

Agency Agreement

26 May 2011

Vilnius

This Agency Agreement (hereinafter referred to as the 'Agreement') has been made and entered into by Star1 airlines UAB going bankrupt, code 125366558, Pelesos St. 1 / Dariaus ir Girėno St. 2, Vilnius, Republic of Lithuania (hereinafter referred to as the 'Principal'), represented by the Chair of the Creditors' Meeting

acting on the basis of resolution of the Creditors' Meeting dd. 26/05/2011, and VERMOSA UAB, legal entity code 125928698, address: Goštauto St. 40A, LT-01112 Vilnius, Republic of Lithuania, represented by the Director General Algimantas Zajankauskas (hereinafter referred to as the 'Administrator') acting on the basis of the of the Vilnius District Court decision dd. 21/10/2010 and Lithuanian Court of Appeal decision dd. 10/12/2010.

1. Scope of the Agreement

- 1.1. The Administrator undertakes, on the Principal's behalf and at the principal's expense, to carry out the bankruptcy procedures of Star1 airlines UAB going bankrupt (hereinafter referred to as the 'Company', 'Bankrupt Company' or 'Company going bankrupt'), administer the Company going bankrupt and liquidate the bankrupt company, and the Principal undertakes to pay the Administrator a salary, determined by this Agreement, and accept all Administrator's actions under this Agreement.
- 1.2. In this Agreement the concept of the Bankrupt Company's administration (according to the RL Law on Corporate Bankruptcy No. IX-216 dd. 20 March 2001) includes the following:
 - 1.2.1. Submission of documents and data on the Bankrupt Company to the Department of Registration of Legal Entities of PE Centre of Registers;
 - 1.2.2. Transfer of data on the Bankrupt Company to the Government-authorized institution, published in the *Valstybės žinios* supplement *Informaciniai pranešimai*;
 - 1.2.3. Management, use and disposal of the Bankrupt Company's assets and funds in banks, sale of assets, and asset sale or transfer to the Company's creditors;
 - 1.2.4. Securing of assets of the Company going bankrupt;
 - 1.2.5. Opening of separate bank account for accumulation of funds during the bankruptcy proceedings and settlements;
 - 1.2.6. Governance and management of the Bankrupt Company's economic and commercial activity;
 - 1.2.7. Conclusion of fixed-term lease contracts with their maturity date being the property sale, transfer or return date;
 - 1.2.8. Examination of the Bankrupt Company's transactions, closed through at least 36 months prior to initiation of the bankruptcy proceedings, and asserting claims concerning invalidity of transactions, which are contrary to the Company's goals and/or may have exerted influence so that the Company is unable to settle with creditors, at the Court examining the matter of the Company's bankruptcy;
 - 1.2.9. Representing the Bankrupt Company's interests in the Court, Creditors' Meetings and transactions, as well as empowering other person to carry out these actions;
 - 1.2.10. Developing a list of the Bankrupt Company's creditors and their claims and its submission for the Court's approval; challenging unreasonable creditors' claims at the Court and Creditors' Meetings;
 - 1.2.11. Recruitment and dismissal of employees and formalisation of downtime in accordance with the procedure established by the RL Labour Code and RL Law of Corporate Bankruptcy;
 - 1.2.12. Provision of documents to the Guarantee Fund for allocation of funds meant to satisfy employees' requirements related to working relations;
 - 1.2.13. Making decisions concerning further continuation or termination (on the set grounds) of transactions closed by the Bankrupt Company, with their performance period still effective;
 - 1.2.14. Protection of rights and interests of all creditors, including the Company going bankrupt; organization and execution of works necessary for consideration of the matter of bankruptcy;
 - 1.2.15. Provision of information to the Government-authorized institutions, Statistics Department under the RL Government and the Court as well as the Company's creditors and sharers under terms and procedures established by the Creditors' Meeting;
 - 1.2.16. Participation in the Company's liquidation;
 - 1.2.17. Organization and control of the income received in the course of management, use and disposal, as well as organization and control of the expenditure account;
 - 1.2.18. Satisfying creditors' demands approved in accordance with the procedure established by law;
 - 1.2.19. Convening the Creditors' Meetings (Creditors' Committee meetings) and securing the record-keeping;

- 1.2.20. Notification of the Company owner(s) and shareholders' (sharers') authorized representative (if any) in cases when their decisions are required for amicable settlement;
- 1.2.21. Taking actions to recover debts from the Company's debtors;
- 1.2.22. Provision of compensation for accidents at work or occupational diseases payment documents and compensation payees' data to the State Insurance Fund Board office at the compensation payees' places of residence in the statutory cases, when compensation passes to the State;
- 1.2.23. Management and burial of waste dangerous to people and environment, approved by the Creditors' Meeting (the creditors' committee) resolutions on the basis of funds, in accordance with the statutory procedure;
- 1.2.24. Repayment to the Bankrupt Company owner(s) or Company's management body entitled to adopt a resolution to reorganize or liquidate the Company or liquidate the assets remaining after settlement with the Company's creditors;
- 1.2.25. Transfer of the Company's documents to be stored, approved by the Creditors' Meeting (the creditors' committee) resolutions on the basis of funds, to archives in accordance with the statutory procedure;
- 1.2.26. Submission of liquidation balance and remaining property return, depreciation or transmission deeds to the Court;
- 1.2.27. Transfer of data on the liquidated Company to the Government-authorized institution;
- 1.2.28. Execution of other resolutions of the Court, Creditors' Meeting and Creditors' Committee, related to these assignments.

2. Rights and obligations of the Parties

- 2.1. The Administrator, acting in accordance with the RL Law on Corporate Bankruptcy and other normative acts governing corporate activities, undertakes:
 - 2.1.1. to carry out administration of the Company going bankrupt in order to satisfy both creditors' and Company's interests;
 - 2.1.2. to protect the Bankrupt Company's assets, documents and information;
 - 2.1.3. to provide information about the bankruptcy proceedings to creditors and shareholders in accordance with the terms and procedures established by the Creditors' Meeting;
 - 2.1.4. to submit action reports to the Creditors' Meetings.
- 2.2. The Administrator shall be entitled:
 - 2.2.1. to demand from the Bankrupt Company's management bodies or responsible persons to make the Company's assets over to him or her in accordance with financial statements drawn up on the basis of the data as of the bankruptcy petition date, as well as all Company's documents;
 - 2.2.2. to appoint an authorized person(s) to represent the Bankrupt Company in the Court and conclusion of transactions;
 - 2.2.3. to offer creditors to settle amicably;
 - 2.2.4. to use funds of the Bankrupt Company for administrative purposes.
- 2.3. The Principal undertakes:
 - 2.3.1. to provide the Administrator with tools, information and documentation necessary for fulfilment of his or her contractual obligations;
 - 2.3.2. to pay the Administrator's salary, determined by this Agreement.

3. Administration expenses

- 3.1. The administrative expenditure estimate must be approved by the Creditors' Meeting (or Creditors' Committee) of the Company going bankrupt. The administrative expenditure estimate is an integral part of this Agreement and is attached to this Agreement.
- 3.2. The administrative expenditure estimate includes payment for bankruptcy administration services rendered by the Administrator.
- 3.3. The Administrator's salary also includes commissions charged from the net proceeds for the sold Company's assets, success fee charged from amounts recovered from the Company's debtors, disputed transactions and unreasonable creditors' claims. The size of the salary shall be determined by the Creditors' Meeting or Creditors' Committee.
- 3.4. Payments established by Paragraph 3.2 hereof, shall be paid to the Administrator right after the Company receives such income.
- 3.5. In the case the Bankrupt Company shall be left destitute, settlement shall be deferred and unpaid amount shall be included into the Company's book records as credit debt. Such debt shall be the first to be covered from funds received in the course of the bankruptcy proceedings (i.e. prior to meeting the creditors' financial claims), regardless of whether there are any debts according to the estimate's separate points, or not.

3.6. The Administrator's salary reduction issues can be considered only if the Principal has no debts under this Agency Agreement.

4. Liability of the Parties

- 4.1. The Administrator must compensate the Bankrupt Company's losses resulting from his or her own fault in accordance with the procedure established by the legislation.
- 4.2. The Administrator hereby confirms that, in accordance with the Republic of Lithuania Law on Corporate Bankruptcy, he or she is entitled to be appointed the Administrator for the Company going bankrupt.

5. Final provisions

- 5.1. This Agreement shall enter into force on the date of the Agreement and shall remain in force and effect until complete execution of the Parties' obligations under this Agreement.
- 5.2. Grounds for avoidance of the Agreement:
 - 5.2.1. discontinuation of the bankruptcy proceedings;
 - 5.2.2. the Court resolution to change the Administrator;
 - 5.2.3. other grounds established by normative acts of the Republic of Lithuania.
- 5.3. The Administrator may terminate this Agreement after notifying the Chair of the Creditors' Meeting and District Court in writing no later than 14 days prior to the Meeting and transferring the bankrupt Company's assets and documents to a newly appointed administrator or his or her authorized representative.
- 5.4. This Agreement can be amended or annexed by a written both Parties' agreement only.
- 5.5. All and any disputes arising from this Agreement shall be settled in accordance with the procedure established by the legislation of the Republic of Lithuania.
- 5.6. This Agreement is made in three copies. Each party and Chair of the Creditors' Meeting holds one copy.

6. Details of the Parties:

Principal:

STAR1 AIRLINES BUAB

Company code 125366558
Pelesos St. 1 / Dariaus ir Girėno St. 2, Vilnius
Chair of the Creditors' Meeting

(name & surname)

(signature)

L.S.

Administrator:

VERMOSA UAB

Company code 125928698
A. Goštauto St. 40A, Vilnius
A/c No. LT787300010122236209
VERMOSA UAB Director General
Algimantas Zajankauskas

(signature)

A. V.