



PanaManagement Corporation

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CORPORATE SERVICES

I. Corporate Services in General.

Our company provides legal and business consulting to both US and foreign clients involved in many industries, in transactions in such sectors as transportation, pharmaceuticals, petrochemicals, telecommunications, real estate development, technology transfer, information technology (IT) and the Internet, advertising, clothing manufacturing, defense conversion, energy production and conversion, entertainment, and non-profit organizations. Together with its affiliated companies, our associates have combined experience of over 20 years at international and US firms in legal services, strategic business consulting, marketing, and management consulting. The clients of **PanaManagement** receive personalized and effective representation based on combination of major firms experience and quality at highly competitive rates.

The firm's standard practice is based on monthly retainer charges for project development and hourly rates for legal and consulting work. *The firm does not accept projects on a contingency basis.*

II. Transactional Services

Through our office in Panama City, we provide services to both individual and institutional investors interested in projects located in Panama Republic, including real estate transactions, employment contracts, international trade documentation, equipment leasing, international licensing, trademark registration, secured transactions and filings, sales and purchases of businesses, management of administrative and subsidiary offices registered in Panama and choices of passive investment vehicles.

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III. Subsidiary Management Services

Application, registration and management of Multinational Companies Headquarters, pursuant to Law 41 (a brief summary of Law 41 is below)

Formation, domiciliation and management of corporations

Formation, domiciliation and management of limited liability companies

Formation, domiciliation and management of foundations

Local law compliance and requirements for all types of legal entities

Document retrieval and filing

Panama Registered Office and Corporate Secretarial Services

Legal and accounting support services

Shareholder maintenance and actions services

Winding up of operations

We ensure uninterrupted and smooth management of these services, fully in-house, by our experienced bi-lingual legal and paralegal staff.

IV. Wealth Preservation for Key Executives

Family Foundations

Panamá has a particularly attractive and flexible law on foundations. A private foundation provides many of the same benefits as a trust, but with the additional flexibility for the founder in terms of control over the assets, therefore, a private foundation may often be a more suitable vehicle for protecting and preserving personal wealth. Foundations may be established for asset protection, business, charitable, family or investment purposes. In

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simple terms, it is a hybrid between a corporation and a trust.

We have the experience and knowledge to help structure a private foundation to meet with every individual's needs and aspirations and we will provide formation and management services.

Personal Holding Companies

Any types of assets, such as shares in a family company, a boat, an aircraft, works of art, bank accounts, an investment portfolio or real estate, can be transferred to a personal holding company, while using a personal holding company can provide privacy and protection from unnecessary exposure.

To ensure the best possible solutions, we provide professional company management services for **personal holding companies, foundations** and other estate planning and asset protection vehicles.

V. Please, see Addendum below for additional information.

We are looking forward to working with you.

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Addendum

SUMMARY OF LAW 41 OF AUGUST 24, 2007, CREATING A SPECIAL REGIME FOR THE ESTABLISHMENT AND OPERATION OF MULTINATIONAL COMPANIES HEADQUARTERS

Due to recent economic and legal developments, Panama has become a very attractive country to set-up administrative offices as well as company operations as a gateway to Latin America.

The new Law #41, enacted in August of 2007, creates a framework for setting-up administrative offices of multinational companies, by providing a centralized governmental office which handles company licensing, employee visa processing and provides foreign employee benefits, all under one roof.

Thus, the new Law allows to obtain permanent residency for employees for up to 5 years, instead of 1 year pursuant to general immigration law, to employ foreigners, otherwise limited to only senior managers under the Labor Code of Panama and simplifies reporting requirements by requesting only an annual report to be filed with the Commission set-up pursuant to Law 41. The administrative office is not subject to income tax or VAT. The employees are entitled to import duty-free personal property up to \$10,000 and a new vehicle every 2 years. There are no accounting or income reporting requirements for the company.

For the purposes of this Law a Multinational Company is a legal entity that (i) having its headquarter in some other country develops activities in more than one country, or (ii) having its activities in only one country operates in different regions of a country and wishes to establish a subsidiary in the Republic of Panama.

The services to be rendered by a Multinational Company's Headquarters should be one or a combination of those listed below, including but not limited to:

1. Management and/or administration of the operations, in a specific or global geographic area, of a company of an economic group, of such services as planning, strategic development, business development, etc.
2. Technical assistance to companies of the economic group.
3. Financial management of the economic group.
4. Accounting of the economic group.
5. And other services.

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The companies, which shall be established in Panama pursuant to the provisions of the Law 41, shall file an Annual Report with the Technical Secretary of the Commission of Licenses of Multinational Companies Headquarters, regarding the statistics of its operations in the national territory.

The Multinational Companies Headquarters shall only render its services to the economic group to which it belongs.

International law firms are not considered Multinational Companies; hence, the Law 41 does not apply to them.

The entity within the Republic of Panama that supervises the establishment and operation of Multinational Companies Headquarters is the Commission of Licenses of Multinational Companies Headquarters.

The main function of the Commission is to establish and enforce the requirements for the issuance of the Licenses of Multinational Companies Headquarters based on the assets of the multinational company, places or headquarters of operation of the multinational company, the commercial activities, etc.

The petition shall be addressed to the Technical Secretary of the Commission of Licenses of Multinational Companies Headquarters filing the corresponding forms, and attaching a sworn declaration expressing the desire to establish in Panama a Multinational Company's Headquarters together with all the necessary documentation that complies with all the requirements regarding obtaining the license based on the Law 41.

The license granted shall be of indefinite term.

If the company wishes to carry out activities not covered by this Law, then it would have to register a different company to cover these activities.

Causes of cancellation of the License:

1. Discontinuing of the activities covered by the license.
2. Failing to initiate operation after 6 months of the granting of the license. This term could be extended for another 6 months.
3. Bankruptcy in the country of origin.
4. Violation of the provisions of the Law 41.

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5. Violation of the laws of the Republic of Panama.

Addendum Page -3-

The companies with a License of Multinational Companies Headquarters are exempt from the payment of income tax in the Republic of Panama for the services rendered to entities domiciled outside of Panama, that do not generate taxable income in the Republic of Panama. This exemption is only for the company and its employees.

The services rendered by a Licensed Multinational Company's Headquarters are not subject to Value Added Tax, as long as the services are rendered to entities domiciled outside of Panama that do not generate taxable income in the Republic of Panama.

The Licensed Multinational Company's Headquarters can enter into tax agreements with the Ministry of Economy And Finance for the consolidation of profits and payment of taxes on incomes obtained in all the countries.

The Law 41 establishes a Special Immigration Regime for the employees of the Multinational Companies Headquarters creating two types of Visas, to wit:

Permanent Personnel Visa of Multinational Companies Headquarters and Temporary Personnel Visa of Multinational Companies Headquarters that shall be granted, as the case may be, to permanent and temporary employees of the Multinational Company's Headquarters. In the case of a permanent visa, the duration of the visa would be up to 5 years or for the term of the employment agreement of the employee so long as he/she remains employed by such company. The temporary visa applies to employees that render technical or training services, and shall be granted for a term of up to 3 months. The permanent visa also covers the dependents of the employee (spouse, children under 18, parents, under the care of the employee).

The Multinational Companies Headquarters can also employ foreign workers to occupy managerial positions for companies whose activities have effects abroad.

The holder of a Permanent Personnel Visa of Multinational Companies Headquarters shall have a tax exemption for the importation of personal household goods and is not subject of the payment of social security taxes in Panama.

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Panamá Investment Climate

Panama offers unique business climate for foreign investors. Major factors to be considered are:

- The U.S. Dollar is legal tender
- Total absence of exchange controls
- Equal treatment of foreign and local citizens under the Constitution
- One of the most flexible Corporations laws in the world, based on the Delaware Code as well as availability of other forms of legal entities, including Limited Liability Companies
- No restrictions on 100% foreign owned investments
- No restrictions on mergers, acquisitions, or joint ventures
- High percentage of skilled and bilingual labor force
- Favorable investment and financial incentives
- Excellent ports, airports and telecommunications
- Excellent Hotels and business executive suite facilities
- Excellent and stable banking environment, with over 75 international and local banks, branches, and representative offices
- One of the largest Free Trade Zones in World

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