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**TO ALL KNOWN CREDITORS**

24 April 2009

Dear Sirs

**EOS Airlines, Inc. (Formerly in Administration) ("the Company")**

I write further to my appointment as Joint Administrator of the Company, together with my partner Andrew Stoneman, on 28 April 2008.

The UK Administration has been concluded and closed with effect from 24 April 2009. In this regard, I enclose Forms 2.24B and Form 2.32B, together with the Joint Administrators' progress and final progress report to creditors, pursuant to Rules 2.47 and 2.110 of the Insolvency Rules 1986.

It should be noted that the Joint Administrators obtained a Court Order on 28 October 2008 which extended "the time for the filing of a progress report otherwise due between on or about 27 October 2008...for a period of 6 months from the date..." of the Order.

The former Joint Administrators wish to confirm that EOS Airlines, Inc. in the USA remains in existence and continues to be administered, following the confirmed Joint Plan of Liquidation, under the control of the Liquidating Trustee. For further information regarding your claim or other matters in respect of EOS Airlines, Inc, please visit the Foreign Main Proceedings' website [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines) for further information.

Should you have any queries, please contact Dan Cordina of this office.

Yours faithfully

**Geoffrey Bouchier**  
Former Joint Administrator

Enc.



082258109042700000000001

The affairs, business and property of the Company were being managed by the Joint Administrators who acted as agents for the Company and without personal liability.

**EOS Airlines, Inc.  
(In Administration)**

**Progress and Final Report of the Joint Administrators  
pursuant to Rules 2.47(1) and 2.110 of the  
Insolvency Rules 1986 (as amended)**

**Court Reference: High Court of Justice Number: 3439 of 2008**

**16 April 2009**

**MCR  
43-45 Portman Square  
London  
W1H 6LY**

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## **1. INTRODUCTION**

- 1.1 Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR were appointed Joint Administrators of the UK business of EOS Airlines, Inc. ("EOS" and "the Company") on 28 April 2008 by the directors of EOS Airlines, Inc. pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act").
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised jointly and severally.
- 1.3 The purpose of this report is to detail the Joint Administrators' acts and dealings together with the conduct of the Administration of EOS in accordance with Rule 2.47 of the Insolvency Rules 1986 ("the Rules") and to provide a final account of the progress and outcome of the Administration in accordance with Rule 2.110 of the Rules.

## **2. BACKGROUND AND EVENTS LEADING UP TO THE ADMINISTRATION**

- 2.1 The head office of EOS Airlines, Inc. ("the Company" and "EOS") was situated in the USA at 287 Bowman Avenue, 4th Floor, Purchase, New York, 10577. The Company was incorporated in Delaware on 8 April 2003 and was a United States certified scheduled international passenger airline that provided air transportation between the United States and Great Britain ("GB").
- 2.2 The Company's centre of main interest is in the USA.
- 2.3 The Company was registered at Companies House for England and Wales as a foreign company on 27 September 2005 and as a branch, with a branch open date of 8 January 2005. The branch address is Enterprise House, Room B107, Stansted Airport, CM24 1QW.
- 2.4 On 26 April 2008, EOS filed a voluntary petition ("the Petition") for relief under Chapter 11 of the United States Bankruptcy Code ("the Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York ("the Bankruptcy Proceedings" and "the Foreign Main Proceeding").
- 2.5 The Company sought relief pursuant to Chapter 11 of the Bankruptcy Code following failed attempts to secure further investment. Further information regarding the events leading up to the Administration and the Company can be found at [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines).
- 2.6 Following the filing of the Petition, the Company's directors sought assistance in respect of the Company's assets and affairs situated in GB. On 28 April 2008, the Company's directors commenced concurrent proceedings (or ancillary proceedings) within the meaning of the UNCITRAL Model Law on Cross Border Insolvency in the UK via Part 2 of the Insolvency Act 1986 by the filing of Form 2.10B together with associated papers at the High Court of Justice, Chancery Division, Companies Court. Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR were appointed Joint Administrators. These proceedings were opened with a view to seeking recognition of the US Bankruptcy Proceedings as a Foreign Main Proceeding under the UNCITRAL Model Law on Cross Border Insolvency.

- 2.7 On 18 June 2008, an Order of the High Court of Justice, Chancery Division, Companies Court for England & Wales ordered that the Bankruptcy Proceedings be recognised as a Foreign Main Proceeding in accordance with the UNCITRAL Model Law on Cross-Border Insolvency as set out in Schedule 1 to the Cross-Border Insolvency Regulations 2006 and that the effect of the Administration Order made in the High Court of Justice on 28 April 2008 be restricted to assets of EOS Airlines, Inc. that are located in GB and to the extent necessary to implement cooperation and coordination within the meaning of and under Articles 25 and/or 26 and/or 27 of the said Model Law, to assets of EOS Airlines, Inc. that under the law of GB and/or England and Wales are and/or should be administered in relation to the said Administration.
- 2.8 The purpose of an Administration is to achieve one of the following hierarchical objectives:
- Rescuing the company as a going concern; or
  - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); or
  - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.9 As previously reported, the objective of the Administration was likely to be influenced by the Plan adopted by the Foreign Main Proceeding. The Foreign Main Proceeding's Plan dated 18 December 2008 was approved by the United States Bankruptcy Court and became effective on 18 February 2009. The Plan deals with "...the resolution of Claims against and Equity Interests in the Debtor [EOS]". In effect, a plan of liquidation and therefore EOS Airlines, Inc. will not now be rescued.
- 2.10 The Joint Administrators are of the opinion that the second objective of the Administration has been sufficiently achieved following the distribution of the surplus UK Administration funds to the Foreign Main Proceedings. It is understood these funds will be utilised in the implementation of the Plan mentioned above.
- 2.11 It should be noted that the affairs of EOS Airlines, Inc. in the USA remains in existence and under the control of the Liquidating Trustee. Further information can be found at [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines).

### **3. PROGRESS OF THE ADMINISTRATION TO DATE**

- 3.1 The manner in which the affairs and business of the Company have been managed since the appointment of the Joint Administrators are set out in this section of the report.
- 3.2 As previously reported, the assets dealt with by the UK Joint Administrators were primarily restricted to assets that were located in GB. Details of GB asset realisations to date are set out below:
- Cash at bank**
- 3.3 The UK business of the Company banked with Barclays Bank PLC ("Barclays") and Wachovia Bank N.A. ("Wachovia").
- 3.4 As previously reported, cash at bank as at the date of the Joint Administrators' appointment was as follows:

- Barclays current account	GBP	3,303
- Barclays deposit account	GBP	0
- Wachovia current account	GBP	237,268
- Wachovia current account	EUR	37,789

- 3.5 The Joint Administrators received £3,303 from Barclays. No further realisations are expected.
- 3.6 The residual funds at Wachovia, following a payment of funds to the Joint Administrators' estate account to meet the costs and expenses of the Administration, of c£215,000 have been returned to the control of the Foreign Main Proceedings. No further realisations are expected.

#### **Gross Bank Interest**

- 3.7 Gross bank interest received totalled £8,989.

#### **Credit and Debit Card Receipts**

- 3.8 The Wachovia GBP bank account received a total of £130,332 as at 30 May 2008 in respect of pre-appointment trading activities.
- 3.9 These funds were retained by the Joint Administrators and were included in the funds transferred to the control of the Foreign Main Proceedings. No further realisations are anticipated.

#### **Book Debts due from the Ministry of Defence ("MOD")**

- 3.10 As previously reported, the Joint Administrators realised £205,000 in respect of a book debt due from the Ministry of Defence ("MOD") regarding a pre-appointment charter flight. In addition, a further £6,723 was realised in respect of airport taxes. No further realisations are anticipated.

#### **Debts due from International Air Transport Association ("IATA")**

- 3.11 The Joint Administrations were in communications with the UK representative of the International Air Transport Association ("IATA"). It was initially uncertain whether IATA was a net debtor or creditor.
- 3.12 Following communications with the Foreign Main Proceedings and given there existing communications with IATA in the USA in respect of any potential funds due to EOS, the Joint Administrators handed the control and resolution of this issue to the Foreign Main Proceedings by agreement.
- 3.13 The Joint Administrators understand this matter has been concluded.

#### **Book Debts due from Sky Capacity ("SK")**

- 3.14 As at the date of the Joint Administrators' appointment, the Company's records indicated that a debt of circa USD 116,077 and GBP 5,591 was due to the Company from SK. The Joint Administrators wrote to SK on 7 July 2008 for the payment of these debts but were advised that the debts are subject to set off and counter claims. The Joint Administrators rejected this argument but the debt remained disputed.

- 3.15 On 2 October 2008, SK was placed into Creditors' Voluntary Liquidation. Following a review of paperwork issued by the Liquidator of SK, it appears evident that it is extremely unlikely that there will be sufficient asset realisation to enable a distribution to SK's unsecured creditors. In this regard, the debt due from SK is uncollectible.

#### **Rotable Assets**

- 3.16 The Joint Administrators' valuation agents valued the rotatable assets (airplane spares) at USD 300,000 as at 19 May 2008.
- 3.17 As previously reported, the Joint Administrators released the rotatable assets which were transported to the USA following the receipt of an email providing an undertaking for the value of the assets to be remitted to the UK estate, if required. It is understood the assets have now been sold by the Foreign Main Proceeding.
- 3.18 There was no requirement for USD 300,000 to be transferred to the UK Administration.

#### **Ground Support Equipment ("GSE")**

- 3.19 Following a marketing exercise carried out by the Joint Administrators' agents and following communications with the Foreign Main Proceeding, the Joint Administrators accepted third party offers for the GSE which resulted in total sales consideration of £16,300 plus VAT being realized.
- 3.20 No further realisations are expected.

#### **Chattel Assets**

- 3.21 The chattel assets consist of office furniture and equipment, various standard tools and lounge furniture. These chattel assets were located at a variety of different locations in GB.
- 3.22 The Joint Administrators appointed valuation agents to inspect, review and market for sale the chattel assets as appropriate. The Joint Administrators realised the following assets following recommendation that the offers were capable of acceptance:

	£
Lounge furniture	3,000
Office furniture	800
Computer equipment	2,800
Ipod (MP3 players)	250

- 3.23 No further realisations are anticipated.

#### **Bonded Alcohol Stock**

- 3.24 The Company owned a small quantity of assorted bonded alcohol stock which was held in a third party storage facility. The majority of the bonded alcohol stock consisted of "miniature" bottles and HM Revenue and Customs excise duty was not paid.

- 3.25 The Joint Administrators attempted to sell the bonded alcohol stock however no offers were received given the small quantity and variety of the stock. Following communications with the Foreign Main Proceedings, the stock was written off and abandoned.
- 3.26 It should be noted that the Joint Administrators assisted the Foreign Main Proceeding by facilitating the collection of a small proportion of wine in order, as the Joint Administrators understood it, to reduce a pre-petition claim filed in the USA against the Company.

#### **Other Airline Stock**

- 3.27 The Company owned a quantity of assorted airline stock to include catering equipment, crockery and glassware. A significant proportion of the items were branded with the Company's logo. All of this stock was held in third party storage facilities.
- 3.28 The Joint Administrators' valuation agents valued these items and advised that they had no realisable value and should be abandoned. These items have been written off following communications with the Foreign Main Proceedings.
- 3.29 It should be noted that certain items of catering equipment held in GB were sold by the Foreign Main Proceeding together with other items in the US as part of a larger lot. These items were collected by the purchaser.
- 3.30 No further realisations are expected.

#### **Leasehold properties at Stansted Airport**

- 3.31 The Company's leasehold interests in units 00201 & 00200 (airport lounge), Enterprise House (office), units B041-042 were rejected on 31 May 2008 and unit 3 airside maintenance office was rejected on 30 June 2008 pursuant to Orders of the United States Bankruptcy Court of the Southern District of New York.
- 3.32 The Joint Administrators' valuation agents undertook desktop valuations of the above mentioned leasehold properties and advised that the leases preclude assignment to unconnected third parties and that no realisable premium value was achievable.

#### **Leasehold property at Warnford Court**

- 3.33 The Company's leasehold interest in 28 Warnford Court was rejected on 24 June 2008 pursuant to an Order of the United States Bankruptcy Court of the Southern District of New York.
- 3.34 The Joint Administrators' valuation agents undertook a desktop valuation of the above mentioned leasehold property and commented that no realisable premium value was achievable.

#### **Refund from HM Revenue and Customs**

- 3.35 The Joint Administrators, following work carried out by the Foreign Main Proceeding, secured £101,269 in respect of pre-appointment VAT refund. No further realisations are anticipated.

#### **Sundry refunds**

- 3.36 The Joint Administrators have also realised sundry refunds of £2,525.



### **Receipts and payments account**

- 3.37 Attached at Appendix 2 is the Joint Administrators' final Receipts and Payments Account.

## **4. JOINT ADMINISTRATORS' REMUNERATION**

- 4.1 In accordance with Rule 2.106 of the Insolvency Rules 1986, as amended, the basis upon which the Joint Administrators' remuneration should be fixed, is by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 4.2 The Joint Administrators sought the subsequent approval of the Company's secured creditor as registered at Companies House in the UK (i.e. Barclays Bank Plc) and the UK preferential creditors in respect of their remuneration pursuant to Rule 2.106(5A) of the Insolvency Rules 1986, as amended.
- 4.3 The Joint Administrators' time costs for the period 28 April 2008 to 10 April 2009 total £241,566. To date, remuneration of £240,749 has been drawn by the Joint Administrators in respect of these costs. It should be noted that the Joint Administrators have incurred further time costs since 10 April 2009 and will incur further time costs in dealing with this case to its conclusion. All outstanding time costs will be written off in due course.
- 4.4 A schedule of these time costs is set out at Appendix 3. A Creditors' guide to Administrators' fees can be found at [www.mcr.uk.com](http://www.mcr.uk.com).

## **5. DIVIDEND PROSPECTS / PRESCRIBED PART**

### **Secured Creditors**

#### **Barclays Bank Plc ("Barclays" and "the Secured Creditor")**

- 5.1 In consideration of the merchant acquirer facilities provided by Barclays, the Company granted Barclays a "Deed of charge over credit balances" dated 16 May 2006 ("the Deed of Charge") as security.
- 5.2 As previously reported, the Deed of Charge confers a fixed charge over a deposit account held at Barclays. As at the date of the Joint Administrators' appointment, the balance of the deposit account was circa £103,238. These funds were drawn down by Barclays in respect of its potential future exposure due to likely credit card chargebacks as a result of the Company's failure. In addition, Barclays retained credit funds of circa £476,333 in respect of pre-appointment credit card sales on account of anticipated chargebacks of c£600,000.
- 5.3 These funds were retained by Barclays pursuant to its banking agreement with the Company and offset against credit card chargebacks. Barclays have confirmed that they have closed their files in respect of this matter. Therefore, no realisations were available to the Company.

### **UK Preferential Creditors**

- 5.4 The UK preferential creditors primarily consist of claims from the Company's former UK employees (limited to those employees paid via UK payroll with appropriate UK tax deductions) for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the Secretary of State ("Preferential Creditors").

- 5.5 There were 43 UK employees ("the Employees") as at the date of the Joint Administrators' appointment all of which were made redundant. The final employee was made redundant on 17 June 2008.
- 5.6 A first and final dividend of 100 pence in the pound, totalling £18,371, was sent to the preferential creditors of the Company on in respect of arrears of wages and outstanding holiday pay. Appropriate deductions for PAYE and National Insurance Contributions were made and paid to HM Revenue and Customs.
- 5.7 Employees' residual non-preferential claims are to be dealt with by the Foreign Main Proceeding in accordance with their procedures and laws together with other non-preferential creditors.
- 5.8 Please note that the Joint Administrators filed a "Proof of Claim" on behalf of the Employees on 12 March 2009 to Kurtzman Carson Consultants LLC (the Foreign Main Proceeding's claims handling agent) which provided details of Employees' estimated non-preferential claims. The Proof of Claim has been assigned number 475 in the Official Claims Register in the USA.
- 5.9 The purpose of the filing of the claim was to ensure Employees' non-preferential claims are noted in the Foreign Main Proceeding. For further queries, please contact the Foreign Main Proceeding. Their contact details can be found on [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines) or contact this office for assistance.

**Prescribed Part pursuant to section 176A of the Insolvency Act 1986**

- 5.10 The provisions of section 176A of the Insolvency Act 1986 do not apply.

**Non Preferential Creditors**

- 5.11 The Joint Administrators understand that non-preferential creditor claims total approximately USD 34,000,000.
- 5.12 The administration of the Company's non preferential creditor claims is being dealt with by the Foreign Main Proceedings' claims handling agent in the USA, Kurtzman Carson Consultants LLC ("KCC").
- 5.13 Non-preferential creditors should have received notices from KCC requesting creditors file details of their claims against EOS Airlines, Inc. using a "Proof of Claim" form.
- 5.14 Important information and notices concerning the Bankruptcy Proceedings in the USA can be found at the following website [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines). The website also provides other information in respect of the Bankruptcy Proceedings.
- 5.15 Please note all creditor queries should be directed to the Foreign Main Proceeding.

**6. CREDITORS' MEETING**

- 6.1 In accordance with Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, a creditors' meeting was not convened as the overriding duty of the Joint Administrators is to co-operate with the Foreign Main Proceeding pursuant to the UNCITRAL Model Law. The majority of the surplus Administration funds have been returned to the control of the Foreign Main Proceeding where any distribution to non-preferential creditors will be administered.

6.2 Accordingly, there were insufficient funds available to enable a distribution to be made to non-preferential creditors from the UK estate.

## **7. JOINT ADMINISTRATORS' PROPOSALS**

7.1 A copy of the Joint Administrators' proposals as approved are attached at Appendix 4.

## **8. END OF ADMINISTRATION**

8.1 As previously mentioned, it was the overriding duty of the UK Joint Administrators to co-operate with the Foreign Main Proceeding. The Joint Administrators have transferred the majority of the surplus UK Administration funds to the Foreign Main Proceeding where any distribution to non-preferential creditors will be administered in accordance with the Foreign Main Proceeding's laws and procedures.

8.2 All known outstanding matters in GB have been completed and the UK Administration has now been concluded and the Administration Order discharged. The Company's branch in the UK is due to be deregistered pursuant to Section 695A(3) of the Companies Act 1985 shortly.

## **9. OTHER MATTERS**

9.1 The affairs of EOS Airlines, Inc. in the USA continue and, following the confirmed Joint Plan of Liquidation, under the control of the Liquidating Trustee. For further information regarding your claim or other matters in respect of EOS Airlines, Inc, please visit the Foreign Main Proceedings' website [www.kccllc.net/eosairlines](http://www.kccllc.net/eosairlines) for further information.

9.2 Please note the Joint Administrators have no control over these proceedings and are no longer acting in respect of this matter.

9.3 If you require further information or assistance, please do not hesitate to contact my colleague, Dan Cordina.



**Geoffrey Bouchier**  
Joint Administrator

**APPENDIX 1**

**STATUTORY INFORMATION**

## STATUTORY INFORMATION

<b>Foreign company registration date</b>	27 September 2005
<b>Branch open date</b>	8 January 2005
<b>Company number</b>	FC026245
<b>Branch number</b>	BR008406
<b>Company directors</b>	Mr D Dominik Mr D Pottruck Mr D Spurlock Mr G Leonard Baker, Jr. Mr J Williams Mr J Mizrahi Mr J Rogers Mr K Diekroeger Mr R Graves Mr T Martin
<b>Company secretary</b>	Eilif Serck-Hanssen
<b>Shareholders</b>	Please see the attached schedule.
<b>Head &amp; Registered Office</b>	287 Bowman Avenue 4 <sup>th</sup> Floor Purchase NY 10577 United States
<b>Registered Branch</b>	Current: 43-45 Portman Square London W1H 6LY Formerly: Enterprise House Room B107 Stanstead Airport CM24 1QW
<b>Any other trading names</b>	EOS Airlines, Inc. FDBA Atlantic Express, Inc.
<b>Financial Information</b>	Information regarding the Foreign Main Proceedings can be found at: <a href="http://www.kccllc.net/eosairlines">www.kccllc.net/eosairlines</a> .

**EOS Airlines, Inc. (In Administration)****Schedule of shareholders**

Name of Shareholder	Percentage of shares held (all classes of shares)
CCG Investments, LLC	19.223%
CCG AV, LLC-Series C	1.708%
Golden Gate Capital Investments II, L.L.C.	19.638%
Golden Gate EOS Holdings, LLC	2.269%
GGC Associates II-AI, LLC	0.007%
Rizon United Corporation	22.464%
Maveron Holdings 2006, LLC	4.509%
David S Pottruck, Trustee, David S. Pottruck Revocable Trust U/A DTD 9/29/89	3.064%
Parish Capital II, L.P.	1.918%
Parish Capital Buyout Fund II, L.P.	1.079%
Sutter Hill Eos Holdings, LLC	3.251%
David L. Anderson, Trustee of The Anderson Living Trust U/A/D 1/22/98	0.076%
Anvest, L.P.	0.032%
G. Leonard Baker, Jr. and Mary Anne Baker, Co-Trustees of The Baker Revocable Trust U/A/D 2/3/03	0.481%
G. Leonard Baker, Jr. General Partner Saunders Holdings, L.P.	0.093%
William H. Younker, Jr., Trustee of The Younker Living Trust U/A/D 1/20/95	0.263%
Tench Coxie and Simone Otus Coxie, Co-Trustees of The Coxie Revocable Trust U/A/D 4/23/98	0.440%
Graoqv P. Sands and Sarah J.D. Sands as Trustees of Graoqv P. and Sarah J.D.Sands Trust Agreement dated 2/24/99	0.066%
Graoqv P. Sands Trustee of the Graoqv P. Sands Charitable Remainder Unitrust	0.012%
James C. Gaither, General Partner Tallack Partners L.P.	0.025%
James C. Gaither, Trustee of the The Gaither Revocable Trust, U/A/D 9/28/00	0.017%
James N. White and Patricia A.O'Brien as Trustees of The White Family Trust U/A/D 4/3/97	0.077%
Jeffrey W. Bird and Christina R. Bird as Trustees of Jeffrey W. and Christina R. Bird Trust Agreement dated 10/31/00	0.136%
Ronald Daniel Bernal and Pamela Maver Bernal as Trustees of Bernal Family Trust U/D/T 11/3/1995	0.056%
David E. Sweet and Robin T. Sweet as Trustees of The David and Robin Sweet Living Trust dated 7/6/04	0.039%
Sherryl W. Casella	0.001%
Lynne B. Graw	0.007%
Patricia Tom	0.009%
Robert Yin and Lily Yin as Trustees of Yin Family Trust dated March 1, 1997	0.004%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO Sherryl W. Casella	0.005%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO David L. Anderson	0.055%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO William H. Younker, Jr.	0.105%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO Tench Coxie	0.068%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO James N. White	0.010%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO Ronald D. Bernal	0.003%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO David E. Sweet Rollover	0.008%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO Lynne B. Graw Rollover	0.001%
Wells Fargo Bank, N.A. FBO-SHV Profit Sharing Plan FBO Robert Yin	0.001%
The Spurlock Family Trust, dated May 12, 2003, David and Amy Sourlock Trustees*	1.341%
David Spurlock	0.681%
Other Employee Holders	1.719%
David Coltman	0.026%
Hector Adler	0.046%
Reserved for Future Issuance	1.397%
Andrew Gil Morgan	0.759%
Jack Williams	3.158%
Bonnie Reitz	0.093%
Evans Gebhardt	0.104%
Eilif Serck-Hanssen 2007 Irrevocable Family Trust	0.276%
Eilif Serck-Hanssen	0.445%
Toby Joseph	0.077%
Other Employees	0.121%
Linear Partners LLC	0.202%
International Lease Finance Corporation	0.369%
QVT Hawaiian LLC	2.299%
Baron Investment Funds Trust	0.864%
Mariner Voyager Master Fund, LTD	0.599%
Mariner Opportunities Fund, LP	0.300%
Casplan Select Credit Master Fund Ltd.	0.300%
MBC Investments SA	0.253%
SSI (U.S.) Inc, (d/b/a/ Spencer Stuart)	0.017%
Craig Stevenson Jr.	0.631%
Spurlock Tax Credit Trust	0.061%
Freidenrich Family Partnership, L.P.	0.190%
K&E Investment Partners, L.P. - 2004-B DIF	0.423%
Oster Family Revocable Trust	0.633%
Peterson Capital II, LLC	1.101%
Flynn Family 1994 Trust	0.153%
Coleman Family Charitable Remainder Unit Trust, Denis R. Coleman, Trustee	0.056%
Robert Dye	0.016%
David K. Tu and Kristl W. Lee Revocalbe Trust dated May 13, 1993	0.012%
David Tu	0.014%
Wally Buch	0.043%
<b>Total shareholding</b>	<b><u>100%</u></b>

**APPENDIX 2**  
**JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

**EOS Airlines, Inc.**  
**(In Administration)**

**Joint Administrators' Receipts and Payments Accounts**  
**For the periods 28 April 2008 to 27 October 2008 and 28 October 2008 to 16 April 2009**

	For the period to 28 April 2008 to 27 October 2008			For the period 28 October 2008 to 16 April 2009			Total £
	Fixed Charge £	Floating Charge £	Total £	Fixed Charge £	Floating Charge £	Total £	
<b>ASSET REALISATIONS</b>							
Ground Support Equipment	-	16,300	16,300	-	-	-	16,300
Office furniture	-	3,800	3,800	-	-	-	3,800
Chattel assets	-	3,050	3,050	-	-	-	3,050
Book debts	-	211,723	211,723	-	-	-	211,723
Tax refund	-	101,270	101,270	-	-	-	101,270
Cash at bank (Wachovia Bank N.A.) (EUR)	-	29,717	29,717	-	-	-	29,717
Cash at bank (Wachovia Bank N.A.)	-	3,303	3,303	-	-	-	3,303
Cash at Bank (Barclays Bank Plc)	-	237,268	237,268	-	-	-	237,268
Credit card and other similar receipts	-	130,332	130,332	-	-	-	130,332
Gross Bank interest (Wachovia Bank N.A.)	-	4,764	4,764	-	1,469	1,469	6,233
Bank interest gross	-	2,550	2,550	-	206	206	2,756
Sundry refunds	-	2,525	2,525	-	-	-	2,525
	<b>0</b>	<b>746,603</b>	<b>746,603</b>	<b>0</b>	<b>1,675</b>	<b>1,675</b>	<b>748,277</b>
<b>COST OF REALISATIONS</b>							
Statutory advertising - KCC LLC	-	6,241	6,241	-	6,063	6,063	12,304
Car parking	-	317	317	-	-	-	317
Pension contributions	-	1,200	1,200	-	-	-	1,200
Heat & Light	-	281	281	-	(14)	(14)	267
Departure fees	-	26,101	26,101	-	-	-	26,101
Joint Administrators' remuneration	-	120,749	120,749	-	120,000	120,000	240,749
Joint Administrators' disbursements	-	808	808	-	95	95	904
Telephone charges re. Stansted properties	-	74	74	-	-	-	74
Menzies re. Tax	-	250	250	-	530	530	780
Agents/Valuers fees	-	15,250	15,250	-	-	-	15,250
Legal Fees - Counsel	-	18,175	18,175	-	25,546	25,546	43,721
Legal Fees - SSD UK	-	52,468	52,468	-	42,253	42,253	94,721
Corporation Tax	-	2,307	2,307	-	334	334	2,641
Telephone, Telex & Fax	-	1,882	1,882	-	-	-	1,882
Postage costs	-	2,323	2,323	-	-	-	2,323
Pension advisor	-	300	300	-	2,029	2,029	2,329
Storage costs	-	1,300	1,300	-	106	106	1,405
Statutory advertising	-	720	720	-	360	360	1,081
Rents payable	-	12,377	12,377	-	-	-	12,377
Rates	-	1,918	1,918	-	-	-	1,918
Courier costs	-	246	246	-	-	-	246
Insurance of assets	-	275	275	-	-	-	275
Employees' salaries gross	-	47,690	47,690	-	-	-	47,690
Bank charges	-	51	51	-	89	89	140
Menzies re. employment	-	350	350	-	-	-	350
The National Insurance fund	-	6,092	6,092	-	155	155	6,247
Employee arrears/Holiday pay	-	8,093	8,093	-	149	149	8,243
DTI unclaimed dividends (Inc £25 charge)	-	-	-	-	148	148	148
HM Revenue & Customs - Tax/NI	-	3,759	3,759	-	-	-	3,759
Transfer to Foreign Main Proceeding	(1)	-	-	-	218,839	218,839	218,838.54
	<b>0</b>	<b>331,596</b>	<b>331,596</b>	<b>0</b>	<b>416,682</b>	<b>416,682</b>	<b>748,277</b>
<b>BALANCE</b>	<b>0</b>	<b>415,007</b>	<b>415,007</b>	<b>0</b>	<b>(415,007)</b>	<b>(415,007)</b>	<b>0</b>

**Notes:**

(1) Subject to minor exchange rate gain/loss with regard to the euro bank account which has not been reflected on this Receipts and Payment account.

(2) An extract of the directors Statement of Affairs is attached with specific regard to EOS Airlines, Inc.'s assets. Please note that this relates to the Company's assets and liabilities on a global basis (assets located in Great Britain and subject to the UK Administration and assets located in the USA and rest of the world which are subject to the Foreign Main Proceedings). According, a summary of the directors' statement of affairs in respect of EOS Airlines, Inc.'s assets has not been summarised on the face of this Receipts and Payments account.



**Schedule 3**  
**Eos Airlines, Inc. Balance Sheet as of March 31, 2008**

	<u>March 31, 2008</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 14,381,082
Short-term investments	-
Receivables, less allowance	11,218,738
Prepaid expenses and other	<u>4,737,090</u>
Total current assets	30,336,910
Property and equipment	
Flight equipment, net	37,309,524
Less: accumulated depreciation	<u>9,800,539</u>
	27,508,985
Other property and equipment, net	9,112,462
Less: accumulated depreciation	<u>4,135,317</u>
	4,977,145
Total property and equipment	32,486,130
Other assets	
Restricted cash	229,096
Deposits and other	<u>7,181,319</u>
Total other assets	7,410,415
Total assets	<u>\$ 70,233,455</u>
 <b>Liabilities and Stockholders' Equity</b>	
Current liabilities	
Current maturities of long-term and capital lease obligations	\$ 704,370
Accounts payable	10,101,596
Air traffic liability	18,123,945
Other accrued liabilities	<u>4,998,292</u>
Total current liabilities	33,928,203
Long-term debt and capital lease obligations	469,782
Other long-term liabilities	480,500
Commitments and Contingencies	
Stockholders' equity	
Preferred stock	245
Common stock	6
Additional paid-in capital and other	213,643,866
Unearned compensation	(2,541,076)
Retained deficit	<u>(175,728,071)</u>
Total stockholders' equity	35,374,970
Total liabilities and stockholders' equity	<u>\$ 70,233,455</u>

**APPENDIX 3**  
**SCHEDULE OF JOINT ADMINISTRATORS' TIME COSTS**

**EOS Airlines, Inc. (In Administration)**

**Analysis of Joint Administrators' time costs for the period 28 April 2008 to 10 April 2009**

Classification of Work Function	Hours					Total Hours	Time Cost	Average Hourly Rate
	Partner	Manager	Senior	Assistants	Support			
Strategy planning & control	53.40	130.90	83.60	57.70		325.60	£ 83,600.50	£ 256.76
General admin	6.60	89.10	69.00	182.70		347.40	60,485.00	174.11
Employee matters	3.50	21.80	26.50	110.00		161.80	23,216.00	143.49
Statutory meetings & reports	0.30	26.40	20.70	20.80		68.20	15,420.00	226.10
General correspondence	7.30	13.30		77.10		97.70	13,207.00	135.18
Preferential creditors	1.70	14.70	2.20	29.40		48.00	7,870.50	163.97
Floating charge assets	1.90	6.50	18.20	1.10		27.70	6,803.00	245.60
Cashiering & accounting	1.40	4.30	12.60	14.70		33.00	6,121.50	185.50
Unsecured creditors		0.90	7.80	35.20		43.90	5,216.50	118.83
Meetings	5.50	1.00	10.10	5.90		22.50	5,017.50	223.00
CDDA reports	0.60	1.60	9.50	23.70		35.40	4,762.00	134.52
Closings		7.00		3.20		10.20	2,228.00	218.43
Financial review	4.00			0.30		4.30	1,596.00	371.16
Proposals	1.10		3.10	3.10		7.30	1,321.50	181.03
Trading - operations			3.60	3.90		7.50	1,154.50	153.93
Book debts		0.10	1.40	7.40		8.90	927.50	104.21
Statement of affairs			0.80	3.90		4.70	612.50	130.32
Investigations (inc. antecedant transactions)			1.00	3.90		4.90	584.50	119.29
Sale of business		1.50		0.70		2.20	517.50	235.23
IPS set up & maintenance				4.40		4.40	514.50	116.93
Fixed charge assets			0.80	0.20		1.00	194.00	194.00
Retention of title			0.50			0.50	122.50	245.00
Secured Creditors			0.30			0.30	73.50	245.00
<b>Total Hours</b>	<b>87.30</b>	<b>319.10</b>	<b>271.70</b>	<b>589.30</b>		<b>1,267.40</b>	<b>241,566.00</b>	<b>190.60</b>
<b>Total Fees Claimed (£)</b>	<b>32,297.00</b>	<b>91,988.00</b>	<b>62,403.50</b>	<b>54,877.50</b>			<b>241,566.00</b>	

**APPENDIX 4**  
**JOINT ADMINISTRATORS' PROPOSALS**

**EOS AIRLINES, INC.  
(IN ADMINISTRATION)**

**JOINT ADMINISTRATORS' PROPOSALS**

1. The Joint Administrators propose the following:
  - 1.1 That the Joint Administrators continue the Administration to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.
  - 1.2 That the Joint Administrators do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they, in their sole and absolute discretion consider desirable or expedient in order to achieve the purpose of the Administration.
  - 1.3 To seek an extension to the Administration period if deemed necessary by the Joint Administrators for a period of six months.
  - 1.4 That the Joint Administrators co-operate to the maximum extent possible with the Foreign Main Proceeding and pass any surplus Administration funds to the Foreign Main Proceeding after distributing to Secured Creditors and Preferential Creditors and discharging the costs and expenses of the Administration as determined appropriate by the Joint Administrators.
  - 1.5 That once all outstanding matters have been satisfactorily completed by the Joint Administrators, the Administration be concluded by means of the likely deregistration of the Branch of the Company in the UK under the Companies Act and/or an application to Court or in any other manner thought appropriate by the Joint Administrators.
  - 1.6 In the event that the Plan adopted in the Foreign Main Proceeding determines that the Company will be rescued, or if otherwise directed by the Foreign Main Proceeding, then the Joint Administrators proposed exit route from Administration is the return of control of the Company to the directors.
  - 1.7 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing for the end of the Administration or their appointment otherwise ceasing.
  - 1.8 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company.
  - 1.9 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the Administration ("Category 2 Disbursements"), if any.
  - 1.10 That the Joint Administrators be authorised to instruct and pay Menzies LLP to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary.
2. Pursuant to Rule 2.33(5) of the Insolvency Rules 1986, the proposals in paragraph 1. shall be deemed to be approved by the creditors on the expiry of the period in which a meeting can be requisitioned by creditors, provided that no meeting has been so requisitioned.

Cont/...

2.1 The Joint Administrators will also be seeking the following resolutions from the secured creditor and the preferential creditors:

- 2.1.1 That the Joint Administrators be discharged from all liability pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986, upon filing for the end of the Administration or their appointment otherwise ceasing.
- 2.1.2 That the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the Administration and that they be allowed to draw such remuneration as and when funds permit without further recourse to the creditors of the Company.
- 2.1.3 That the Joint Administrators be authorised to draw their firm's internal costs and expenses in dealing with the administration ("Category 2 Disbursements"), if any.
- 2.1.4 That the Joint Administrators be authorised to instruct and pay Menzies LLP to assist with corporation tax work, employee claims and any other matters the Joint Administrators deem necessary.

**APPENDIX 5**  
**FORM 2.32B – NOTICE OF END OF ADMINISTRATION**

The Insolvency Act 1986

Notice of end of administration

2.32B

001

Name of Company EOS Airlines, Inc.
---------------------------------------

Company number
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In the High Court of Justice, Chancery Division, Companies Court  (full name of court)
--

<i>For court use only</i>  3439 of 2008
---

(a) Insert full name(s) and address(es) of administrators

We (a) Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR, 43-45 Portman Square, London, W1H 6LY

(b) Insert name and address of the registered office of company

having been appointed Joint Administrators of (b) EOS, Airlines. Inc, 287 Bowman Avenue, 4<sup>th</sup> Floor, Purchase, NY 10577, United States ("the Company")

(c) Insert date of appointment

On (c) 28 April 2008 by (d) the directors of the Company

(d) Insert name of appointor

hereby give notice that we think the purpose of administration has been sufficiently achieved in relation to the Company

We attach to this notice a copy of the final progress report.

We have sent a copy of this notice to the registrar of companies.

Signed [Signature]  
Joint Administrator

Dated 24/4/09

(e) Insert date and time

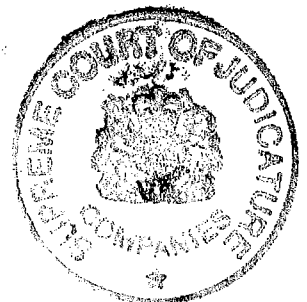
<b>Endorsement to be completed by the Court</b>
This form and the attached documents have been filed (e) <u>13.52 pm 24/4/09</u>

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searches of the public record

MCR  
43-45 Portman Square  
London  
W1H 6LY

Tel: 020 7487 7240



[Empty box for contact details]

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



The Insolvency Act 1986

**Administrator's progress report**

**2.24B**

Name of Company EOS Airlines, Inc.	Company number FC026245
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	<i>For court use only</i> 3439 of 2008

(a) Insert full name(s) and address(es) of administrators

We (a) Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR, 43-45 Portman Square, London, W1H 6LY

Administrators of the above company attach a progress report for the period

From To

(b) Insert date

(b) 28 April 2008	(b) 27 October 2008
-------------------	---------------------

Signed   
Joint Administrators

Dated 24/4/09

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searches of the public record

MCR  
43-45 Portman Square  
London  
W1H 6LY

Tel: 020 7487 7240

When you have completed and signed this form please send it to the Registrar of Companies at:

**Companies House, Crown Way, Cardiff CF14 3UZ**

**DX 33050 Cardiff**

The Insolvency Act 1986

**Administrator's progress report**

**2.24B**

Name of Company EOS Airlines, Inc.	Company number FC026245
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	<i>For court use only</i> 3439 of 2008

(a) Insert full name(s) and address(es) of administrators

We (a) Geoffrey Wayne Bouchier and Andrew Gordon Stoneman of MCR, 43-45 Portman Square, London, W1H 6LY

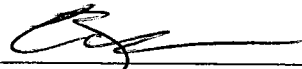
Administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 28 October 2008	(b) 16 April 2009
---------------------	-------------------

Signed   
Joint Administrators

Dated 24/4/09

**Contact Details:**

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