

REX CADET SCHEME

1. Who will be doing the training?

The training will be carried out by the Australian Airline Pilot Academy (AAPA), a wholly-owned subsidiary of Regional Express (Rex). AAPA was established in November 2007 and is currently running an intensive live-in pilot training programme especially customised for Rex's own Pilot Cadet Scheme which inducts AAPA graduates directly into the airline or to other Rex Group companies to fly as First Officers.

2. Where will the training be conducted?

The training will be conducted at the brand new state-of-the-art AAPA campus in Wagga Wagga, New South Wales. The Academy is a 5-minute walk from the Wagga Wagga Airport Terminal and from Rex's heavy engineering maintenance base. The construction of an AUD12million campus has been completed and officially opened by The Hon. Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government on 27 May 2010. The next intake of Rex cadets will have the privilege of commencing their course in this world class facility.

Wagga Wagga is the largest inland city in NSW with a resident population of over 60,000*. It is serviced by Rex flights to both Melbourne and Sydney and is around 4 hours drive from both cities.

* <http://www.wagga.nsw.gov.au/www/html/3368-economic-profile.asp>

3. What type of aircraft will be used?

AAPA operates a fleet of brand new Piper Warrior III and Piper Seminole aircraft. These aircraft are state-of-the-art and fitted with Electronic Flight Instrumentation System (EFIS) glass cockpits and the latest Satellite Navigation equipment.

In addition, modern ELITE S623 iGATE flight simulators approved by the Civil Aviation Safety Authority as Category 'B' synthetic trainers are used for simulator training.

4. How long will the training take?

The training is scheduled to take 32 weeks. However, this may vary with individual students depending on their aptitude.

5. Is accommodation available?

The course is designed as a live-in course with both food and board provided as part of the course fee.

All students will be housed in brand new individual bedrooms (air-conditioned) with a wash basin. Toilets and showers are communal.



6. What is the training regime like at the Academy?

The training is very intensive and rigorous. In addition to a full day of lectures and flying, the Cadets are expected to spend the nights in self study and research. The Cadets are expected to stay at the Academy during the week. Many weekends may also be used for additional lectures, training flights, attachments to Rex's heavy maintenance workshop to better understand the impact of engineering on the Cadet's flying duties or participation in scheduled Rex flights on the jump seat of the Saab 340 aircraft to observe the multi-crew environment first hand.

7. What qualifications will be attained?

Upon completion of training, each Cadet will qualify for an Australian Commercial Pilots Licence and a Multi Engine Command Instrument Rating. ATPL subjects are not included as part of the Cadetship, however assistance will be available at the Academy for students who wish to make their own arrangements for these subjects.

8. What pre-requisites are required?

A Civil Aviation Safety Authority (CASA) Class 1 medical certificate, a Student Pilot Licence (SPL) and an Aviation Security Identity Card (ASIC) are required prior to commencement, at the students own expense. Please visit the CASA website www.casa.gov.au for further information.

9. What is the cost?

The course fee is \$88,000. This is all inclusive of CASA charges, exam fees, ground course fees, text books, Jeppesen Charts, flight and simulator training, as well as food and board.

10. How does the Rex Cadet Pilot Programme work with regard to financial assistance?

The Rex Cadet Pilot Programme comprises 2 parts.

Loan

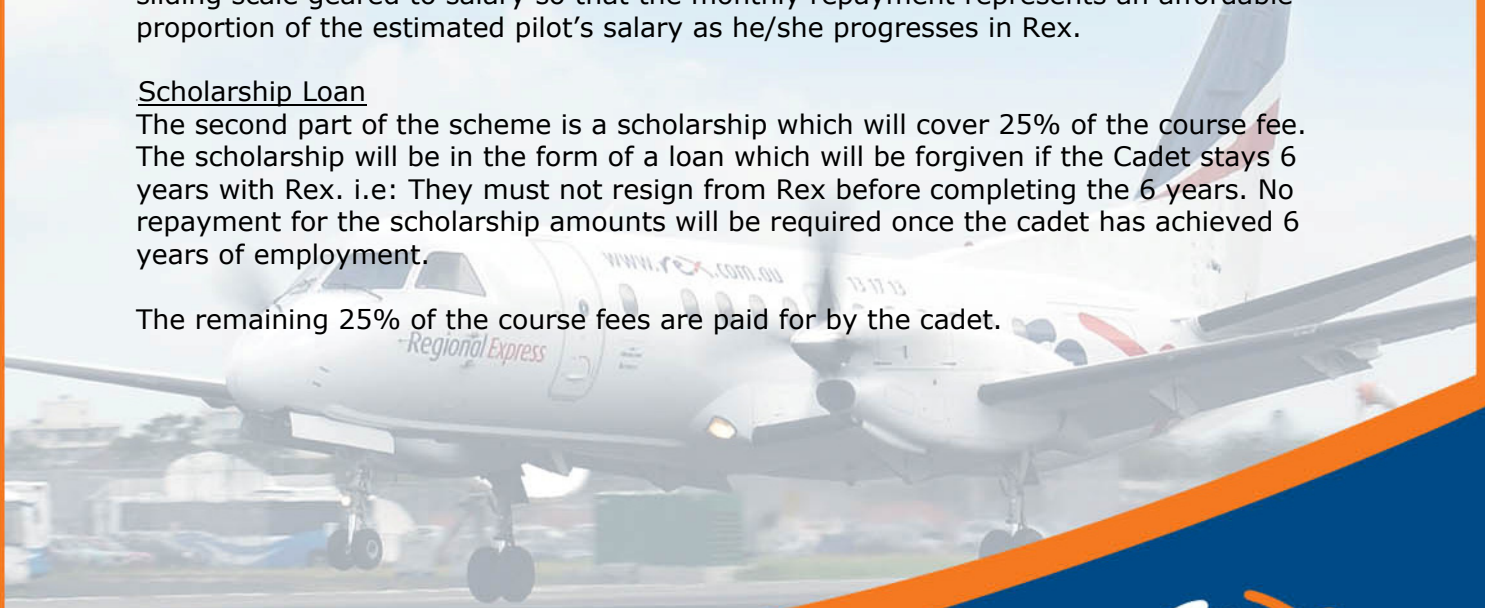
The first part is a low interest loan for 50% of the full course fees. All successful Cadets will receive the loan but to qualify for the low interest they must spend at least 5 continuous years employed in the Rex Group.

The loan is repayable over 7 years and repayment commences with initial employment in the Rex Group. Repayments will be done by way of salary deduction and will be on a sliding scale geared to salary so that the monthly repayment represents an affordable proportion of the estimated pilot's salary as he/she progresses in Rex.

Scholarship Loan

The second part of the scheme is a scholarship which will cover 25% of the course fee. The scholarship will be in the form of a loan which will be forgiven if the Cadet stays 6 years with Rex. i.e: They must not resign from Rex before completing the 6 years. No repayment for the scholarship amounts will be required once the cadet has achieved 6 years of employment.

The remaining 25% of the course fees are paid for by the cadet.



Additional Scholarship

Selected cadets will qualify for an additional scholarship loan which will cover the 25% of the course fees normally paid for by the cadet. This additional scholarship is on the same terms as the normal scholarship loan and will be decided purely on merit at the end of the course. Additional scholarships are granted at the sole discretion of the company.

11. What happens to the loan if a cadet resigns before the 5 years commitment period is completed? What happens if he/she resigns after 5 years but before the loan is fully repaid?

If resigning within the 5 years, the outstanding Principal plus interest will be due and payable immediately. The interest is calculated at 10% on a monthly basis. If a cadet resigns after the 5 year commitment period but before the 7 year repayment period then the loan is recalculated as if the interest rate were 5% from the start of the loan and the cadet only has to pay the new outstanding amount. This amount will be due and payable immediately upon leaving Rex.

12. What happens if a cadet resigns before the 6 year qualifying period of the scholarship loan?

If a scholarship cadet leaves prior to the 6 year qualifying period the scholarship loan becomes due and payable upon resignation at a compounded interest rate of 10% per annum from the commencement date of disbursement of the scholarship loan. This will be in addition to any loan repayment specified in Question 11.

13. What happens if the cadet fails the probationary period?

Every cadet is required to pay 25% of the total course fee which includes a non refundable \$5,000 deposit upon being selected and prior to the commencement of training. If he/she fails the probationary period, the non refundable \$5,000 deposit will be forfeited by the cadet. If the cadet successfully completes the probation period, the deposit will form part of the overall course fee.

14. Will I have a job with Rex upon completion of the training?

All Rex Cadets automatically qualify for placement within the Rex Group of Companies, upon successful completion of their training and graduation from AAPA. Commencement date of employment with the Rex Group will be subject to ground course availability.

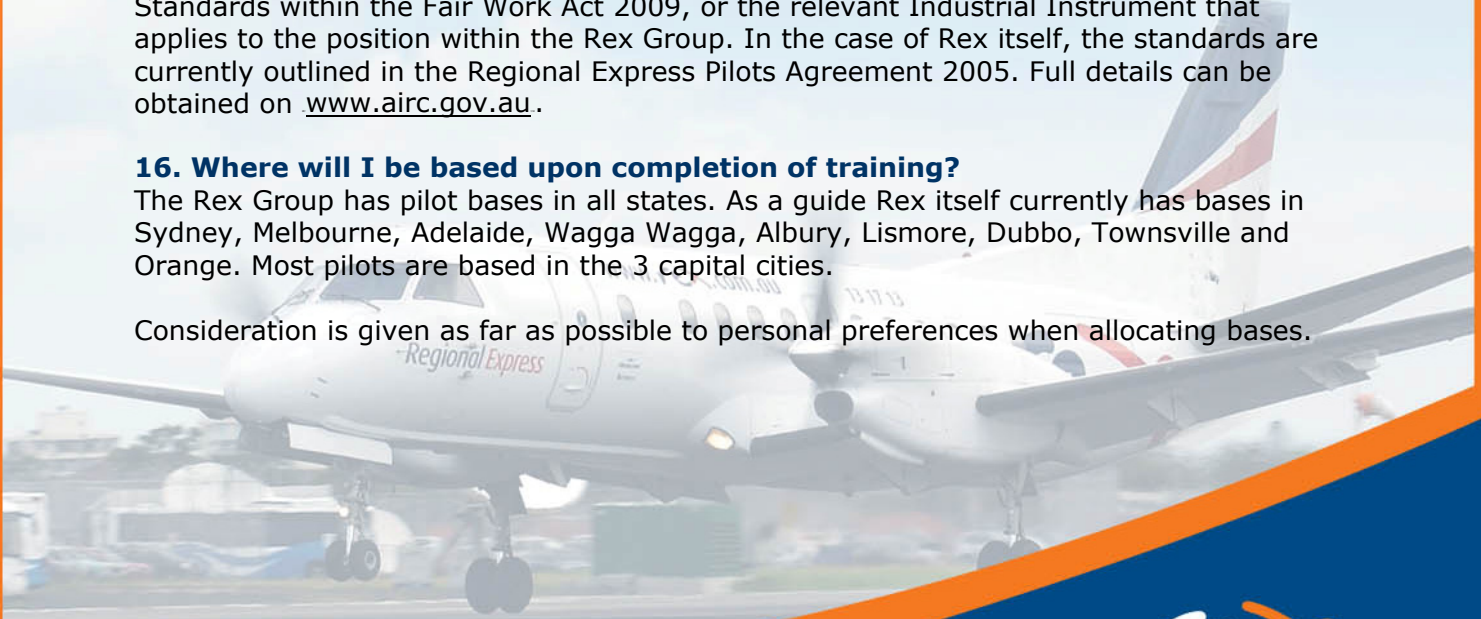
15. What will a cadet be paid once he or she enters Rex employment?

Pay and conditions of employment are in accordance with the National Employment Standards within the Fair Work Act 2009, or the relevant Industrial Instrument that applies to the position within the Rex Group. In the case of Rex itself, the standards are currently outlined in the Regional Express Pilots Agreement 2005. Full details can be obtained on www.airc.gov.au.

16. Where will I be based upon completion of training?

The Rex Group has pilot bases in all states. As a guide Rex itself currently has bases in Sydney, Melbourne, Adelaide, Wagga Wagga, Albury, Lismore, Dubbo, Townsville and Orange. Most pilots are based in the 3 capital cities.

Consideration is given as far as possible to personal preferences when allocating bases.



17. What career progression can I expect in Rex?

Cadets may be deployed within the Rex Group of Companies which comprises Rex, Pel-Air, Air Link and AAPA to provide the cadets with a wide range of experience. Details of the Rex Group of companies are available on www.rex.com.au, www.pelair.com.au, www.airlinkairlines.com.au and www.aapa.net.au

However, wherever the Cadets are deployed they will maintain their seniority with Rex Airline. Career progression depends very much on the performance of the individual and on the opportunities within the Rex Group of Companies. Based on current conditions, Cadets could reasonably expect to attain their command between the third and fourth year of commencing as a First Officer.

