

## Memorandum of understanding

Between the undersigning parties:

- Oostende Port Authority, ("AGHO"), Slijkense Steenweg, 2 - 8400 Oostende, represented by its Chairman, Johan Vande Lanotte,

- Ostend-Bruges International Airport ("OST"), Nieuwpoortsesteenweg 887 bus 5 8400 Oostende, represented by Gino VANSPAUWEN, its General Manager

- Town of Oostende, represented by its Lord Mayor, J. Vandecasteele and J. Vandenebeele, Town Secretary,

And

MK Airlines Ltd, Landhurst, Hartfield, East Sussex, TN7 4DL, United Kingdom, represented by its Legal and Procurement Director, Steve Anderson ("MKA")

Have exchanged the following intentions.

The objective of the present memorandum is to set out the intentions of the parties involved in order to establish a cooperation in the interest of all concerned.

The present memorandum of understanding has been agreed in order for all parties to cooperate and achieve better results for the development of the airport, the success of MKA and the employment in Oostende and the region, taking into account all considerations regarding safety, environmental concerns, including noise, social climate and expansion.

### 1. Present situation

MKA transported in 2004 approximately 60.000 Tons of cargo via OST. 2004 was the first year of intense activity. It should grow up to 70.000 Tons in 2005, which means a growth of 16%.

These operations are run with 5 DC8 aircraft and 6 Boeing 747, the latter being less noisy and more environmentally friendly. For the operation MKA uses existing storage capacity at the airport.

### 2. Ambitions for the future

The undersigning parties want to develop a continental cargo hub on OST, with MKA as the central player. That hub could lead to an annual cargo of 150.000 Tons in 2007 and up to 250.000 ton in 2010. This growth in activity would create direct and indirect employment in Oostende of 50 people in 2007 growing up to 150 in 2010.

The undersigning parties want to reconcile this growth with environmental and quality of life concerns for the habitants of the Oostende region.

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Therefore:

1. the actual fleet of DC8 will be replaced by B747 (400) and all additional aircrafts will be of the same type, that will be stage III compliant. This replacement will be executed according to a set time schedule between 2007 and 2015.
2. the projected growth of the MKA activity is exclusively planned to be operated through day flights (if MKA reaches 250.000 Tons, this would lead to approximately 6 flights a day), no flights will be scheduled during the night.
3. in order to run the business properly new buildings are needed:
  - a. MKA has signed a 30 year lease agreement with OST for the lease of a new freight warehouse on the new apron. MKA will invest approximately 2 million Euro:
    - i. Roller bed system and palletising equipment;
    - ii. Aircraft technical handling equipment, including re-fueling tender
    - iii. Recruitment and training of cargo and handling personnel;
    - iv. Storage of fuel at Oostende Harbour (critical to the long term viability)
    - v. Fuel bowsers and temporary parking and storage at Oostende Airport with possible further permanent storage at the Airport.
  - b. By 2007, subject to the company growth resulting in cargo figures as specified here above, a second warehouse will be necessary.

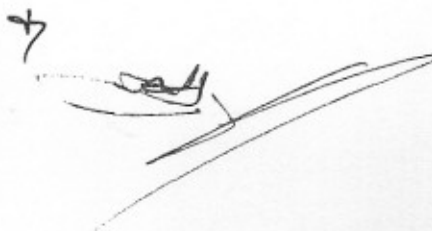
### 3. The position of the local authorities and partners.

In view of these confirmed intentions, the **Town of Oostende**, **AGHO** and **OST** will endeavour to assist MKA to the best of their ability in establishing the company at OST and facilitate the investments planned by MKA.

In this respect, **AGHO** will cooperate in the initiatives of MKA to work out fuel facilities out of the Port of Oostende. Synergies between the Port and MKA's activities will be investigated.

The **Town of Oostende** will take into consideration MKA's activities in view of its importance to the Airport and the employment in the Town and on the airport.

At **OST**, MKA will benefit of the status of "Preferential Partner", taking into account the activities it creates on the Airport and the importance it has and still aims to achieve in the future.

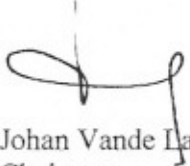


4.Task Force

The parties agree to meet every 3 months in a specific task force that evaluates the evolution, searches for coordinated solutions to possible problems, mutually co-operate and will transparently communicate about the results of the hub activities on the airport.

Signed between the parties in Oostende on the ... th day of November 2005

- Oostende Port Authority,



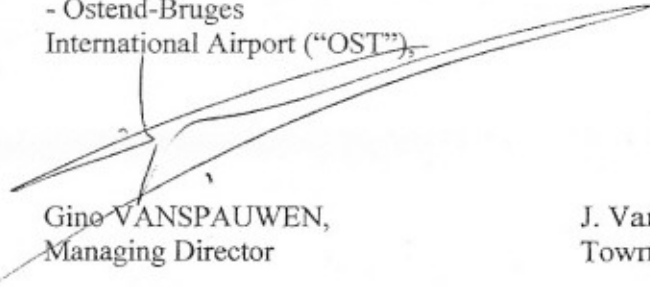
Johan Vande Lanotte,  
Chairman,

MK Airlines



Steve Anderson  
Legal and Procurement Director

- Ostend-Bruges  
International Airport ("OST"),



Gino VANSPAUWEN,  
Managing Director

Town of Oostende,

J. Vandenabeele  
Town Secretary

J. Vandecasteele,  
Lord Mayor,