition Committee”), which shall have sole authority to make all decisions and give all approvals with respect to any Sale Approval.</p> <p>For each Major Investment and Minor Investment which has a Third-Party Investor, the relevant Syndication Companies and the LT CayCos, as necessary, shall either (x) obtain all necessary consents from each applicable Third-Party Investor to the establishment of the Sale Approval and the Disposition Committee and to the other rights and duties of the Majority Investors and the Minority Investors specified in this Term Sheet with respect to the sale or other disposition of the interests in or assets of the applicable Transaction Holdco and shall amend the relevant articles of association or similar organizational documents of the applicable Transaction HoldCo (and/or enter into a shareholders’ agreement or other arrangement) to effectuate this result, or (y) enter into a shareholders’ agreement or similar arrangement that implements, only as between the relevant Syndication Companies and the LT CayCos, their agreement with respect to the matters described in (x), above, subject to the existing rights of each applicable Third-Party Investor relating to such matters.</p> <p>The sole purpose of each Disposition Committee shall be to implement the sale or other disposition of the Investment or Investments to which it relates.</p> <p>The Major Investments will be sold in accordance with a disposition plan negotiated prior to the Effective Date by the Debtors and the UCC (each, a “Disposition Plan”). The Disposition Plan for each Major Investment will set forth the material conditions (the “Sale Conditions”) applicable to the sale or other disposition of that Investment. Any material deviation from the Disposition Plan for a Major Investment may only be effected with the approval of a majority of each of the Majority Committee Members (as defined below) and the Minority Committee Members (as defined below) of the relevant Disposition Committee.</p> <p>Each Disposition Committee must accept or reject a Qualifying Third-Party Offer (as defined below) within 10 business days after receipt of such an offer, except as provided in paragraph 2 of “Sale Conditions” below, in which case, the Disposition Committee must accept or reject a Qualifying Third-Party Offer no later than 10 business days after the end of the 45-day marketing period provided for therein.</p> <p>Each Disposition Committee shall have sole discretion to determine whether or not to sell a Minor Investment upon receipt of a bona fide third-party offer, provided that if the consideration to be received pursuant to such offer is not all cash and in a currency that can be readily bought or sold without government restrictions (a “Hard Currency”), such offer may only be accepted by the Disposition Committee in the event the majority of the Minority Committee Members shall have consented with respect to the form of consideration.</p>
<p>Shareholder Representation</p>	<p>1. DISPOSITION COMMITTEES</p> <p>For each Major Investment, the Disposition Committee shall have seven members. For each Minor Investment, the Disposition Committee shall have seven members or such fewer number as may be agreed by the parties and as described in <u>Exhibit A</u>. Representation of Reorganized Arcapita and the Syndication Companies on</p>

	<p>each Disposition Committee shall be as provided in <u>Exhibit A</u>. Reorganized Arcapita or the Syndication Companies may elect to have as few as one designee to each Disposition Committee, in which case such designee(s) shall, in the aggregate, have the number of votes on such Disposition Committee as is allocated to Reorganized Arcapita or the Syndication Companies with respect to such Disposition Committee. For each Disposition Committee, Reorganized Arcapita’s designees are referred to in this Term Sheet as the “Reorganized Arcapita Committee Members,” and the Syndication Companies’ designees are referred to in this Term Sheet as the “Co-Investor Committee Members.”</p> <p>For each Disposition Committee, the group of members (whether the Reorganized Arcapita Committee Members or the Co-Investor Committee Members) which constitutes the majority in number of votes are referred to in this Term Sheet as the “Majority Committee Members” and the group of members which constitutes the minority in number of votes are referred to as the “Minority Committee Members.”</p> <p>2. GENERAL</p> <p>In this Term Sheet, references to the majority, or to obtaining the majority approval, of the Majority Committee Members or the Minority Committee Members shall mean obtaining the approval of 50% or more of the relevant group Committee members.</p> <p>The initial Co-Investor Committee Members of the Disposition Committees shall be designated by the Syndication Companies within 10 business days after the Effective Date. The initial Reorganized Arcapita Committee Member(s) shall be designated by the New Arcapita Topco Board within 10 business days after the Effective Date.</p> <p>At such time as Reorganized Arcapita, on the one hand, or the Syndication Companies, on the other hand, no longer own any equity interests in a particular Investment or any obligations related to such Investment, the Reorganized Arcapita Committee Members or Co-Investor Committee Members, as applicable, shall resign from the relevant Disposition Committee. By way of example, if Reorganized Arcapita no longer owns any equity interests in a particular Investment but any obligations, including WCF Obligations or Post-Exit WCF Obligations (each as defined below), remain owing to Reorganized Arcapita by the Transaction HoldCo or any of its direct or indirect subsidiaries, the Reorganized Arcapita Committee Members shall not be required to resign from the relevant Disposition Committee.</p>
<p>CBB Oversight and Regulatory Role</p>	<p>The CBB will regulate AIM Bahrain in accordance with applicable CBB regulatory requirements. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the CBB and/or MOIC, are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.</p>
<p>Bankruptcy Court Jurisdiction</p>	<p>Notwithstanding anything in this Term Sheet to the contrary, enforcement of the Plan will be subject to the jurisdiction of the Bankruptcy Court.</p>

<p>Authorization of Sale Approvals</p>	<p>As of the Effective Date, the articles of association (or similar organizational documents) of each Transaction HoldCo shall be amended (i) to reserve to the shareholders all authority with respect to any Sale Approval and (ii) to provide that the shares of each shareholder shall be voted in support of any Sale Approval recommended by the Disposition Committee for that Investment.</p> <p>Nothing herein shall obligate Reorganized Arcapita or the Syndication Companies to violate any agreement with any Third-Party Investor, nor does it permit Reorganized Arcapita or the Syndication Companies to give rights to any third parties, including any Third-Party Investor, without the unanimous consent of the relevant Disposition Committee.</p>
<p>Disposition Expenses</p>	<p>All expenses relating to (i) the conduct of each Disposition Committee (which shall include the reasonable out-of-pocket expenses incurred by the members thereof, but shall not include any compensation paid to any member for serving on a Disposition Committee, the obligation for which shall be the sole responsibility of the entity that designated such member to serve on the Disposition Committee), (ii) maintaining the existence of the Reorganized Arcapita and Syndication Company structures relevant for the Investments and liquidating or winding up existing legal entities in such structures or for investments sold prior to the Effective Date, as appropriate (which shall include filing fees, corporate secretary fees, legal fees, registered office fees and expenses, and similar items), in each case consistent with the past practices of Reorganized Arcapita and without duplication of any costs or expenses to be borne by AIM under the Management Services Agreement (as defined below), but only until the sale, disposition or other liquidation or winding up of the applicable Investment, and (iii) the marketing, sale or other disposition of each Investment, including the fees and expenses of the Investment Banks (as defined below), provided, however, that the relevant Disposition Committee must first obtain the consent of the majority of the Minority Investor Committee Members prior to incurring Disposition Expenses in respect of any individual Investment in excess of \$250,000 (clauses (i) through (iii) collectively, the “<i>Disposition Expenses</i>”), shall be funded by Reorganized Arcapita, to the extent they are not funded by the applicable Transaction Holdco or its subsidiaries. Reorganized Arcapita shall be entitled to earn a profit rate on Disposition Expenses in excess of \$2.5 million funded by Reorganized Arcapita at the rate of (i) 15% prior to the date the Exit Facility is repaid in full and (ii) 5% thereafter.</p> <p>The Disposition Expenses shall be allocated to the Investments to which they relate and repaid from the proceeds distributable from the sale of such Investments as provided in “General Conditions” below. All Disposition Expenses shall be allocated pro rata to the shareholders of the Transaction HoldCo for the relevant Investment.</p>
<p>Minority Investor Protections</p>	<p>On the Effective Date, the articles of association (or similar organizational documents) of the Transaction HoldCo for each Major and Minor Investment shall be amended to provide the minority investors (whether Reorganized Arcapita or the relevant Syndication Companies) (the “<i>Minority Investor</i>,” with the other investor being the “<i>Majority Investor</i>”) with the following minority protections to</p>

	<p>the extent consistent with the other provisions of this Term Sheet:</p> <ul style="list-style-type: none"> ○ Transaction HoldCo board observer rights; ○ One Reorganized Arcapita seat on the “legacy book” investment committee of AIM, applicable only to Reorganized Arcapita Committee Members; ○ Information rights with respect to the operating companies of each Major or Minor Investment; ○ <i>Restricted Actions</i>. Without the Minority Investor’s consent, the Transaction HoldCo and its direct and indirect subsidiaries shall be prohibited from taking certain material actions, including: <ul style="list-style-type: none"> ● With respect to a Major Investment, any Sale Approval, unless such Sale Approval is consistent with the applicable Disposition Plan, or with respect to a Minor Investment, such Sale Approval is approved by the applicable Disposition Committee; ● The liquidation, dissolution or winding up of the Transaction HoldCo, or any direct or indirect subsidiary, except (i) if the Minority Investor receives at least the consideration set forth in the Disposition Plan in the case of a Major Investment, then no additional approvals shall be required or (ii) in the event of a liquidation, dissolution or winding up of a subsidiary, certain other limited exceptions apply; ● Distributions or dividends to shareholders by the Transaction HoldCo, subject to certain thresholds; ● Transactions with AIM, the Syndication Companies, investors in any Syndication Companies and/or any of their respective affiliates that are not otherwise contemplated by the Plan, this Term Sheet or the Disposition Plans; and ● Any amendments or modifications to the organizational documents of the Transaction HoldCo or its direct or indirect subsidiaries that materially and adversely affect the Minority Investor’s interests. ○ Without the Minority Investor’s consent, each Transaction HoldCo (listed on a schedule which is mutually agreed by the Syndication Companies, Debtors and the UCC no later than the date the Plan Supplement is due), and such Transaction HoldCo’s direct and indirect subsidiaries, shall be prohibited from taking the following material actions: <ul style="list-style-type: none"> ● Incurrence of third party indebtedness for borrowed money (other than indebtedness incurred in the ordinary course of business) such that the aggregate amount of such third party indebtedness exceeds the aggregate amount outstanding as of the Effective Date by a margin of more than 25%; ● Acquisitions or joint ventures other than those entered into in the ordinary course of business or acquisitions or joint ventures with an aggregate value that does not exceed the dollar amounts listed on the above-referenced schedule. ○ Tag-along rights; ○ The Minority Investor will be subject to drag-along rights; ○ Preemptive rights; and ○ Transfer Restrictions, with customary carve-outs for internal transfers and similar transactions.
<p>New Arcapita</p>	<p>Initial membership of the New Arcapita Topco Board to be designated by the UCC in the Plan and filed with the Bankruptcy Court by the date the Plan Supplement is</p>

Topco Board	filed. The New Arcapita Topco Board will determine the Reorganized Arcapita designee(s) of each Disposition Committee.
DISPOSITION PLANS	
Major Investments	For the avoidance of doubt, the provisions summarized under the caption “Disposition Plans” of this Term Sheet shall apply only with respect to the Major Investments, and not with respect to any Minor Investments.
Disposition Date	Prior to the Effective Date, the Debtors and the UCC shall determine by mutual agreement the date by which the Disposition Committees are required to have completed a sale process for each Major Investment as set forth on <u>Exhibit A</u> (the “ Disposition Date ”). The Disposition Date may only be changed with the consent of a majority of both the Majority Committee Members and the Minority Committee Members. Each Disposition Committee, in consultation with the Advisor Investment Banks (as defined below), shall determine the proper timing and methodology for the marketing of the relevant Major Investment; provided, however, that the marketing period, if any, for each Major Investment shall begin no later than six months before the relevant Disposition Date.
Investment Banks/Brokers	<p>Each Disposition Committee shall identify one or more investment banks or, in the case of real estate Investments, brokers (the “Advisor Investment Banks”) for the relevant Major Investment upon the vote of the majority of each of the Majority Committee Members and Minority Committee Members. The Advisor Investment Banks, under the supervision and direction of the Disposition Committee, will market the Major Investment for a sale or other disposition in accordance with the Disposition Plan.</p> <p>The Investment Banks (as defined below) shall be engaged by and report to the relevant Disposition Committee. Expenses incurred by the Investment Banks, including the fees associated with retaining the Investment Banks, shall be treated as Disposition Expenses.</p>
Minimum Sale Price	Prior to the Effective Date, the Debtors and the UCC will work in good faith to agree on the minimum sale price (the “ Minimum Sale Price ”) for each Major Investment. If the Debtors and the UCC have not agreed on the Minimum Sale Price by the Effective Date, then within five business days of the Effective Date the relevant Disposition Committee, with the consent of a majority of the Minority Committee Members, shall retain two investment banks (the “ Valuation Investment Banks ”) and, together with the Advisor Investment Banks, the “ Investment Banks ”) to prepare an updated valuation for purposes of setting an appropriate Minimum Sale Price. The Valuation Investment Banks will each prepare a valuation for such relevant Major Investment on or before September 1, 2013. The Minimum Sale Price for the relevant Major Investment will equal the average of these two valuations. The Minimum Sale Price for any Major Investment may only be changed with the consent of the majority of each of the relevant Majority Committee Members and Minority Committee Members.
Sale Conditions	Unless a majority of each of the Majority Committee Members and the Minority Committee Members determines otherwise, as part of the Disposition Plan for each

Major Investment, the relevant Disposition Committee, in consultation with the relevant Advisor Investment Bank, shall conduct a marketing process for such Major Investment.

Each Disposition Committee, acting consistently with the Disposition Plan, shall have sole discretion to determine whether or not to sell a Major Investment upon the receipt of a Qualifying Third-Party Offer for such Major Investment. A “*Qualifying Third-Party Offer*” shall mean, with respect to a Major Investment, a bona-fide, third party, all cash offer in a Hard Currency for such Major Investment that meets or exceeds the applicable Minimum Sale Price, provided that if the consideration to be received pursuant to such offer is not all cash and in a Hard Currency, such offer will be deemed to be a Qualifying Third Party Offer if the majority of the Minority Committee Members shall have consented with respect to the form of the proposed consideration.

1. SALE CONDITIONS PRIOR TO THE DISPOSITION DATE:

Each Disposition Committee shall have authority to sell a Major Investment upon the vote of a majority of its members (which shall include a majority of the Majority Committee Members) only if one of the following conditions has been satisfied: (i) the sale is to be made pursuant to a Qualifying Third-Party Offer; or (ii) a majority of the Minority Committee Members approves the terms and conditions of the proposed transaction.

If a majority of the Disposition Committee members (which shall include a majority of the Majority Committee Members) vote to sell a Major Investment pursuant to a Qualifying Third-Party Offer, then the Disposition Committee will have authority to sell the Major Investment, subject to the rights of any third parties, and without the consent of the Minority Committee Members.

If a Disposition Committee or its agent receives an offer to purchase a Major Investment at a price in excess of the Minimum Sale Price, the recipient of such offer must disclose it in writing to each member of the Disposition Committee. For the avoidance of doubt, the receipt of such offer will not, in and of itself, obligate the Disposition Committee to authorize a sale of the Major Investment nor be interpreted to require or permit the Minority Investors to invoke the Put Option (as defined below).

The Disposition Committee may accept an offer below the Minimum Sale Price only if prior consent is provided by a majority of each of the Majority Committee Members and the Minority Committee Members. If a sale offer at or above the Minimum Sale Price is not accepted on or prior to five business days after the Disposition Date or a sale offer below the Minimum Sale Price is not accepted because such requisite prior consent is not obtained, then the Disposition Date will automatically be extended by one year, provided that the Disposition Date will not be extended if the Disposition Committee has accepted a Qualifying Third-Party Offer, and the sale of the Investment pursuant to such Qualifying Third-Party Offer is consummated within sixty (60) days after acceptance. The Disposition Date shall not be extended more than two times.

2. SALE CONDITIONS AFTER THE INITIAL DISPOSITION DATE

	<p>The provisions of this subsection 2 shall only apply to Dispositions of Major Investments after the expiration of the initial Disposition Date.</p> <p>If a Qualifying Third-Party Offer is received and a majority of the Majority Committee Members vote to approve the sale, then the Disposition Committee shall be authorized to sell the Major Investment pursuant to such Qualifying Third-Party Offer without the need to obtain the consent of the Minority Committee Members or the Minority Investors.</p> <p>If a Qualifying Third Party Offer for a Major Investment is received pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, and a majority of the Majority Committee Members vote not to sell the Major Investment, then the Minority Investors shall have a put option (the “Put Option”) as described below. If a Qualifying Third-Party Offer for a Major Investment is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Majority Investors may, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of such Qualifying Third Party Offer, market such Major Investment in accordance with the applicable Disposition Plan, prior to determining whether or not to sell the Major Investment, and if the majority of the Majority Investors vote not to sell such Major Investment pursuant to such Qualifying Third Party Offer, then the Put Option shall be exercisable by the Minority Investors as described below.</p> <p>The Put Option shall obligate the Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) to purchase the Minority Investors’ interests in the Major Investment (whether such interests be in the form of equity, WCF or similar obligations) in exchange for payment to the Minority Investors of the same aggregate amount of consideration as such Minority Investors would have received if the Qualifying Third Party Offer had been accepted. Pursuant to the Put Option, the Minority Investors shall have the right to sell to the Majority Investors none, some or all of their interests in such Major Investment, provided that the Minority Investors must tender such interests (the “Put Offer”) to the Majority Investors no later than 10 business days after the Majority Investors shall have given the Minority Investors written notice that they have decided not to sell to the third party purchaser making the Qualifying Third Party Offer. If such Qualifying Third-Party Offer is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Minority Investors may cause the Majority Investors to conduct a marketing process for the applicable Investment, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of the Put Offer and in accordance with the applicable Disposition Plan. No later than 10 business days after the end of such marketing period, the Minority Investors must elect to whether or not to make a Put Offer in respect of such Investment. The Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) shall have a period of 20 business days after the end of the applicable 10 business day period to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer. If a Minority Investor elects to retain all or any portion of its interests after the Put Option has been exercised, the Put Option will cease to</p>
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	<p>exist with respect to the retained interests of such Minority Investor in such Major Investment.</p> <p>In the event that the Majority Investors fail to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer (a "Put Failure"), then, without the need to obtain the consent of the Majority Committee Members or the Majority Investors, the majority of the Minority Committee Members shall be authorized to (i) engage in a marketing process for the Investment and (ii) sell or otherwise dispose of such Investment pursuant any bona fide third-party offer. Additionally, upon the ultimate sale or other disposition of such Investment, the Minority Investors shall be entitled to receive out of the net proceeds attributable to the Majority Investors' interest therein any actual damages suffered by the Minority Investors resulting from the Put Failure, including (a) the difference between the aggregate consideration that would have been received by the Minority Investors under (x) the rejected Qualifying Third-Party Offer and (y) the ultimate sale or other disposition of the Investment; and (b) all reasonable costs and expenses incurred by the Disposition Committee and the Minority Investors in selling such Investment following the Put Failure.</p> <p>If no Qualifying Third Party Offer is received prior to the initial Disposition Date then, during any subsequent disposition period, the Disposition Committee may reduce the Minimum Sale Price with the consent of a majority of each of the Majority Committee Members and the Minority Committee Members. Regardless of whether the Minimum Sale Price is reduced, the Put Option will remain in effect.</p>
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GENERAL CONDITIONS

<p>General Conditions</p>	<p>In order to maximize the value of the Investments, prior to the disposition of an Investment (a) Reorganized Arcapita will keep in place (and, upon expiration, agree to rollover, on substantially the same terms, but in any event, terms that shall not be adverse to Reorganized Arcapita in any material respect relative to such expiring agreement, for no additional fee) working capital murabaha agreements in place with respect to such Investment as of the Effective Date (the "WCF Obligations"), and (b) the parties to the existing management agreements in effect between the non-debtor management company affiliates of the Debtors and the Transaction HoldCos and/or their subsidiaries, and the existing administration agreements between AIML and each Syndication Company (collectively, the "Management Agreements"), will agree to keep such Management Agreements in place (and, upon expiration, renew such Management Agreements, on substantially the same terms, but in any event, terms that shall not be adverse to AIML or the applicable Syndication Companies in any material respect relative to such expiring agreement, for no additional fee).</p> <p>Upon the prior consent of a majority of the Majority Committee Members and a majority of the Minority Committee Members, a Transaction Holdco or its direct or indirect subsidiaries, as applicable, may pay down or refinance the WCF Obligations.</p> <p>Prior to any distribution on account of equity interests owned in connection with an Investment, the net proceeds from any sale, assignment or other disposition of such Investment shall be applied to repay any (a) payables or Management</p>
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	<p>Obligations (as hereinafter defined) owed in connection with such Investment, (b) WCF Obligations or Post-Exit WCF Obligations (as defined below) owed with respect to such Investment, and (c) Disposition Expenses owed with respect to such Investment. In determining the distribution of net proceeds, obligations shall receive distributions in their order of structural seniority. It is understood that Post-Exit WCF Obligations (as defined below) shall have the same seniority as the WCF Obligations and that Disposition Expenses shall be paid in full prior to any distributions made on account of the equity of the applicable Transaction HoldCo or Performance or Incentive Fees (both as defined below). Notwithstanding the foregoing and provided the other conditions for sale of an Investment set forth in this Term Sheet are satisfied, an Investment may be sold even if the net sale proceeds are insufficient to pay in full the obligations described in this paragraph.</p> <p>To the extent that a WCF Obligation existing on the Effective Date or a WCF entered into by the relevant Syndication Company (or its assignee, including AIM) and Reorganized Arcapita after the Effective Date (a <i>“Post-Exit WCF Obligation”</i>) is proposed to remain in place subsequent to disposition of an Investment, the consent of the parties to that WCF Obligation or Post-Exit WCF Obligation will be required.</p> <p>In the event of bankruptcy, receivership, liquidation, insolvency or similar administrative proceeding of the Transaction HoldCo or any of its direct or indirect subsidiaries related to an Investment, any forbearance by Reorganized Arcapita or any Syndication Company (or its assignee, including AIM) from exercising any of its rights with respect to any obligations held by it in respect of such Investment shall immediately terminate.</p> <p>For the avoidance of doubt, the provisions summarized under the caption “General Conditions” of this Term Sheet shall apply to all Investments, whether they are Major Investments or Minor Investments.</p>
<p>MANAGEMENT SERVICES AGREEMENT</p>	
<p>Services</p>	<p>Reorganized Arcapita shall enter into an agreement with AIM (the <i>“Management Services Agreement”</i>), relating to the provision by AIM (or any controlled subsidiary of AIM, or mutually agreed sub-servicers) of management and advisory services, as outlined in Exhibit C, relating to the Investments. The Plan shall transfer to AIM all rights to the use of the Arcapita name, trademarks and all related intellectual property. The Management Services Agreement shall be (i) governed by New York law; (ii) filed with the Bankruptcy Court by the Plan Supplement Date; and (iii) in form and substance reasonably acceptable to the UCC, Reorganized Arcapita and AIM.</p> <p>The Management Services Agreement shall provide that (i) AIM shall report all material information regarding the Investments to the Disposition Committees, including purchase offers, indications of interest and analyses provided by investment bankers whether or not prepared or received in connection with a marketing process conducted by a Disposition Committee and (ii) Reorganized Arcapita shall have the right, on reasonable notice and no more frequently than once per calendar quarter, to inspect the books and records of AIM related to Investments.</p>

<p>Term</p>	<p>The Management Services Agreement shall be entered into as of the Effective Date of the Plan and shall not be terminable for a period of five years after the Effective Date; provided, however that the New Arcapita Topco Board shall have the right to terminate the Management Services Agreement prior to the five-year period (i) for cause (to include fraud, gross negligence and wilful misconduct) or (ii) if, as a result of transactions approved by the applicable Disposition Committees, Reorganized Arcapita’s assets under management (“AUM”) by AIM (as measured by Reorganized Arcapita’s share of the Minimum Sale Prices for the Major Investments and by the valuations provided by AIM for the Minor Investments) falls below \$300 million, in the aggregate (a “<i>Convenience Termination</i>”); provided, however, that no Convenience Termination shall be effectuated prior to the expiration of the 18th month following the effective date of the Management Services Agreement (the “<i>Initial Term</i>”).</p> <p>The Management Services Agreement shall contain the parties’ agreement with respect to key person events and incentive plans, which will be negotiated in good faith by the date the Plan Supplement is due.</p>
<p>Management Fees</p>	<p>Reorganized Arcapita shall pay AIM a management fee in respect of the Initial Term as follows: \$6.67 million on the Effective Date and \$3.33 million on each of the sixth, ninth, twelfth and fifteenth month anniversaries of the Effective Date, which total \$20 million (the “<i>Base Management Fee</i>”). In addition to the Base Management Fee, during the Initial Term, AIM shall be entitled to a fee (the “<i>Enhanced Management Fee</i>”) equal to (a) \$10 million in the event Lusail is sold and Reorganized Arcapita receives (before payment of the \$10 million Enhanced Management Fee attributable to Lusail) at least \$ [REDACTED] of the net sale proceeds thereof on or prior to the end of the Initial Term <i>plus</i> (b) 10% of the net sale proceeds received by Reorganized Arcapita on or prior to the end of the Initial Term in respect of any Investments other than Lusail during the Initial Term; provided, however, that the Enhanced Management Fee shall in no event exceed \$20 million.</p> <p>Reorganized Arcapita shall pay AIM a management fee in respect of each 12 month period of the term of the Management Services Agreement after the Initial Term in an amount equal to 2% of Reorganized Arcapita’s AUM (determined within 30 days before the beginning of each such period and six months thereafter), payable quarterly in advance; such amount shall be (a) prorated to the extent the management fees are in respect of a period less than twelve months, and (b) reduced effective as of the 30 day anniversary of the sale or other disposition of an Investment and Reorganized Arcapita shall get a rebate or credit against future fees equal to the pre-paid fees attributable to such Investment.</p> <p>The UCC and the Debtors will work cooperatively to reach an agreement, on or before the date the Plan Supplement must be filed on a mutually acceptable incentive compensation plan for the legacy deal team employees who will be employed by AIM. For the avoidance of doubt, such incentive compensation shall be funded solely by AIM.</p> <p>The management fees due to AIM will be reduced dollar for dollar if, and to the extent, (i) any management, administration or management services agreement entered into in connection with any Investment is terminated or modified by the</p>

	<p>counterparty to Reorganized Arcapita in such a manner as to adversely affect Reorganized Arcapita in any material respect, or (ii) Reorganized Arcapita's interest in an Investment is reduced or eliminated; provided, however, that during the Initial Term there shall not be any reduction in Management Fees as a result of a sale or disposition of any Investments pursuant to a Disposition Plan.</p>
<p>Incentive Fees</p>	<p>Reorganized Arcapita shall pay AIM incentive fees as follows:</p> <ul style="list-style-type: none"> • 10% of any amounts received by Reorganized Arcapita in excess of \$ [REDACTED] plus a 10% IRR hurdle rate (beginning on June 30, 2013) in connection with the sale or other disposition of Lusail (the "Lusail Incentive Fee"). • 7.5% of any amounts received by Reorganized Arcapita in respect of the sale or other disposition of any Investment (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment plus a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such amount (the "Other Investments Current Incentive Fee" and, collectively with the Lusail Incentive Fee, the "Current Pay Incentive Fees"). The Current Pay Incentive Fees shall be payable upon the receipt by Reorganized Arcapita of such amounts. • 2.5% of all amounts received by Reorganized Arcapita in respect of the sale or other disposition of all of the Investments (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment plus a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such aggregate amount (such fee, the "Deferred Incentive Fee"). The Deferred Incentive Fee, to the extent it is earned, shall be payable in full upon the final sale or other liquidation and winding up of all of the Investments or the termination of the Management Services Agreement pursuant to the Convenience Termination right, or at such earlier time as is agreed in the Management Services Agreement.
<p>Other Costs</p>	<p>Reorganized Arcapita shall be responsible for the following:</p> <ul style="list-style-type: none"> • payment, on the Effective Date or as soon thereafter as practicable, of any separation costs owed, pursuant to the Court approved Employee Program and Global Settlement Order, dated July 5, 2012 (the "Key Employee Severance Order"), to employees (other than any beneficiary of the Senior Management Global Settlement) of the Debtors, Arcapita Investment Management Limited ("AIML"), or their non-debtor affiliates (e.g., Arcapita Ltd. and Arcapita Inc.) as of the Effective Date of the Plan on account of their termination or deemed termination from such entities, (the "Separated Employees") up to a maximum aggregate amount of \$8,800,000. Reorganized Arcapita shall receive credits as follows: <ul style="list-style-type: none"> ○ against any Incentive Fees or, as applicable, Base Management Fees owed by it to AIM, <ul style="list-style-type: none"> ▪ with respect to Separated Employees other than the

	<p>member of management not covered by the Senior Management Global Settlement and Rehired Parties (as defined below): 50% of the difference between (i) the actual amounts paid to such Separated Employees, which amounts shall be consistent with the requirements in the Key Employee Severance Order, and (ii) the greater of (x) the amount such Separated Employees are entitled to receive under their employment contracts and (y) the statutorily required severance payable to such Separated Employees under the laws of the relevant jurisdictions in which such Separated Employees are based (which result in this subsection (ii) shall be referred to as the “Minimum Severance Amounts”); plus</p> <ul style="list-style-type: none">▪ 50% of the difference between the actual amounts paid to the Rehired Parties (as defined below), which amounts shall be consistent with the requirements in the Key Employee Severance Order, and the Minimum Severance Amounts which would have been payable to such Rehired Parties,▪ provided, however, that the amount of the credit determined in the foregoing two paragraphs shall be applied as follows: (a) first, up to a maximum of \$900,000 against the Incentive Fees; and (b) thereafter, any excess against the Base Management Fees. <ul style="list-style-type: none">○ against the Base Management Fees owed by it to AIM, with respect to the member of management not covered by the Senior Management Global Settlement, 50% of the amount paid to him, which amount shall be consistent with the requirements of the Key Employee Severance Order; plus○ against the Base Management Fees owed by it to AIM, with respect to Separated Employees that AIM or any of its subsidiaries employs, or retains as consultants, independent contractors (or other similar arrangement that, in any case, is substantially equivalent to full time employment), within 12 months after the Effective Date (the “Rehired Parties”), an amount equal to 50% of the Minimum Severance Amounts which would have been payable to such Rehired Parties.○ provided, however, that Reorganized Arcapita shall be entitled to a minimum credit against the Base Management Fees owed and the Incentive Fees owed in respect of the Rehired Parties in the amount of not less than \$1,950,000 but may be entitled to a larger credit based on the identity of the actual Rehired Parties. <ul style="list-style-type: none">• <u>Obligations.</u> With respect to any Separated Employee who owes any loans, advances or other obligations to Reorganized Arcapita (other than the loans made pursuant to the IPP or IIP that shall be extinguished as part of the Global Settlement effectuated pursuant to the Key Employee
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	<p>Severance Order), Reorganized Arcapita will receive a credit against the Base Management Fees or Incentive Fees, as applicable, for any portion of Reorganized Arcapita’s severance obligation satisfied through offset to, such loans, advances or other obligations as provided in the Key Employee Severance Order. Reorganized Arcapita shall receive a 100% credit against the Base Management Fees owed by it to AIM for any loans, advances or other obligations owed to Reorganized Arcapita (other than the loans made pursuant to the IPP or IIP that shall be extinguished as part of the Senior Management Global Settlement) by any beneficiary of the Senior Management Global Settlement.</p> <ul style="list-style-type: none"> • For the avoidance of doubt, any separation costs owed to any beneficiary of the Senior Management Global Settlement shall be the sole responsibility of AIM. • Reorganized Arcapita will also be responsible for all costs and expenses listed on Exhibit D. <p>AIM shall be responsible for all costs and expenses (a) related to the start-up of AIM, and (b) for the annual remuneration of the Shari’ah board. AIM shall pay Reorganized Arcapita the fair market value of any property of the Debtors to be acquired, used or leased by AIM as of the Effective Date. Notwithstanding the foregoing, in consideration of the services to be provided by AIM pursuant to the Management Services Agreement, the Debtors shall transfer to AIM, on the Effective Date, the name, trademarks and trade names of Arcapita.</p> <p>Each of Reorganized Arcapita and the Syndication Companies (or AIM or an affiliate, as may be agreed with the Syndication Companies) shall have the opportunity to provide its pro rata share of any working capital funding required by any of the Investments after the Effective Date at a profit rate not to exceed 15%.</p>
<p>Existing Management and Administration Agreements</p>	<p>The Management Agreements shall remain in effect after the Effective Date, and those Reorganized Arcapita entities shall continue to receive all fees (the “<i>Management Obligations</i>”) currently payable to them pursuant to the terms of those agreements, except for the Performance Fees (as defined under the Management Agreements) payable by the Syndication Companies which shall be payable to AIM upon receipt of such fees by Reorganized Arcapita.</p>

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EXHIBIT A TO TERM SHEET

Investments

EXHIBIT A

Major and Minor Investments¹

<u>Investment Name</u>	<u>Reorganized Arcapita Committee Members²</u>	<u>Co-Investor Committee Members³</u>
Viridian	3	4
AEIY I	6	1
Bahrain Bay II	3	4
US Residential Dev II	6	1
Victory Heights	4	3
Tensar	4	3
US Residential Dev III	6	1
AEID II	6	1
AEID I	5	2
US Senior Living IV	2	5
AGUD I	2	5
Arcapita Ventures	3	4
Lusail	6	1
Honiton	6	1
Freightliner	2	5
AHQ Building	3	4
PODS	2	5
J. Jill	3	4
3PD	2	5
Varel	1	6

¹ Whether an Investment is a Major Investment or a Minor Investment is a matter of continuing discussion between the Parties. The final list of Major Investments and Minor Investments will be set forth in the Plan Supplement.

² For each Investment, Reorganized Arcapita, in its sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

³ For each Investment, the Syndication Companies, in their sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

<u>Investment Name</u>	<u>Reorganized Arcapita Committee Members</u>	<u>Co-Investor Committee Members</u>
ArcJapan	6	1
Falcon/MoBay	6	1
Bijoux Ternier	6	1
US Retail Yielding I	6	1
Cypress	6	1
India Business Park I	2	5
Luxury – CdC	6	1
Oman Logistics	4	3
India Business Park II	5	2
Meridian	1	6
India - Polygel (OT + PM)	6	1
Bahrain Bay	1	6
India – Idhasoft	6	1
US Residential Dev I	1	6
City Square	3	4
CEE Residential	6	1

EXHIBIT B TO TERM SHEET

Key Plan-Related Agreements

The parties to the Cooperation Term Sheet (the “*Parties*”) have agreed to the following provisions in the Debtors’ proposed chapter 11 plan (the “*Plan*”) and/or related disclosure statement (and exhibits thereto) (the “*Disclosure Statement*”) on file with the Bankruptcy Court. The agreement of the Parties to these terms is incorporated into the Cooperation Term Sheet by reference. Capitalized terms (including the reference to the Plan) used herein but not defined herein shall have the meanings ascribed to them in the Plan and Disclosure Statement, as applicable, filed by the Debtors with the Bankruptcy Court on February 8, 2013.

Plan Provision	Agreement
<p>Releases and Exculpations Pursuant to Sections 9.2.1, 9.2.2, and 9.2.4 of the Plan:</p>	<p>The following parties shall receive releases and exculpations under the Plan from the Debtors other than Falcon:</p> <ul style="list-style-type: none"> • Each of the Debtors (only Bank and AIHL released by Debtors) • Each of the Debtors’ Affiliates (exculpation only) • The Committee and their members solely in their capacity as members of the Committee • The JPLs solely in their capacity as JPLs • Members of the Ad Hoc Group • SCB, if it votes to accept the treatment afforded to it under the Plan • CBB, in any capacity, including in its capacity as creditor and regulator • The investors in the Syndication Companies, the PVs, the PNVs, provided, however, that if any such investor is also a Placement Bank, such release shall be solely in its capacity as an investor, (releases only) • Holders of Interests in Bank (releases only) • The respective current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board of directors, employees, or managers, as applicable) of the Debtors and the Debtors’ Affiliates. • Professionals, other professionals, and agents (in their capacities as Professionals, other professionals, or agents, as applicable), for services rendered during the pendency of the chapter 11 cases to or for the Debtors, the Debtors’ Affiliates, the Committee, the JPLs, or

	the Ad Hoc Group, along with the successors, and assigns of each of the foregoing.
Third Party Releases Pursuant to Section 9.2.4 of the Plan	<p>The Debtors will seek third-party releases from Holders of Claims and Interests (other than Holders of Claims and Interests in Falcon):</p> <p>The current and former officers, directors, employees, managers (in their capacities as officers, directors, employees, or managers, as applicable), Professionals, other professionals and agents (in their capacities as Professionals, other professionals or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases) to or for the Debtors or the Debtors' Affiliates.</p>
Release of AHQ Cayman I Investors:	The Debtors shall release AHQ Cayman I Investors in connection with the HQ Settlement (described below).
Avoidance Action Releases:	<p>The following parties shall receive releases from the Debtors (other than Falcon) from any Avoidance Actions under the Plan:</p> <ul style="list-style-type: none"> • All recipients of the releases identified above • Each of the Debtors • Each of the Debtors' Affiliates • Qatar Islamic Bank Q.S.C. ("QIB"), in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • QInvest LLC, in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • Any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates).
Standing to Pursue Certain Avoidance Actions:	The Debtors shall not oppose the UCC's standing to pursue avoidance actions against the Placement Banks (other than in the Placement Banks' capacities as investors in the Syndication Companies, the PVs, and the PNVs) and with respect to Arcapita Investment Holding Limited's guarantee of the Arcsukuk Facility.
Treatment of SCB under the Plan:	The treatment of SCB under the Plan shall be as set forth in the Plan and in the SCB Term Sheet, except to the extent that a different treatment is mutually agreed by the UCC and the Debtors or determined by the Bankruptcy Court.
Treatment of Other Creditors	The treatment of creditors (other than SCB and Convenience Claims) shall be as set forth in the Plan.
Convenience Class:	The treatment of Holders of Class 5(a) Claims who elect to participate in

	the Convenience Class Election shall be as set forth in the Plan, provided, however that there shall be a cap on payments on account of Convenience Class Claims of \$9.7 million.
Treatment of Intercompany Claims:	Intercompany Claims shall be treated as set forth in the Plan.
Equity Term Sheet Provisions:	The “Voting Rights,” “Directors and Corporate Governance,” “Removal of Directors,” “Vacancies on the Board,” “Board Meetings,” “Transfer of Shares and Warrants,” “Information Rights,” “Structure, Mechanics,” “Funding,” “Confidentiality and Announcements,” “Amendments,” “Indemnification” and “D&O Insurance” sections of the Equity Term Sheet attached as an Exhibit to the Disclosure Statement shall be applicable unless modified as specified by the UCC in a filing no later than the due date of the Plan supplement and after consultation with the Debtors, provided, however, that any modification (i) to the “Transfer of Shares and Warrants” section or to the first proviso of the first paragraph of the “Arcapita Group Boards” section, or (ii) that renders the Plan to be inconsistent with section 1123(a)(6) or would require the resolicitation of votes on the Plan, shall require the consent of the Debtors, not to be unreasonably withheld
Corporate Structure of Reorganized Debtors:	The Corporate Structure of the Reorganized Debtors shall be as set forth in the Plan and the Implementation Memorandum.
Allocations:	The allocation of consideration under the Plan to the various Classes of Claims and Interests shall be as set forth in the Plan.
HQ Settlement:	<p>The HQ Settlement shall be as set forth below:</p> <ul style="list-style-type: none"> • Arcapita Bank has agreed to waive and release any claim to recharacterize the HQ Lease or the Sale-Leaseback Transaction as a financing transaction. • The HQ Lease shall be treated as an unexpired lease under section 365 of the Bankruptcy Code and rejected as of the Effective Date. • AHQ and AHQ Cayman I shall waive any Administrative Expense Claim or General Unsecured Claim against any Debtor under the Plan. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Administrative Expense Claim against Arcapita Bank in the amount of \$1.159 million. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Class 5(a) General Unsecured Claim against Arcapita Bank in the amount of \$35.38 million (for accrued but unpaid pre-petition rent and damages arising from the rejection of the HQ Lease). • Pursuant to a new lease option, Reorganized Arcapita Bank shall have

	<p>the option, which option shall be exercised no later than the date of the filing of the Plan Supplement, to enter into a new post-Effective Date lease (the “<i>New HQ Lease</i>”) with AHQ on the following terms:</p> <ul style="list-style-type: none"> • Term - 3 years commencing on the Effective Date. • Extension Terms - two additional one (1) year terms (for a total extension of 2 years). Each extension may be exercised by giving notice not later than 90 days before the end of the existing term. • Premises - One half floor of the HQ Building (approximately 1,750 square meters) for the initial term as well as any subsequent terms. • Rental Rate - Rental rate of approximately \$1.50 per square foot per month for the first year increasing by 3% per annum thereafter for the remaining term including any extensions. In addition, there will be a 20% service charge (approximately \$0.30 per square foot per month) and utility costs of approximately \$0.75 per square foot per month. • Payment Dates - Lease payments shall be due quarterly in advance, with the first quarterly lease payment due upon the Effective Date and subsequent quarterly payments due every 3 months thereafter. • Assignment – With the consent of AHQ, Reorganized Arcapita Bank shall be permitted to assign the New HQ Lease; provided however that no consent shall be required to assign the New HQ Lease to AIM.
<p>Senior Management Global Settlement</p>	<p>The Senior Management Global Settlement shall be as set forth in the Plan and the Senior Management Global Settlement Term Sheet (which incorporates the provisions of the Senior Management Global Settlement Motion); provided, however, that, notwithstanding the Senior Management Global Settlement Term Sheet, neither the Debtors nor Reorganized Arcapita shall be responsible to pay any severance or bonus amounts owed to beneficiaries of the Senior Management Global Settlement.</p>
<p>Severance Costs of Non-Senior Management</p>	<p>Non-Senior management employee severance payments shall be due as is set forth in the Plan and Reorganized Arcapita shall be responsible to make such payments, provided, however, that Reorganized Arcapita shall be entitled to credits against such payments as provided in the section “Other Costs” in the Cooperation Term Sheet.</p>
<p>Survival of indemnifications obligations for Officers and Directors:</p>	<p>All indemnification obligations of the Debtors to their officers and directors shall survive as set forth in the Plan.</p>

EXHIBIT C TO TERM SHEET

Management Services Agreement
Scope of Services

The parties to the Syndication Companies and Reorganized Arcapita Settlement Term Sheet (the “*Term Sheet*”) have agreed that AIM (or its designees) shall provide or procure the provision of, and shall have the right to provide or procure the provision of, the following services related to the management, monitoring and sale or disposition of the Investments pursuant to the Management Services Agreement with Reorganized Arcapita.

I. Definitions.

For the purposes of this Exhibit C, the following terms shall have the following meanings:

1. “*Company*” means (w) Reorganized Arcapita, (x) each WCF Entity, to the extent not covered by clause (w), (y) each Transaction HoldCo and (z) each Intermediate Holdco.
2. “*Excluded Costs*” means the out-of-pocket costs and expenses listed on Exhibit D to the Term Sheet, notwithstanding that such Excluded Costs may relate to services that are within the scope of this Exhibit C.
3. “*Intermediate HoldCo*” means, as appropriate with respect to each Investment, each entity that is both (i) a wholly-owned direct or indirect subsidiary of a Transaction Holdco and (ii) a direct or indirect parent of an OpCo.
4. “*Investment Entities*” means, as appropriate with respect to each Investment, the Transaction Holdco, any Intermediate HoldCo and any OpCo.
5. “*WCF Entity*” means each special purpose Cayman Islands companies that provide working capital financing to the Investment Entities.

Capitalized terms not defined in this Exhibit C have the meanings given to them in the Term Sheet.

II. Costs and Expenses

Notwithstanding anything to the contrary contained in this Exhibit C, for the avoidance of doubt, any reasonable out-of-pocket expenditures incurred in connection with the provision of the services described in this Exhibit C and any Excluded Costs shall be borne solely by the entity to which such services relate and not by AIM. The parties will develop customary industry guidelines for reimbursable expenses. Promptly upon the submission by AIM to any such entity of a request for reimbursement (including reasonable documentation to substantiate such request), such entity shall reimburse AIM for any such out-of-pocket expenditures or Excluded Costs incurred by AIM on behalf of such entity.

III. Services to be provided by AIM to each Company.

AIM shall provide to each Company the following services:

1. *Accounting, Reporting and Regulatory Compliance.* Accounting, reporting and regulatory compliance services, including:
 - (a) keeping accounts and maintaining the financial books and records, maintaining internal controls, and approving audited accounts and preparing tax returns where required by law or contract;
 - (b) preparing and delivering periodic reporting packages to the boards of directors of each Company and each Disposition Committee, as applicable, and responding to reasonable additional inquiries by such directors, officers, employees, attorneys, accountants or other agents as Reorganized Arcapita may designate for such purposes;
 - (c) compliance reporting to relevant regulatory authorities, and ensuring that all compliance requirements, from the formation through the liquidation or dissolution of each Company, are met on a timely basis, provided that any regulatory and compliance costs relating to any securities issued pursuant to the Plan shall be borne exclusively by Reorganized Arcapita; and
 - (d) in-house legal.
2. *Treasury and Operations.* Treasury and operations services, including:
 - (a) making capital calls and disbursements against investments (other than any disbursements by New Arcapita Topco to its investors);
 - (b) opening, maintaining and closing bank accounts, drawing checks or other orders for the payment of money, managing surplus cash resources and collecting moneys due;
 - (c) facilitating the settlement of murabaha transactions, and entering into foreign exchange and other hedging transactions subject to agreed-upon protocols; and
 - (d) responding to “know-your-customer” requests.
3. *Corporate Governance.* Corporate governance and company secretarial services, including:
 - (a) creating, establishing, maintaining, winding-up, or restructuring, partnerships, trusts, corporations, limited liability companies or other entities of any kind subject to appropriate approvals, provided that any costs associated with the wind-up or restructuring of the Atlanta, London, Bahrain, Hong Kong and Singapore offices of Reorganized Arcapita shall be borne exclusively by Reorganized Arcapita;
 - (b) preparing and maintaining share registers, minute books and other statutory books and records of each Company;
 - (c) arranging for meetings of shareholders and of boards of directors for each Investment Entity; and
 - (d) providing domiciliation agent services for Luxembourg companies.

4. *Investment Administration.* Investment administration services, including:
 - (a) transaction support to Investment teams at the time of closing of relevant transactions (acquisitions, capitalizations, restructurings and divestments); and
 - (b) upon the exit of any Investment, liquidation and the preparation of relevant liquidation documents, including general assistance to the liquidator to ensure the absence of assets and liabilities and to arrange all meetings, gazettes, notices and regulatory filings.

5. *General Administration.* General administration services, including:
 - (a) hiring, for usual and customary payments and expenses, professionals and/or other agents for or on behalf of each Company;
 - (b) subject to appropriate approvals, entering into, executing, maintaining and/or terminating contracts, undertakings, agreements and any and all other documents and instruments in the name of each Company, and doing or performing all such things as may be necessary or advisable in furtherance of the Company's powers, objects or purposes or the conduct of the Company's activities; and
 - (c) devoting such portion of its time, resources, personnel (including outside consultants and agents), office space and equipment to the affairs of each Company as AIM in good faith considers necessary or advisable for the proper performance of its duties and obligations.

6. *Shari'ah Compliance.* Advisory services relating to Shari'ah compliance, including the execution of murabaha transactions in accordance with Islamic principles and the updating of any Shari'ah structuring documents (e.g., lease, istisna or ijara agreements).

IV. Services to be provided by AIM to the Investment Entities.

AIM shall provide (i) to the applicable Investment Entities, the management, consulting and advisory services ("Management Services") that Arcapita Inc., Arcapita Limited, Arcapita Investment Management Limited or Arcapita Bank B.S.C.(c), as applicable, are currently obligated to provide under the existing management, consulting and advisory agreements with such Investment Entities and (ii) to the other Investment Entities, such Management Services relating to the Investments as are applicable or appropriate for each such entity, including (a) advisory services related to monitoring of Investments, divestitures and add-on acquisitions (including structuring required agreements and assisting in negotiations), (b) assistance in determining capital needs and in identifying sources for such capital, (c) strategic and tactical planning assistance and (d) selection and management of third party professionals to render required services to the Investment Entities in connection with any divestiture or add-on acquisition (including legal counsel, accountants, financial advisers and investment bankers and other applicable professionals).

V. Services to be provided by AIM to the Syndication Companies.

AIM shall provide to each Syndication Company, including for the avoidance of doubt any Syndication Company wholly owned by a single investor, the services that Arcapita Investment Management Limited and/or Arcapita Investment Funding Limited are currently obligated to provide under existing administration agreements with such Syndication Companies, subject as specified in such administration agreements to the overriding authority of the board of directors of each Syndication Company.

VI. Services to be provided by AIM to Reorganized Arcapita for Additional Fees.

AIM offers to provide the following services to Reorganized Arcapita (excluding, for the avoidance of doubt, any Investment Entity) for additional fees to be agreed upon among the parties. For the avoidance of doubt, these additional fees are separate from and in no way linked to the Base Management Fee, the Enhanced Management Fee, or any Incentive Fees.

- (a) litigation support; and
- (b) other services (e.g., HR) not included under Section III above.

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EXHIBIT D TO TERM SHEET

**Other Costs and Expenses Excluded
From Management Services Agreement**

Unless specifically addressed by the Term Sheet, all out-of-pocket (a) costs, (b) fees, and (c) expenses (the "OP Costs"), including but not limited to the following items, will be deemed Excluded Costs as defined in the Management Services Agreement Scope of Services (attached to the Term Sheet as Exhibit C):

1. All OP Costs associated with the Board of Directors of Reorganized Arcapita
2. All OP Costs associated with Disposition Committee members representing the interests of Reorganized Arcapita
3. D&O, general liability and other insurance premiums and related OP Costs incurred on behalf of Reorganized Arcapita
4. Central Bank of Bahrain ("CBB") regulatory fees and associated OP Costs incurred on behalf of Reorganized Arcapita
5. Legal fees and other OP costs associated with modifying organizational documents of Transaction Hold Cos as contemplated in the Term Sheet
6. Legal fees and related OP costs associated with documenting Murabahas, including new WCF Obligations and Post-Exit WCF Obligations or renewals of such WCF Obligations and Post-Exit WCF Obligations, between Reorganized Arcapita and various Transaction HoldCos, or their direct or indirect subsidiaries
7. External audit OP costs incurred on behalf of Reorganized Arcapita
8. All licensing, professional and other fees and OP Costs required to maintain Cayman and other corporate structures in good standing
9. All professional OP Costs required to wind-up Cayman and other corporate structures upon sale or disposition of an Investment, and the wind-up of existing Cayman and other corporate structures involving Investments previously sold
10. Disposition Expenses
11. All legal, professional and other OP costs incurred in connection with litigation related to Reorganized Arcapita, including but not limited to those incurred to pursue preferences and other avoidance actions on behalf of Reorganized Arcapita
12. All OP Costs associated with Arcapita Bank (and its direct and indirect subsidiaries), including, but not limited to, (a) OP Costs to restore leased premises to agreed-upon condition; (b) lease termination OP Costs; (c) moving OP Costs; and (d) electronic or physical transition of records to permanent location.
13. All OP Costs associated with maintaining bank accounts in the name of Reorganized Arcapita
14. All professional OP Costs associated with implementation of the Chapter 11 Plan of Reorganization (the "Plan"), including but not limited to documenting and administering the securities issued pursuant to the Plan, claims reconciliation and litigation, administration of plan distributions and any other post-effective date plan implementation costs
15. All OP Costs of Shari'ah board services, including, but not limited to, travel expenses, to the extent they relate to Reorganized Arcapita; such OP Costs do not include the annual remuneration of the Shari'ah board members, which shall be borne by AIM

EXHIBIT 2

Blacklined Amended Exhibit L

Draft – Pending Disclosure Statement Approval

**SYNDICATION COMPANIES AND REORGANIZED ARCAPITA
SETTLEMENT TERM SHEET**

This term sheet (the “*Term Sheet*”) describes the material terms of an agreement among the Debtors, AIM, the Syndication Companies and, after the Effective Date of the Plan, Reorganized Arcapita (each as defined below) relating to the sale or other disposition of the portfolio investments identified on Exhibit A (each, an “*Investment*” and, collectively, the “*Investments*”). As set forth on Exhibit A, the Investments are divided into two categories, the “*Major Investments*” and the “*Minor Investments*.” It will be a condition precedent to the effectiveness of this Term Sheet that Arcapita Bank will continue to be an “affiliate” of the Arcapita Group through and after the effective date of the Plan (the “*Effective Date*”) as a result of the transfer of 50.01% of the shares in Arcapita Bank to New Arcapita Bank Holdco, provided that such condition precedent may be waived in writing by the UCC (as defined below) in its sole discretion. Absent further agreement by the parties hereto, the agreement evidenced by the Term Sheet will become effective on the Effective Date of a consensual Plan that implements all of the provisions of this Term Sheet, including those described on Exhibit B attached hereto, which the Debtors (as defined below) and the UCC agree describes their agreement with respect to certain issues that will be incorporated into the Plan.

The transactions described in this Term Sheet are subject to conditions to be set forth in definitive documents and to the approval by the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”). This Term Sheet is being presented for discussion and settlement purposes only and is entitled to protection from any use or disclosure to any person pursuant to Federal Rule of Evidence 408 and any similar rules. Nothing in this Term Sheet shall be construed as an admission of any fact or liability, a stipulation or a waiver, and each statement contained herein is made without prejudice, with a full reservation of all rights, remedies, claims and defences of the parties hereto.

Capitalized terms not defined in this Term Sheet have the meanings given to them in the joint plan of reorganization filed on February 8, 2013 (as may be amended or modified from time to time, the “*Plan*”), to be confirmed in the pending bankruptcy cases of the Debtors, and the related disclosure statement (the “*Disclosure Statement*”).

PARTIES	
UCC	The Official Committee of Unsecured Creditors appointed in the Debtors’ chapter 11 cases.
Debtors	The following companies which filed for protection under chapter 11 of the Bankruptcy Code: Arcapita Bank B.S.C.(c), Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc. (collectively, the “ <i>Debtors</i> ”).
Reorganized Arcapita	Refers to, and includes, (i) the entity that will be formed under the laws of the Cayman Islands on or prior to the date on which the Plan shall take effect (the “ <i>Effective Date</i> ”) that will issue the New Arcapita Shares (such entity, “ <i>New Arcapita Topco</i> ”) and will own, after the Effective Date, [substantially all of the issued and outstanding shares in an entity that will be formed under the laws of Bahrain (“ <i>New Bahraini Arcapita Holdco</i> ”), which will own] 100% of the issued and outstanding shares in New Arcapita Bank Holdco and 99.99% of the issued and

	<p>outstanding shares in New Arcapita Holdco 1 and (ii) all other new entities to be formed in connection with implementation of the Plan, together with the Debtors, as reorganized pursuant to the Plan, and each of their subsidiaries. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the Central Bank of Bahrain (“<i>CBB</i>”) and/or Bahrain Ministry of Industry and Commerce (“<i>MOIC</i>”), are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.</p>
Syndication Companies	<p>For each Investment, each Cayman Islands holding company through which the Arcapita Group initially syndicated the interests in the Investment to third-party investors, as described in the Disclosure Statement other than any such holding company which is wholly owned by a single investor who has not provided a proxy to Arcapita Investment Management Limited (“<i>AIML</i>”) and/or does not currently have an administration agreement in place with AIML.</p> <p>For the avoidance of doubt, the term “Syndication Companies” shall include any PVs or PNVs which hold any interests in Transaction HoldCos as of the Effective Date.</p>
Transaction HoldCos	<p>For each Investment, the top-level holding company through which the Debtors (before the Effective Date of the Plan) and Reorganized Arcapita (after the Effective Date of the Plan), and the Syndication Companies each own their interests in the Investment.</p>
LT CayCos	<p>For each Investment, any Reorganized Arcapita entity that holds a direct equity interest in the Transaction HoldCo applicable to that Investment.</p>
AIM and AIM Bahrain	<p>AIM Group Limited, a Cayman Islands company that will be a party to the Management Services Agreement (as defined below). AIM will form and own, after the Effective Date, 99.99% of the issued and outstanding shares (with the remaining shares owned by another wholly owned newly formed Cayman Islands subsidiary of AIM) in an entity that will be formed under the laws of Bahrain (“<i>AIM Bahrain</i>”).</p>
DISPOSITION COMMITTEES	
Purpose	<p>For each Major Investment and Minor Investment <u>(except for those Major Investments and Minor Investments in which there is a third party investor that is not a Syndication Company, a Debtor or one of its wholly-owned subsidiaries (each, a “Third-Party Investor”))</u>, the relevant Syndication Companies, the LT CayCos and any third party that is not a Syndication Company, a Debtor or one of its wholly-owned subsidiaries (each, a “Third-Party Investor”), <u>and the LT CayCos</u>, as necessary, shall amend the articles of association or similar organizational document (or, in the case of a Delaware Transaction HoldCo, implement such other mechanism, e.g., entry into a shareholders’ agreement) <u>documents</u> of the applicable Transaction HoldCo <u>(and/or enter into a shareholders’ agreement or other arrangement)</u> to provide that the shareholders’ consent shall be required with respect to the sale or other disposition of (i) all of the interests in the Transaction HoldCo</p>

	<p>and (ii) all or substantially all of the assets directly or indirectly owned by the Transaction HoldCo, whether structured as a merger, consolidation, or otherwise (each, a “Sale Approval”). As of the Effective Date, the shareholders of each <u>such</u> Transaction Holdco shall have established a committee (each, a “Disposition Committee”), which shall have sole authority to make all decisions and give all approvals with respect to any Sale Approval.</p> <p><u>For each Major Investment and Minor Investment which has a Third-Party Investor, the relevant Syndication Companies and the LT CayCos, as necessary, shall either (x) obtain all necessary consents from each applicable Third-Party Investor to the establishment of the Sale Approval and the Disposition Committee and to the other rights and duties of the Majority Investors and the Minority Investors specified in this Term Sheet with respect to the sale or other disposition of the interests in or assets of the applicable Transaction Holdco and shall amend the relevant articles of association or similar organizational documents of the applicable Transaction HoldCo (and/or enter into a shareholders’ agreement or other arrangement) to effectuate this result, or (y) enter into a shareholders’ agreement or similar arrangement that implements, only as between the relevant Syndication Companies and the LT CayCos, their agreement with respect to the matters described in (x), above, subject to the existing rights of each applicable Third-Party Investor relating to such matters.</u></p> <p>The sole purpose of each Disposition Committee shall be to implement the sale or other disposition of the Investment or Investments to which it relates.</p> <p>The Major Investments will be sold in accordance with a disposition plan negotiated prior to the Effective Date by the Debtors and the UCC (each, a “Disposition Plan”). The Disposition Plan for each Major Investment will set forth the material conditions (the “Sale Conditions”) applicable to the sale or other disposition of that Investment. Any material deviation from the Disposition Plan for a Major Investment may only be effected with the approval of a majority of each of the Majority Committee Members (as defined below) and the Minority Committee Members (as defined below) of the relevant Disposition Committee.</p> <p>Each Disposition Committee must accept or reject a Qualifying Third-Party Offer (as defined below) within 10 business days after receipt of such an offer, except as provided in paragraph 2 of “Sale Conditions” below, in which case, the Disposition Committee must accept or reject a Qualifying Third-Party Offer no later than 10 business days after the end of the 45-day marketing period provided for therein.</p> <p>Each Disposition Committee shall have sole discretion to determine whether or not to sell a Minor Investment upon receipt of a bona fide third-party offer, provided that if the consideration to be received pursuant to such offer is not all cash and in a currency that can be readily bought or sold without government restrictions (a “Hard Currency”), such offer may only be accepted by the Disposition Committee in the event the majority of the Minority Committee Members shall have consented with respect to the form of consideration.</p>
<p>Shareholder Representation</p>	<p>1. DISPOSITION COMMITTEES</p> <p>For each Major Investment, the Disposition Committee shall have seven members. For each Minor Investment, the Disposition Committee shall have seven members</p>

	<p>or such fewer number as may be agreed by the parties and as described in <u>Exhibit A</u>. Representation of Reorganized Arcapita and the Syndication Companies on each Disposition Committee shall be as provided in <u>Exhibit A</u>. Reorganized Arcapita or the Syndication Companies may elect to have as few as one designee to each Disposition Committee, in which case such designee(s) shall, in the aggregate, have the number of votes on such Disposition Committee as is allocated to Reorganized Arcapita or the Syndication Companies with respect to such Disposition Committee. For each Disposition Committee, Reorganized Arcapita’s designees are referred to in this Term Sheet as the “Reorganized Arcapita Committee Members,” and the Syndication Companies’ designees are referred to in this Term Sheet as the “Co-Investor Committee Members.”</p> <p>For each Disposition Committee, the group of members (whether the Reorganized Arcapita Committee Members or the Co-Investor Committee Members) which constitutes the majority in number of votes are referred to in this Term Sheet as the “Majority Committee Members” and the group of members which constitutes the minority in number of votes are referred to as the “Minority Committee Members.”</p> <p>2. GENERAL</p> <p>In this Term Sheet, references to the majority, or to obtaining the majority approval, of the Majority Committee Members or the Minority Committee Members shall mean obtaining the approval of 50% or more of the relevant group Committee members.</p> <p>The initial Co-Investor Committee Members of the Disposition Committees shall be designated by the Syndication Companies within 10 business days after the Effective Date. The initial Reorganized Arcapita Committee Member(s) shall be designated by the New Arcapita Topco Board within 10 business days after the Effective Date.</p> <p>At such time as Reorganized Arcapita, on the one hand, or the Syndication Companies, on the other hand, no longer own any equity interests in a particular Investment or any obligations related to such Investment, the Reorganized Arcapita Committee Members or Co-Investor Committee Members, as applicable, shall resign from the relevant Disposition Committee. By way of example, if Reorganized Arcapita no longer owns any equity interests in a particular Investment but any obligations, including WCF Obligations or Post-Exit WCF Obligations (each as defined below), remain owing to Reorganized Arcapita by the Transaction HoldCo or any of its direct or indirect subsidiaries, the Reorganized Arcapita Committee Members shall not be required to resign from the relevant Disposition Committee.</p>
<p>CBB Oversight and Regulatory Role</p>	<p>The CBB will regulate AIM Bahrain in accordance with applicable CBB regulatory requirements. The formation of New Bahraini Arcapita Holdco as an intermediate subsidiary between New Arcapita Topco and New Arcapita Bank Holdco and New Arcapita Holdco 1, and regulation of New Bahraini Arcapita Holdco by the CBB and/or MOIC, are subject to an acceptable resolution of the Bahrain structure and CBB and MOIC regulatory issues that are presently under discussion.</p>
<p>Bankruptcy Court Jurisdiction</p>	<p>Notwithstanding anything in this Term Sheet to the contrary, enforcement of the Plan will be subject to the jurisdiction of the Bankruptcy Court.</p>

<p>Authorization of Sale Approvals</p>	<p>As of the Effective Date, the articles of association (or similar organizational documents) of each Transaction HoldCo shall be amended (i) to reserve to the shareholders all authority with respect to any Sale Approval and (ii) to provide that the shares of each shareholder shall be voted in support of any Sale Approval recommended by the Disposition Committee for that Investment.</p> <p>Nothing herein shall obligate Reorganized Arcapita or the Syndication Companies to violate any agreement with any Third-Party Investor, nor does it permit Reorganized Arcapita or the Syndication Companies to give rights to any third parties, <u>including any Third-Party Investor</u>, without the unanimous consent of the relevant Disposition Committee.</p>
<p>Disposition Expenses</p>	<p>All expenses relating to (i) the conduct of each Disposition Committee (which shall include the reasonable out-of-pocket expenses incurred by the members thereof, but shall not include any compensation paid to any member for serving on a Disposition Committee, the obligation for which shall be the sole responsibility of the entity that designated such member to serve on the Disposition Committee), (ii) maintaining the existence of the Reorganized Arcapita and Syndication Company structures relevant for the Investments and liquidating or winding up existing legal entities in such structures or for investments sold prior to the Effective Date, as appropriate (which shall include filing fees, corporate secretary fees, legal fees, registered office fees and expenses, and similar items), in each case consistent with the past practices of Reorganized Arcapita and without duplication of any costs or expenses to be borne by AIM under the Management Services Agreement (as defined below), but only until the sale, disposition or other liquidation or winding up of the applicable Investment, and (iii) the marketing, sale or other disposition of each Investment, including the fees and expenses of the Investment Banks (as defined below), provided, however, that the relevant Disposition Committee must first obtain the consent of the majority of the Minority Investor Committee Members prior to incurring Disposition Expenses in respect of any individual Investment in excess of \$250,000 (clauses (i) through (iii) collectively, the “Disposition Expenses”), shall be funded by Reorganized Arcapita, to the extent they are not funded by the applicable Transaction Holdco or its subsidiaries. Reorganized Arcapita shall be entitled to earn a profit rate on Disposition Expenses in excess of \$2.5 million funded by Reorganized Arcapita at the rate of (i) 15% prior to the date the Exit Facility is repaid in full and (ii) 5% thereafter.</p> <p>The Disposition Expenses shall be allocated to the Investments to which they relate and repaid from the proceeds distributable from the sale of such Investments as provided in “General Conditions” below. All Disposition Expenses shall be allocated pro rata to the shareholders of the Transaction HoldCo for the relevant Investment.</p>
<p>Minority Investor Protections</p>	<p>On the Effective Date, the articles of association (or similar organizational documents) of the Transaction HoldCo for each Major and Minor Investment shall be amended to provide the minority investors (whether Reorganized Arcapita or the relevant Syndication Companies) (the “Minority Investor,” with the other investor being the “Majority Investor”) with the following minority protections to the extent consistent with the other provisions of this Term Sheet:</p>

	<ul style="list-style-type: none"> ○ Transaction HoldCo board observer rights; ○ One Reorganized Arcapita seat on the “legacy book” investment committee of AIM, applicable only to Reorganized Arcapita Committee Members; ○ Information rights with respect to the operating companies of each Major or Minor Investment; ○ <i>Restricted Actions</i>. Without the Minority Investor’s consent, the Transaction HoldCo and its direct and indirect subsidiaries shall be prohibited from taking certain material actions, including: <ul style="list-style-type: none"> ● With respect to a Major Investment, any Sale Approval, unless such Sale Approval is consistent with the applicable Disposition Plan, or with respect to a Minor Investment, such Sale Approval is approved by the applicable Disposition Committee; ● The liquidation, dissolution or winding up of the Transaction HoldCo, or any direct or indirect subsidiary, except (i) if the Minority Investor receives at least the consideration set forth in the Disposition Plan in the case of a Major Investment, then no additional approvals shall be required or (ii) in the event of a liquidation, dissolution or winding up of a subsidiary, certain other limited exceptions apply; ● Distributions or dividends to shareholders by the Transaction HoldCo, subject to certain thresholds; ● Transactions with AIM, the Syndication Companies, investors in any Syndication Companies and/or any of their respective affiliates that are not otherwise contemplated by the Plan, this Term Sheet or the Disposition Plans; and ● Any amendments or modifications to the organizational documents of the Transaction HoldCo or its direct or indirect subsidiaries that materially and adversely affect the Minority Investor’s interests. ○ Without the Minority Investor’s consent, each Transaction HoldCo (listed on a schedule which is mutually agreed by the Syndication Companies, Debtors and the UCC no later than the date the Plan Supplement is due), and such Transaction HoldCo’s direct and indirect subsidiaries, shall be prohibited from taking the following material actions: <ul style="list-style-type: none"> ● Incurrence of third party indebtedness for borrowed money (other than indebtedness incurred in the ordinary course of business) such that the aggregate amount of such third party indebtedness exceeds the aggregate amount outstanding as of the Effective Date by a margin of more than 25%; ● Acquisitions or joint ventures other than those entered into in the ordinary course of business or acquisitions or joint ventures with an aggregate value that does not exceed the dollar amounts listed on the above-referenced schedule. ○ Tag-along rights; ○ The Minority Investor will be subject to drag-along rights; ○ Preemptive rights; and ○ Transfer Restrictions, with customary carve-outs for internal transfers and similar transactions.
<p>New Arcapita Topco Board</p>	<p>Initial membership of the New Arcapita Topco Board to be designated by the UCC in the Plan and filed with the Bankruptcy Court by the date the Plan Supplement is filed. The New Arcapita Topco Board will determine the Reorganized Arcapita</p>

	designee(s) of each Disposition Committee.
DISPOSITION PLANS	
Major Investments	For the avoidance of doubt, the provisions summarized under the caption “Disposition Plans” of this Term Sheet shall apply only with respect to the Major Investments, and not with respect to any Minor Investments.
Disposition Date	Prior to the Effective Date, the Debtors and the UCC shall determine by mutual agreement the date by which the Disposition Committees are required to have completed a sale process for each Major Investment as set forth on <u>Exhibit A</u> (the “ Disposition Date ”). The Disposition Date may only be changed with the consent of a majority of both the Majority Committee Members and the Minority Committee Members. Each Disposition Committee, in consultation with the Advisor Investment Banks (as defined below), shall determine the proper timing and methodology for the marketing of the relevant Major Investment; provided, however, that the marketing period, if any, for each Major Investment shall begin no later than six months before the relevant Disposition Date.
Investment Banks/Brokers	<p>Each Disposition Committee shall identify one or more investment banks or, in the case of real estate Investments, brokers (the “Advisor Investment Banks”) for the relevant Major Investment upon the vote of the majority of each of the Majority Committee Members and Minority Committee Members. The Advisor Investment Banks, under the supervision and direction of the Disposition Committee, will market the Major Investment for a sale or other disposition in accordance with the Disposition Plan.</p> <p>The Investment Banks (as defined below) shall be engaged by and report to the relevant Disposition Committee. Expenses incurred by the Investment Banks, including the fees associated with retaining the Investment Banks, shall be treated as Disposition Expenses.</p>
Minimum Sale Price	Prior to the Effective Date, the Debtors and the UCC will work in good faith to agree on the minimum sale price (the “ Minimum Sale Price ”) for each Major Investment. If the Debtors and the UCC have not agreed on the Minimum Sale Price by the Effective Date, then within five business days of the Effective Date the relevant Disposition Committee, with the consent of a majority of the Minority Committee Members, shall retain two investment banks (the “ Valuation Investment Banks ” and, together with the Advisor Investment Banks, the “ Investment Banks ”) to prepare an updated valuation for purposes of setting an appropriate Minimum Sale Price. The Valuation Investment Banks will each prepare a valuation for such relevant Major Investment on or before September 1, 2013. The Minimum Sale Price for the relevant Major Investment will equal the average of these two valuations. The Minimum Sale Price for any Major Investment may only be changed with the consent of the majority of each of the relevant Majority Committee Members and Minority Committee Members.
Sale Conditions	Unless a majority of each of the Majority Committee Members and the Minority Committee Members determines otherwise, as part of the Disposition Plan for each Major Investment, the relevant Disposition Committee, in consultation with the

relevant Advisor Investment Bank, shall conduct a marketing process for such Major Investment.

Each Disposition Committee, acting consistently with the Disposition Plan, shall have sole discretion to determine whether or not to sell a Major Investment upon the receipt of a Qualifying Third-Party Offer for such Major Investment . A

“**Qualifying Third-Party Offer**” shall mean, with respect to a Major Investment, a bona-fide, third party, all cash offer in a Hard Currency for such Major Investment that meets or exceeds the applicable Minimum Sale Price, provided that if the consideration to be received pursuant to such offer is not all cash and in a Hard Currency, such offer will be deemed to be a Qualifying Third Party Offer if the majority of the Minority Committee Members shall have consented with respect to the form of the proposed consideration.

1. SALE CONDITIONS PRIOR TO THE DISPOSITION DATE:

Each Disposition Committee shall have authority to sell a Major Investment upon the vote of a majority of its members (which shall include a majority of the Majority Committee Members) only if one of the following conditions has been satisfied: (i) the sale is to be made pursuant to a Qualifying Third-Party Offer; or (ii) a majority of the Minority Committee Members approves the terms and conditions of the proposed transaction.

If a majority of the Disposition Committee members (which shall include a majority of the Majority Committee Members) vote to sell a Major Investment pursuant to a Qualifying Third-Party Offer, then the Disposition Committee will have authority to sell the Major Investment, subject to the rights of any third parties, and without the consent of the Minority Committee Members.

If a Disposition Committee or its agent receives an offer to purchase a Major Investment at a price in excess of the Minimum Sale Price, the recipient of such offer must disclose it in writing to each member of the Disposition Committee. For the avoidance of doubt, the receipt of such offer will not, in and of itself, obligate the Disposition Committee to authorize a sale of the Major Investment nor be interpreted to require or permit the Minority Investors to invoke the Put Option (as defined below).

The Disposition Committee may accept an offer below the Minimum Sale Price only if prior consent is provided by a majority of each of the Majority Committee Members and the Minority Committee Members. If a sale offer at or above the Minimum Sale Price is not accepted on or prior to five business days after the Disposition Date or a sale offer below the Minimum Sale Price is not accepted because such requisite prior consent is not obtained, then the Disposition Date will automatically be extended by one year, provided that the Disposition Date will not be extended if the Disposition Committee has accepted a Qualifying Third-Party Offer, and the sale of the Investment pursuant to such Qualifying Third-Party Offer is consummated within sixty (60) days after acceptance. The Disposition Date shall not be extended more than two times.

2. SALE CONDITIONS AFTER THE INITIAL DISPOSITION DATE

The provisions of this subsection 2 shall only apply to Dispositions of Major

	<p>Investments after the expiration of the initial Disposition Date.</p> <p>If a Qualifying Third-Party Offer is received and a majority of the Majority Committee Members vote to approve the sale, then the Disposition Committee shall be authorized to sell the Major Investment pursuant to such Qualifying Third-Party Offer without the need to obtain the consent of the Minority Committee Members or the Minority Investors.</p> <p>If a Qualifying Third Party Offer for a Major Investment is received pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, and a majority of the Majority Committee Members vote not to sell the Major Investment, then the Minority Investors shall have a put option (the “Put Option”) as described below. If a Qualifying Third-Party Offer for a Major Investment is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Majority Investors may, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of such Qualifying Third Party Offer, market such Major Investment in accordance with the applicable Disposition Plan, prior to determining whether or not to sell the Major Investment, and if the majority of the Majority Investors vote not to sell such Major Investment pursuant to such Qualifying Third Party Offer, then the Put Option shall be exercisable by the Minority Investors as described below.</p> <p>The Put Option shall obligate the Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) to purchase the Minority Investors’ interests in the Major Investment (whether such interests be in the form of equity, WCF or similar obligations) in exchange for payment to the Minority Investors of the same aggregate amount of consideration as such Minority Investors would have received if the Qualifying Third Party Offer had been accepted. Pursuant to the Put Option, the Minority Investors shall have the right to sell to the Majority Investors none, some or all of their interests in such Major Investment, provided that the Minority Investors must tender such interests (the “Put Offer”) to the Majority Investors no later than 10 business days after the Majority Investors shall have given the Minority Investors written notice that they have decided not to sell to the third party purchaser making the Qualifying Third Party Offer. If such Qualifying Third-Party Offer is received other than pursuant to a marketing process conducted by the relevant Disposition Committee, in consultation with the applicable Advisor Investment Bank, then the Minority Investors may cause the Majority Investors to conduct a marketing process for the applicable Investment, in consultation with the applicable Advisor Investment Bank, for up to 45 days after receipt of the Put Offer and in accordance with the applicable Disposition Plan. No later than 10 business days after the end of such marketing period, the Minority Investors must elect to whether or not to make a Put Offer in respect of such Investment. The Majority Investors (or, in the sole discretion of the Majority Investors, some subset thereof, or their assignees) shall have a period of 20 business days after the end of the applicable 10 business day period to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer. If a Minority Investor elects to retain all or any portion of its interests after the Put Option has been exercised, the Put Option will cease to exist with respect to the retained interests of such Minority Investor in such Major Investment.</p>
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	<p>In the event that the Majority Investors fail to close the purchase of any interests put to them by the Minority Investors pursuant to the Put Offer (a "Put Failure"), then, without the need to obtain the consent of the Majority Committee Members or the Majority Investors, the majority of the Minority Committee Members shall be authorized to (i) engage in a marketing process for the Investment and (ii) sell or otherwise dispose of such Investment pursuant any bona fide third-party offer. Additionally, upon the ultimate sale or other disposition of such Investment, the Minority Investors shall be entitled to receive out of the net proceeds attributable to the Majority Investors' interest therein any actual damages suffered by the Minority Investors resulting from the Put Failure, including (a) the difference between the aggregate consideration that would have been received by the Minority Investors under (x) the rejected Qualifying Third-Party Offer and (y) the ultimate sale or other disposition of the Investment; and (b) all reasonable costs and expenses incurred by the Disposition Committee and the Minority Investors in selling such Investment following the Put Failure.</p> <p>If no Qualifying Third Party Offer is received prior to the initial Disposition Date then, during any subsequent disposition period, the Disposition Committee may reduce the Minimum Sale Price with the consent of a majority of each of the Majority Committee Members and the Minority Committee Members. Regardless of whether the Minimum Sale Price is reduced, the Put Option will remain in effect.</p>
<p>GENERAL CONDITIONS</p>	
<p>General Conditions</p>	<p>In order to maximize the value of the Investments, prior to the disposition of an Investment (a) Reorganized Arcapita will keep in place (and, upon expiration, agree to rollover, on substantially the same terms, but in any event, terms that shall not be adverse to Reorganized Arcapita in any material respect relative to such expiring agreement, for no additional fee) working capital murabaha agreements in place with respect to such Investment as of the Effective Date (the "WCF Obligations"), and (b) the parties to the existing management agreements in effect between the non-debtor management company affiliates of the Debtors and the Transaction HoldCos and/or their subsidiaries, and the existing administration agreements between AIML and each Syndication Company (collectively, the "Management Agreements"), will agree to keep such Management Agreements in place (and, upon expiration, renew such Management Agreements, on substantially the same terms, but in any event, terms that shall not be adverse to AIML or the applicable Syndication Companies in any material respect relative to such expiring agreement, for no additional fee).</p> <p>Upon the prior consent of a majority of the Majority Committee Members and a majority of the Minority Committee Members, a Transaction Holdco or its direct or indirect subsidiaries, as applicable, may pay down or refinance the WCF Obligations.</p> <p>Prior to any distribution on account of equity interests owned in connection with an Investment, the net proceeds from any sale, assignment or other disposition of such Investment shall be applied to repay any (a) payables or Management Obligations (as hereinafter defined) owed in connection with such Investment, (b) WCF Obligations or Post-Exit WCF Obligations (as defined below) owed with respect to such Investment, and (c) Disposition Expenses owed with respect to such</p>

	<p>Investment. In determining the distribution of net proceeds, obligations shall receive distributions in their order of structural seniority. It is understood that Post-Exit WCF Obligations (as defined below) shall have the same seniority as the WCF Obligations and that Disposition Expenses shall be paid in full prior to any distributions made on account of the equity of the applicable Transaction HoldCo or Performance or Incentive Fees (both as defined below). Notwithstanding the foregoing and provided the other conditions for sale of an Investment set forth in this Term Sheet are satisfied, an Investment may be sold even if the net sale proceeds are insufficient to pay in full the obligations described in this paragraph.</p> <p>To the extent that a WCF Obligation existing on the Effective Date or a WCF entered into by the relevant Syndication Company (or its assignee, including AIM) and Reorganized Arcapita after the Effective Date (a <i>“Post-Exit WCF Obligation”</i>) is proposed to remain in place subsequent to disposition of an Investment, the consent of the parties to that WCF Obligation or Post-Exit WCF Obligation will be required.</p> <p>In the event of bankruptcy, receivership, liquidation, insolvency or similar administrative proceeding of the Transaction HoldCo or any of its direct or indirect subsidiaries related to an Investment, any forbearance by Reorganized Arcapita or any Syndication Company (or its assignee, including AIM) from exercising any of its rights with respect to any obligations held by it in respect of such Investment shall immediately terminate.</p> <p>For the avoidance of doubt, the provisions summarized under the caption “General Conditions” of this Term Sheet shall apply to all Investments, whether they are Major Investments or Minor Investments.</p>
<p>MANAGEMENT SERVICES AGREEMENT</p>	
<p>Services</p>	<p>Reorganized Arcapita shall enter into an agreement with AIM (the <i>“Management Services Agreement”</i>), relating to the provision by AIM (or any controlled subsidiary of AIM, or mutually agreed sub-servicers) of management and advisory services, as outlined in Exhibit C, relating to the Investments. The Plan shall transfer to AIM all rights to the use of the Arcapita name, trademarks and all related intellectual property. The Management Services Agreement shall be (i) governed by New York law; (ii) filed with the Bankruptcy Court by the Plan Supplement Date; and (iii) in form and substance reasonably acceptable to the UCC, Reorganized Arcapita and AIM.</p> <p>The Management Services Agreement shall provide that (i) AIM shall report all material information regarding the Investments to the Disposition Committees, including purchase offers, indications of interest and analyses provided by investment bankers whether or not prepared or received in connection with a marketing process conducted by a Disposition Committee and (ii) Reorganized Arcapita shall have the right, on reasonable notice and no more frequently than once per calendar quarter, to inspect the books and records of AIM related to Investments.</p>
<p>Term</p>	<p>The Management Services Agreement shall be entered into as of the Effective Date of the Plan and shall not be terminable for a period of five years after the Effective Date; provided, however that the New Arcapita Topco Board shall have the right to terminate the Management Services Agreement prior to the five-year period (i) for</p>

	<p>cause (to include fraud, gross negligence and wilful misconduct) or (ii) if, as a result of transactions approved by the applicable Disposition Committees, Reorganized Arcapita's assets under management ("AUM") by AIM (as measured by Reorganized Arcapita's share of the Minimum Sale Prices for the Major Investments and by the valuations provided by AIM for the Minor Investments) falls below \$300 million, in the aggregate (a "Convenience Termination"); provided, however, that no Convenience Termination shall be effectuated prior to the expiration of the 18th month following the effective date of the Management Services Agreement (the "Initial Term").</p> <p>The Management Services Agreement shall contain the parties' agreement with respect to key person events and incentive plans, which will be negotiated in good faith by the date the Plan Supplement is due.</p>
<p>Management Fees</p>	<p>Reorganized Arcapita shall pay AIM a management fee in respect of the Initial Term as follows: \$6.67 million on the Effective Date and \$3.33 million on each of the sixth, ninth, twelfth and fifteenth month anniversaries of the Effective Date, which total \$20 million (the "Base Management Fee"). In addition to the Base Management Fee, during the Initial Term, AIM shall be entitled to a fee (the "Enhanced Management Fee") equal to (a) \$10 million in the event Lusail is sold and Reorganized Arcapita receives (before payment of the \$10 million Enhanced Management Fee attributable to Lusail) at least \$ [REDACTED] of the net sale proceeds thereof on or prior to the end of the Initial Term <i>plus</i> (b) 10% of the net sale proceeds received by Reorganized Arcapita on or prior to the end of the Initial Term in respect of any Investments other than Lusail during the Initial Term; provided, however, that the Enhanced Management Fee shall in no event exceed \$20 million.</p> <p>Reorganized Arcapita shall pay AIM a management fee in respect of each 12 month period of the term of the Management Services Agreement after the Initial Term in an amount equal to 2% of Reorganized Arcapita's AUM (determined within 30 days before the beginning of each such period and six months thereafter), payable quarterly in advance; such amount shall be (a) prorated to the extent the management fees are in respect of a period less than twelve months, and (b) reduced effective as of the 30 day anniversary of the sale or other disposition of an Investment and Reorganized Arcapita shall get a rebate or credit against future fees equal to the pre-paid fees attributable to such Investment.</p> <p>The UCC and the Debtors will work cooperatively to reach an agreement, on or before the date the Plan Supplement must be filed on a mutually acceptable incentive compensation plan for the legacy deal team employees who will be employed by AIM. For the avoidance of doubt, such incentive compensation shall be funded solely by AIM.</p> <p>The management fees due to AIM will be reduced dollar for dollar if, and to the extent, (i) any management, administration or management services agreement entered into in connection with any Investment is terminated or modified by the counterparty to Reorganized Arcapita in such a manner as to adversely affect Reorganized Arcapita in any material respect, or (ii) Reorganized Arcapita's interest in an Investment is reduced or eliminated; provided, however, that during the Initial Term there shall not be any reduction in Management Fees as a result of a sale or disposition of any Investments pursuant to a Disposition Plan.</p>

Incentive Fees	<p>Reorganized Arcapita shall pay AIM incentive fees as follows:</p> <ul style="list-style-type: none">• 10% of any amounts received by Reorganized Arcapita in excess of \$ [REDACTED] plus a 10% IRR hurdle rate (beginning on June 30, 2013) in connection with the sale or other disposition of Lusail (the “Lusail Incentive Fee”).• 7.5% of any amounts received by Reorganized Arcapita in respect of the sale or other disposition of any Investment (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment <i>plus</i> a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such amount (the “Other Investments Current Incentive Fee” and, collectively with the Lusail Incentive Fee, the “Current Pay Incentive Fees”). The Current Pay Incentive Fees shall be payable upon the receipt by Reorganized Arcapita of such amounts.• 2.5% of all amounts received by Reorganized Arcapita in respect of the sale or other disposition of all of the Investments (other than Lusail) to the extent such amounts exceed the current KPMG midpoint value (as reflected in the KPMG reports prepared in mid-2012) for such Investment <i>plus</i> a 10% IRR hurdle rate (calculated beginning on April 30, 2012) on such aggregate amount (such fee, the “Deferred Incentive Fee”). The Deferred Incentive Fee, to the extent it is earned, shall be payable in full upon the final sale or other liquidation and winding up of all of the Investments or the termination of the Management Services Agreement pursuant to the Convenience Termination right, or at such earlier time as is agreed in the Management Services Agreement.
Other Costs	<p>Reorganized Arcapita shall be responsible for the following:</p> <ul style="list-style-type: none">• payment, on the Effective Date or as soon thereafter as practicable, of any separation costs owed, pursuant to the Court approved Employee Program and Global Settlement Order, dated July 5, 2012 (the “Key Employee Severance Order”), to employees (other than any beneficiary of the Senior Management Global Settlement) of the Debtors, Arcapita Investment Management Limited (“AIML”), or their non-debtor affiliates (e.g., Arcapita Ltd. and Arcapita Inc.) as of the Effective Date of the Plan on account of their termination or deemed termination from such entities, (the “Separated Employees”) up to a maximum aggregate amount of \$8,800,000. Reorganized Arcapita shall receive credits as follows:<ul style="list-style-type: none">○ against any Incentive Fees <u>or, as applicable, Base Management Fees</u> owed by it to AIM,<ul style="list-style-type: none">▪ with respect to Separated Employees other than the member of management not covered by the Senior Management Global Settlement and Rehired Parties (as defined below): 50% of the difference between (i) the actual amounts paid to such Separated Employees, which amounts shall be consistent with the requirements in the

	<p>Key Employee Severance Order, and (ii) the greater of (x) the amount such Separated Employees are entitled to receive under their employment contracts and (y) the statutorily required severance payable to such Separated Employees under the laws of the relevant jurisdictions in which such Separated Employees are based (which result in this subsection (ii) shall be referred to as the “<i>Minimum Severance Amounts</i>”); plus</p> <ul style="list-style-type: none">▪ 50% of the difference between the actual amounts paid to the Rehired Parties (as defined below), <u>which amounts shall be consistent with the requirements in the Key Employee Severance Order</u>, and the Minimum Severance Amounts which would have been payable to such Rehired Parties,▪ provided, <u>however</u>, that the amount of the credit against Incentive Fees in this paragraph and the preceding paragraph shall be a maximum of \$900,000, in the aggregate<u>determined in the foregoing two paragraphs shall be applied as follows: (a) first, up to a maximum of \$900,000 against the Incentive Fees; and (b) thereafter, any excess against the Base Management Fees.</u> <ul style="list-style-type: none">○ against the Base Management Fees owed by it to AIM, with respect to the member of management not covered by the Senior Management Global Settlement, 50% of the amount paid to him, which amount shall be consistent with the requirements of the Key Employee Severance Order; plus○ against the Base Management Fees owed by it to AIM, with respect to Separated Employees that AIM or any of its subsidiaries employs, or retains as consultants, independent contractors (or other similar arrangement that, in any case, is substantially equivalent to full time employment), within 12 months after the Effective Date (the “<i>Rehired Parties</i>”), an amount calculated as follows:<ul style="list-style-type: none">▪ the actual amounts paid to such Rehired Parties, which amounts shall be consistent with the requirements of the Key Employee Severance Order, less▪ <u>equal to</u> 50% of the Minimum Severance Amounts which would have been payable to such Rehired Parties.○ provided, however, that Reorganized Arcapita shall be entitled to a minimum credit against the Base Management Fees owed and the Incentive Fees owed in respect of the Rehired Parties in the amount of not less than \$1,950,000 but may be entitled to a larger credit based on the identity of the actual Rehired Parties. <ul style="list-style-type: none">• <u>Obligations</u>. With respect to any Separated Employee who owes any loans, advances or other obligations to Reorganized Arcapita (other than the loans
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	<p>made pursuant to the IPP or IIP that shall be extinguished as part of the Global Settlement effectuated pursuant to the Key Employee Severance Order), Reorganized Arcapita will receive a credit against the Base Management Fees or Incentive Fees, as applicable, for any portion of Reorganized Arcapita’s severance obligation satisfied through offset to, such loans, advances or other obligations as provided in the Key Employee Severance Order. Reorganized Arcapita shall receive a 100% credit against the Base Management Fees owed by it to AIM for any loans, advances or other obligations owed to Reorganized Arcapita (other than the loans made pursuant to the IPP or IIP that shall be extinguished as part of the Senior Management Global Settlement) by any beneficiary of the Senior Management Global Settlement.</p> <ul style="list-style-type: none"> • For the avoidance of doubt, any separation costs owed to any beneficiary of the Senior Management Global Settlement shall be the sole responsibility of AIM. • Reorganized Arcapita will also be responsible for all costs and expenses listed on Exhibit D. <p>AIM shall be responsible for all costs and expenses (a) related to the start-up of AIM, and (b) for the annual remuneration of the Shari’ah board. AIM shall pay Reorganized Arcapita the fair market value of any property of the Debtors to be acquired, used or leased by AIM as of the Effective Date. Notwithstanding the foregoing, in consideration of the services to be provided by AIM pursuant to the Management Services Agreement, the Debtors shall transfer to AIM, on the Effective Date, the name, trademarks and trade names of Arcapita.</p> <p>Each of Reorganized Arcapita and the Syndication Companies (or AIM or an affiliate, as may be agreed with the Syndication Companies) shall have the opportunity to provide its pro rata share of any working capital funding required by any of the Investments after the Effective Date at a profit rate not to exceed 15%.</p>
<p>Existing Management and Administration Agreements</p>	<p>The Management Agreements shall remain in effect after the Effective Date, and those Reorganized Arcapita entities shall continue to receive all fees (the “<i>Management Obligations</i>”) currently payable to them pursuant to the terms of those agreements, except for the Performance Fees (as defined under the Management Agreements) payable by the Syndication Companies which shall be payable to AIM upon receipt of such fees by Reorganized Arcapita.</p>

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EXHIBIT A TO TERM SHEET

Investments

EXHIBIT A

Major and Minor Investments¹

<u>Investment Name</u>	<u>Reorganized Arcapita Committee Members²</u>	<u>Co-Investor Committee Members³</u>
Viridian	3	4
AEIY I	6	1
Bahrain Bay II	3	4
US Residential Dev II	6	1
Victory Heights	4	3
Tensar	4	3
US Residential Dev III	6	1
AEID II	6	1
AEID I	5	2
US Senior Living IV	2	5
AGUD I	2	5
Arcapita Ventures	3	4
Lusail	6	1
Honiton	6	1
Freightliner	2	5
AHQ Building	3	4
PODS	2	5
J. Jill	3	4
3PD	2	5
Varel	1	6

¹ Whether an Investment is a Major Investment or a Minor Investment is a matter of continuing discussion between the Parties. The final list of Major Investments and Minor Investments will be set forth in the Plan Supplement.

² For each Investment, Reorganized Arcapita, in its sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

³ For each Investment, the Syndication Companies, in their sole discretion, may elect to designate the number of members listed or, alternatively, one or more members who, collectively, are entitled to exercise the number of votes corresponding to the number of members listed.

<u>Investment Name</u>	<u>Reorganized Arcapita Committee Members</u>	<u>Co-Investor Committee Members</u>
ArcJapan	6	1
Falcon/MoBay	6	1
Bijoux Ternier	6	1
US Retail Yielding I	6	1
Cypress	6	1
India Business Park I	2	5
Luxury – CdC	6	1
Oman Logistics	4	3
India Business Park II	5	2
Meridian	1	6
India - Polygel (OT + PM)	6	1
Bahrain Bay	1	6
India – Idhasoft	6	1
US Residential Dev I	1	6
City Square	3	4
CEE Residential	6	1

EXHIBIT B TO TERM SHEET

Key Plan-Related Agreements

The parties to the Cooperation Term Sheet (the “*Parties*”) have agreed to the following provisions in the Debtors’ proposed chapter 11 plan (the “*Plan*”) and/or related disclosure statement (and exhibits thereto) (the “*Disclosure Statement*”) on file with the Bankruptcy Court. The agreement of the Parties to these terms is incorporated into the Cooperation Term Sheet by reference. Capitalized terms (including the reference to the Plan) used herein but not defined herein shall have the meanings ascribed to them in the Plan and Disclosure Statement, as applicable, filed by the Debtors with the Bankruptcy Court on February 8, 2013.

Plan Provision	Agreement
<p>Releases and Exculpations Pursuant to Sections 9.2.1, 9.2.2, and 9.2.4 of the Plan:</p>	<p>The following parties shall receive releases and exculpations under the Plan from the Debtors other than Falcon:</p> <ul style="list-style-type: none"> • Each of the Debtors (only Bank and AIHL released by Debtors) • Each of the Debtors’ Affiliates (exculpation only) • The Committee and their members solely in their capacity as members of the Committee • The JPLs solely in their capacity as JPLs • Members of the Ad Hoc Group • SCB, if it votes to accept the treatment afforded to it under the Plan • CBB, in any capacity, including in its capacity as creditor and regulator • The investors in the Syndication Companies, the PVs, the PNVs, provided, however, that if any such investor is also a Placement Bank, such release shall be solely in its capacity as an investor, (releases only) • Holders of Interests in Bank (releases only) • The respective current and former officers, members of the board of directors, employees, managers (in their capacities as officers, members of the board of directors, employees, or managers, as applicable) of the Debtors and the Debtors’ Affiliates. • Professionals, other professionals, and agents (in their capacities as Professionals, other professionals, or agents, as applicable), for services rendered during the pendency of the chapter 11 cases to or for the Debtors, the Debtors’ Affiliates, the Committee, the JPLs, or the

	Ad Hoc Group, along with the successors, and assigns of each of the foregoing.
Third Party Releases Pursuant to Section 9.2.4 of the Plan	<p>The Debtors will seek third-party releases from Holders of Claims and Interests (other than Holders of Claims and Interests in Falcon):</p> <p>The current and former officers, directors, employees, managers (in their capacities as officers, directors, employees, or managers, as applicable), Professionals, other professionals and agents (in their capacities as Professionals, other professionals or agents, as applicable, for services rendered during the pendency of the Chapter 11 Cases) to or for the Debtors or the Debtors' Affiliates.</p>
Release of AHQ Cayman I Investors:	The Debtors shall release AHQ Cayman I Investors in connection with the HQ Settlement (described below).
Avoidance Action Releases:	<p>The following parties shall receive releases from the Debtors (other than Falcon) from any Avoidance Actions under the Plan:</p> <ul style="list-style-type: none"> • All recipients of the releases identified above • Each of the Debtors • Each of the Debtors' Affiliates • Qatar Islamic Bank Q.S.C. ("QIB"), in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • QInvest LLC, in connection with the Lusail Transaction (if QIB and QInvest provide any required consents to the assumption and assignment of the QRE Letter Agreement, Lease and Option, each as defined in the Disclosure Statement) • Any Persons that have had funds on deposit with Arcapita Bank in a restricted investment account or an unrestricted investment account (other than Placement Banks or their Affiliates).
Standing to Pursue Certain Avoidance Actions:	The Debtors shall not oppose the UCC's standing to pursue avoidance actions against the Placement Banks (other than in the Placement Banks' capacities as investors in the Syndication Companies, the PVs, and the PNVs) and with respect to Arcapita Investment Holding Limited's guarantee of the Arcasukuk Facility.
Treatment of SCB under the Plan:	The treatment of SCB under the Plan shall be as set forth in the Plan and in the SCB Term Sheet, except to the extent that a different treatment is mutually agreed by the UCC and the Debtors or determined by the Bankruptcy Court.
Treatment of Other Creditors	The treatment of creditors (other than SCB and Convenience Claims) shall be as set forth in the Plan.
Convenience Class:	The treatment of Holders of Class 5(a) Claims who elect to participate in

	the Convenience Class Election shall be as set forth in the Plan, provided, however that there shall be a cap on payments on account of Convenience Class Claims of \$9.7 million.
Treatment of Intercompany Claims:	Intercompany Claims shall be treated as set forth in the Plan.
Equity Term Sheet Provisions:	The “Voting Rights,” “Directors and Corporate Governance”, “Removal of Directors”, “Vacancies on the Board”, “Board Meetings”, “Transfer of Shares and Warrants”, “Information Rights”, “Structure, Mechanics”, “Funding”, “Confidentiality and Announcements”, “Amendments”, “Indemnification” and “D&O Insurance” sections of the Equity Term Sheet attached as an Exhibit to the Disclosure Statement shall be applicable unless modified as specified by the UCC in a filing no later than the due date of the Plan supplement and after consultation with the Debtors, provided, however, that any modification (i) to the “Transfer of Shares and Warrants” section or to the first proviso of the first paragraph of the “Arcapita Group Boards” section, or (ii) that renders the Plan to be inconsistent with section 1123(a)(6) or would require the resolicitation of votes on the Plan, shall require the consent of the Debtors, not to be unreasonably withheld
Corporate Structure of Reorganized Debtors:	The Corporate Structure of the Reorganized Debtors shall be as set forth in the Plan and the Implementation Memorandum.
Allocations:	The allocation of consideration under the Plan to the various Classes of Claims and Interests shall be as set forth in the Plan.
HQ Settlement:	<p>The HQ Settlement shall be as set forth below:</p> <ul style="list-style-type: none"> • Arcapita Bank has agreed to waive and release any claim to recharacterize the HQ Lease or the Sale-Leaseback Transaction as a financing transaction. • The HQ Lease shall be treated as an unexpired lease under section 365 of the Bankruptcy Code and rejected as of the Effective Date. • AHQ and AHQ Cayman I shall waive any Administrative Expense Claim or General Unsecured Claim against any Debtor under the Plan. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Administrative Expense Claim against Arcapita Bank in the amount of \$1.159 million. • The AHQ Cayman I Investors, on a pro rata basis to their ownership in AHQ Cayman I, shall be entitled to an Allowed Class 5(a) General Unsecured Claim against Arcapita Bank in the amount of \$35.38 million (for accrued but unpaid pre-petition rent and damages arising from the rejection of the HQ Lease). • Pursuant to a new lease option, Reorganized Arcapita Bank shall have the option, which option shall be exercised no later than the date of the filing of the Plan Supplement, to enter into a new post-Effective Date

	<p>lease (the “<i>New HQ Lease</i>”) with AHQ on the following terms:</p> <ul style="list-style-type: none"> • Term - 3 years commencing on the Effective Date. • Extension Terms - two additional one (1) year terms (for a total extension of 2 years). Each extension may be exercised by giving notice not later than 90 days before the end of the existing term. • Premises - One half floor of the HQ Building (approximately 1,750 square meters) for the initial term as well as any subsequent terms. • Rental Rate - Rental rate of approximately \$1.50 per square foot per month for the first year increasing by 3% per annum thereafter for the remaining term including any extensions. In addition, there will be a 20% service charge (approximately \$0.30 per square foot per month) and utility costs of approximately \$0.75 per square foot per month. • Payment Dates - Lease payments shall be due quarterly in advance, with the first quarterly lease payment due upon the Effective Date and subsequent quarterly payments due every 3 months thereafter. • Assignment – With the consent of AHQ, Reorganized Arcapita Bank shall be permitted to assign the New HQ Lease; provided however that no consent shall be required to assign the New HQ Lease to AIM.
<p>Senior Management Global Settlement</p>	<p>The Senior Management Global Settlement shall be as set forth in the Plan and the Senior Management Global Settlement Term Sheet (which incorporates the provisions of the Senior Management Global Settlement Motion); provided, however, that, notwithstanding the Senior Management Global Settlement Term Sheet, neither the Debtors nor Reorganized Arcapita shall be responsible to pay any severance or bonus amounts owed to beneficiaries of the Senior Management Global Settlement.</p>
<p>Severance Costs of Non-Senior Management</p>	<p>Non-Senior management employee severance payments shall be due as is set forth in the Plan and Reorganized Arcapita shall be responsible to make such payments, provided, however, that Reorganized Arcapita shall be entitled to credits against such payments as provided in the section “Other Costs” in the Cooperation Term Sheet.</p>
<p>Survival of indemnifications obligations for Officers and Directors:</p>	<p>All indemnification obligations of the Debtors to their officers and directors shall survive as set forth in the Plan.</p>

EXHIBIT C TO TERM SHEET

Management Services Agreement
Scope of Services

The parties to the Syndication Companies and Reorganized Arcapita Settlement Term Sheet (the “*Term Sheet*”) have agreed that AIM (or its designees) shall provide or procure the provision of, and shall have the right to provide or procure the provision of, the following services related to the management, monitoring and sale or disposition of the Investments pursuant to the Management Services Agreement with Reorganized Arcapita.

I. Definitions.

For the purposes of this Exhibit C, the following terms shall have the following meanings:

1. “*Company*” means (w) Reorganized Arcapita, (x) each WCF Entity, to the extent not covered by clause (w), (y) each Transaction HoldCo and (z) each Intermediate HoldCo.
2. “*Excluded Costs*” means the out-of-pocket costs and expenses listed on Exhibit D to the Term Sheet, notwithstanding that such Excluded Costs may relate to services that are within the scope of this Exhibit C.
3. “*Intermediate HoldCo*” means, as appropriate with respect to each Investment, each entity that is both (i) a wholly-owned direct or indirect subsidiary of a Transaction HoldCo and (ii) a direct or indirect parent of an OpCo.
4. “*Investment Entities*” means, as appropriate with respect to each Investment, the Transaction HoldCo, any Intermediate HoldCo and any OpCo.
5. “*WCF Entity*” means each special purpose Cayman Islands companies that provide working capital financing to the Investment Entities.

Capitalized terms not defined in this Exhibit C have the meanings given to them in the Term Sheet.

II. Costs and Expenses

Notwithstanding anything to the contrary contained in this Exhibit C, for the avoidance of doubt, any reasonable out-of-pocket expenditures incurred in connection with the provision of the services described in this Exhibit C and any Excluded Costs shall be borne solely by the entity to which such services relate and not by AIM. The parties will develop customary industry guidelines for reimbursable expenses. Promptly upon the submission by AIM to any such entity of a request for reimbursement (including reasonable documentation to substantiate such request), such entity shall reimburse AIM for any such out-of-pocket expenditures or Excluded Costs incurred by AIM on behalf of such entity.

III. Services to be provided by AIM to each Company.

AIM shall provide to each Company the following services:

1. *Accounting, Reporting and Regulatory Compliance.* Accounting, reporting and regulatory compliance services, including:
 - (a) keeping accounts and maintaining the financial books and records, maintaining internal controls, and approving audited accounts and preparing tax returns where required by law or contract;
 - (b) preparing and delivering periodic reporting packages to the boards of directors of each Company and each Disposition Committee, as applicable, and responding to reasonable additional inquiries by such directors, officers, employees, attorneys, accountants or other agents as Reorganized Arcapita may designate for such purposes;
 - (c) compliance reporting to relevant regulatory authorities, and ensuring that all compliance requirements, from the formation through the liquidation or dissolution of each Company, are met on a timely basis, provided that any regulatory and compliance costs relating to any securities issued pursuant to the Plan shall be borne exclusively by Reorganized Arcapita; and
 - (d) in-house legal.
2. *Treasury and Operations.* Treasury and operations services, including:
 - (a) making capital calls and disbursements against investments (other than any disbursements by New Arcapita Topco to its investors);
 - (b) opening, maintaining and closing bank accounts, drawing checks or other orders for the payment of money, managing surplus cash resources and collecting moneys due;
 - (c) facilitating the settlement of murabaha transactions, and entering into foreign exchange and other hedging transactions subject to agreed-upon protocols; and
 - (d) responding to “know-your-customer” requests.
3. *Corporate Governance.* Corporate governance and company secretarial services, including:
 - (a) creating, establishing, maintaining, winding-up, or restructuring, partnerships, trusts, corporations, limited liability companies or other entities of any kind subject to appropriate approvals, provided that any costs associated with the wind-up or restructuring of the Atlanta, London, Bahrain, Hong Kong and Singapore offices of Reorganized Arcapita shall be borne exclusively by Reorganized Arcapita;
 - (b) preparing and maintaining share registers, minute books and other statutory books and records of each Company;
 - (c) arranging for meetings of shareholders and of boards of directors for each Investment Entity; and
 - (d) providing domiciliation agent services for Luxembourg companies.

4. *Investment Administration.* Investment administration services, including:
 - (a) transaction support to Investment teams at the time of closing of relevant transactions (acquisitions, capitalizations, restructurings and divestments); and
 - (b) upon the exit of any Investment, liquidation and the preparation of relevant liquidation documents, including general assistance to the liquidator to ensure the absence of assets and liabilities and to arrange all meetings, gazettes, notices and regulatory filings.
5. *General Administration.* General administration services, including:
 - (a) hiring, for usual and customary payments and expenses, professionals and/or other agents for or on behalf of each Company;
 - (b) subject to appropriate approvals, entering into, executing, maintaining and/or terminating contracts, undertakings, agreements and any and all other documents and instruments in the name of each Company, and doing or performing all such things as may be necessary or advisable in furtherance of the Company's powers, objects or purposes or the conduct of the Company's activities; and
 - (c) devoting such portion of its time, resources, personnel (including outside consultants and agents), office space and equipment to the affairs of each Company as AIM in good faith considers necessary or advisable for the proper performance of its duties and obligations.
6. *Shari'ah Compliance.* Advisory services relating to Shari'ah compliance, including the execution of murabaha transactions in accordance with Islamic principles and the updating of any Shari'ah structuring documents (e.g., lease, istisna or ijara agreements).

IV. Services to be provided by AIM to the Investment Entities.

AIM shall provide (i) to the applicable Investment Entities, the management, consulting and advisory services ("Management Services") that Arcapita Inc., Arcapita Limited, Arcapita Investment Management Limited or Arcapita Bank B.S.C.(c), as applicable, are currently obligated to provide under the existing management, consulting and advisory agreements with such Investment Entities and (ii) to the other Investment Entities, such Management Services relating to the Investments as are applicable or appropriate for each such entity, including (a) advisory services related to monitoring of Investments, divestitures and add-on acquisitions (including structuring required agreements and assisting in negotiations), (b) assistance in determining capital needs and in identifying sources for such capital, (c) strategic and tactical planning assistance and (d) selection and management of third party professionals to render required services to the Investment Entities in connection with any divestiture or add-on acquisition (including legal counsel, accountants, financial advisers and investment bankers and other applicable professionals).

V. Services to be provided by AIM to the Syndication Companies.

AIM shall provide to each Syndication Company, including for the avoidance of doubt any Syndication Company wholly owned by a single investor, the services that Arcapita Investment Management Limited and/or Arcapita Investment Funding Limited are currently obligated to provide under existing administration agreements with such Syndication Companies, subject as specified in such administration agreements to the overriding authority of the board of directors of each Syndication Company.

VI. Services to be provided by AIM to Reorganized Arcapita for Additional Fees.

AIM offers to provide the following services to Reorganized Arcapita (excluding, for the avoidance of doubt, any Investment Entity) for additional fees to be agreed upon among the parties. For the avoidance of doubt, these additional fees are separate from and in no way linked to the Base Management Fee, the Enhanced Management Fee, or any Incentive Fees.

- (a) litigation support; and
- (b) other services (e.g., HR) not included under Section III above.

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EXHIBIT D TO TERM SHEET

**Other Costs and Expenses Excluded
From Management Services Agreement**

Unless specifically addressed by the Term Sheet, all out-of-pocket (a) costs, (b) fees, and (c) expenses (the "OP Costs"), including but not limited to the following items, will be deemed Excluded Costs as defined in the Management Services Agreement Scope of Services (attached to the Term Sheet as Exhibit C):

1. All OP Costs associated with the Board of Directors of Reorganized Arcapita
2. All OP Costs associated with Disposition Committee members representing the interests of Reorganized Arcapita
3. D&O, general liability and other insurance premiums and related OP Costs incurred on behalf of Reorganized Arcapita
4. Central Bank of Bahrain ("CBB") regulatory fees and associated OP Costs incurred on behalf of Reorganized Arcapita
5. Legal fees and other OP costs associated with modifying organizational documents of Transaction Hold Cos as contemplated in the Term Sheet
6. Legal fees and related OP costs associated with documenting Murabahas, including new WCF Obligations and Post-Exit WCF Obligations or renewals of such WCF Obligations and Post-Exit WCF Obligations, between Reorganized Arcapita and various Transaction HoldCos, or their direct or indirect subsidiaries
7. External audit OP costs incurred on behalf of Reorganized Arcapita
8. All licensing, professional and other fees and OP Costs required to maintain Cayman and other corporate structures in good standing
9. All professional OP Costs required to wind-up Cayman and other corporate structures upon sale or disposition of an Investment, and the wind-up of existing Cayman and other corporate structures involving Investments previously sold
10. Disposition Expenses
11. All legal, professional and other OP costs incurred in connection with litigation related to Reorganized Arcapita, including but not limited to those incurred to pursue preferences and other avoidance actions on behalf of Reorganized Arcapita
12. All OP Costs associated with Arcapita Bank (and its direct and indirect subsidiaries), including, but not limited to, (a) OP Costs to restore leased premises to agreed-upon condition; (b) lease termination OP Costs; (c) moving OP Costs; and (d) electronic or physical transition of records to permanent location.
13. All OP Costs associated with maintaining bank accounts in the name of Reorganized Arcapita
14. All professional OP Costs associated with implementation of the Chapter 11 Plan of Reorganization (the "Plan"), including but not limited to documenting and administering the securities issued pursuant to the Plan, claims reconciliation and litigation, administration of plan distributions and any other post-effective date plan implementation costs
15. All OP Costs of Shari'ah board services, including, but not limited to, travel expenses, to the extent they relate to Reorganized Arcapita; such OP Costs do not include the annual remuneration of the Shari'ah board members, which shall be borne by AIM

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