



REGIONAL EXPRESS (REX) CADET PILOT AGREEMENT

This Agreement dated the ____ (day) of _____ (month) _____ (year) is made between:

Regional Express Holdings Limited, ACN: 099 547 270, ABN: 18 099 547 270, referred hereinafter as “Rex”, of the one part;

and (Full Name)

of (Full Address)
referred hereinafter as “the Cadet”, of the other part; and

Australian Airline Pilot Academy, ACN: 128 392 469, ABN: 79 128 392 469, referred to hereinafter as “AAPA”, of the last part.

WHEREAS Rex has in place the Rex Cadet Pilot Programme (“the PROGRAMME”) which offers selected candidates the benefits of Schedule A;

AND WHEREAS the Cadet is desirous of being offered a place in the PROGRAMME and agrees to pay the PROGRAMME fees as defined in Schedule A;

AND WHEREAS as part of the PROGRAMME, Rex offers funding to the cadet by means of Cadet Loans to pay for part of the PROGRAMME fees as outlined in Schedule A and B; and

WHEREAS AAPA conducts certain phases of the PROGRAMME.

The parties hereby agree as follows:

Regional Express Group of Companies:

Regional Express Holdings Ltd

ABN 180 9954 7270 ACN 099 547 270

Head Office

81-83 Baxter Road
Mascot, NSW 2020
P +61 2 9023 3555

Engineering Base

Don Kendell Drive
Forest Hill, NSW 2651
P +61 2 6926 7700

PO Box 807
Mascot, NSW 1460
W rex.com.au
F +61 2 9023 3599





1A. GLOSSARY

The following terms used in this Agreement shall, unless the context indicates otherwise have the following meanings:

"**Cadet Loans**" means the loans by Rex to the Cadet under the Cadet Pilot Loan Agreement ("Student Loan") and the Cadet Pilot Scholarship Agreement ("Scholarship Loan").

"**Command Upgrade**" means the training and assessments involved in the conversion of an eligible First Officer to Captain.

"**Course**" means ab-initio Pilot Training at AAPA up to CPL with CIR.

"**CPL**" means Commercial Pilot License.

"**Ground School**" means the training and testing leading up to a Saab 340 endorsement.

"**CIR**" means Command Instrument Rating.

"**PICUS**" means Pilot in Command under Supervision which is an approved programme to allow a First Officer to log command hours from the left hand control seat when flying under the conditions of PICUS.

"**PPL**" means Private Pilot License.

"**Rex Group**" means Rex and/or any of the subsidiaries or related body corporate or associates (as defined in the Corporations Act) of Rex.





1. **GENERAL**

- 1.1 The PROGRAMME fees are due and payable on the first day of the Course. The Cadet Loans (both the Student Loan and the Scholarship Loan) by Rex to the Cadet are considered disbursed on this date. The Programme fees are non refundable except for the rebates defined in Schedule C and adjustments in Schedule D. The terms governing the Student Loan and Scholarship Loan are set out in separate loan agreements between Rex and the Cadet, which are considered as part of this Agreement. The balance of the PROGRAMME fees not covered by the Cadet Loans shall be paid by the Cadet prior to the start of the PROGRAMME, failing which the Cadet shall not be allowed on the PROGRAMME. The Cadet has been made aware by Rex that the Cadet should read and understand fully the terms of the above mentioned Cadet Loans agreements and be willing of his own free will to enter into and be bound by the terms of such loan agreements before entering into this Agreement with Rex. In the event of any conflict between the terms of such Cadet Loans agreements and the terms of this Agreement, the terms of such Cadet Loans agreements shall prevail.
- 1.2 At all times, the Cadet acknowledges that Rex has complete authority over the Cadet's training during the Course. In particular, Rex has full right and authority to keep track of the Cadet's progress and performance on the Course. The Cadet acknowledges and confirms that Rex shall have the right to request AAPA at any time to disclose any information in respect of the Cadet's conduct and performance during the Course and the Cadet unconditionally authorises AAPA to disclose all such information as and when requested by Rex.
- 1.3 The Cadet represents and agrees that he alone is responsible and liable for all risks associated with his attending and undergoing the Course, including but not limited to material loss, property damage, personal injury and death. The Cadet hereby absolves and discharges Rex and AAPA from all liability relating thereto, whatsoever and howsoever occasioned. The Cadet further fully indemnifies and holds harmless Rex and AAPA against any claims, losses, damages, expenses and costs (including solicitors' costs on an indemnity basis) which Rex and AAPA may suffer or incur in the





event the Cadet is in breach of his representation and agreement given above. This clause 1.3 shall not apply in the event the material loss, property damage, personal injury and death results from the gross misconduct or gross negligence of AAPA or Rex.

- 1.4 The Cadet agrees to abide by all Company Policies (AAPA and/or Rex and its subsidiaries as applicable) as well as the Code of Conduct of AAPA.

2. **TERM**

The PROGRAMME and this Agreement commence on the first day of the Course and terminates in circumstances as set out in this Agreement or when all the obligations of the parties as set out in this Agreement (including the Cadet Loans Agreements) have been fully discharged, whichever is the first to occur.

3. **PROGRAMME MILESTONES**

- 3.1 There are several Phases of the PROGRAMME:

- Phase 1: entrance to AAPA leading up to PPL;
- Phase 2: after PPL leading up to CPL and CIR;
- Phase 3: employment with Rex and entrance to Rex Ground School leading up to type endorsement;
- Phase 4: employment with Rex as a First Officer;
- Phase 5: entrance into the PICUS programme after meeting all prerequisites and leading up to graduation from PICUS;
- Phase 6: entrance into the Command Upgrade leading to graduation as Captain.

The above represents the principal progression path of the Cadet. However Rex reserves the right to modify the progression from Phase 3 onwards according to the needs of the Rex Group while being mindful of the aspirations of the Cadet,





3.2 The Cadet confirms and acknowledges that it is a fundamental element of the PROGRAMME that the Cadet, at his own cost and time, passes the ATPL Air Law and Airline Human Factors exams within 1.5 years of graduating from the Course and the remainder of the ATPL subjects within 2.5 years of graduating from the Course.

3.3 The Cadet acknowledges and accepts that the

- continuation in a Phase; and
- the graduation from a Phase; and
- the entry into the next Phase

are all conditional on the Cadet meeting fully at all times Rex's very high expectations of conduct, attitude and performance with high weightage being placed on conduct and attitude. The Cadet acknowledges and accepts Rex's absolute discretion in this matter. The Cadet should be aware that graduation from a Phase does not automatically entail suitability to enter the next Phase.

4. **TERMINATION FOR CAUSE**

4.1 The Cadet acknowledges and fully accepts Rex's sole discretion in Termination for Cause of this Agreement and the Cadet's place in the PROGRAMME at any time during the term of this Agreement should Rex decide, at its sole discretion, that the Cadet fails to meet its expectations of conduct, attitude or performance. In particular, if the Cadet

- 4.1.1 fails to meet the requirement of Clause 3.2;
 - 4.1.2 resigns from employment, refuses to take up secondment under 5.3, or refuses progression along the Phases defined;
 - 4.1.3 breaches the conditions of this Agreement and the Cadet Loans agreements;
 - 4.1.4 fails to successfully progress to Phase 4;
- then this Agreement and the PROGRAMME will be automatically terminated.

4.2 In the event of termination pursuant to clause 4.1 above, the Cadet undertakes to repay Rex immediately the amounts outstanding under the Cadet Loans, with rebates accorded according to Schedule C and Schedule D.





4.3 The termination of this Agreement and the participation in the PROGRAMME shall not prejudice any of the parties' rights under this Agreement that may have accrued before such termination and such other rights set out herein that may be applicable upon such termination. In addition, the parties acknowledge and agree that the rights and obligations of the parties under any separate loan agreement entered into in furtherance of this Agreement, in particular the Cadet Loans agreements, shall not be prejudiced by such termination but shall continue to be validly binding on the parties until all the terms and conditions contained therein are fully satisfied.

4.4 Where this Agreement is terminated after the Cadet has entered Phase 3 or beyond, the Cadet's continued employment and progression in Rex as a pilot will continue to be governed by the prevailing Regional Express Pilots' Agreement and Company policies with regard to its general pilot population.

5. **EMPLOYMENT AND SECONDMENT**

5.1 The Cadet agrees that employment under this Agreement includes employment by any member of the Rex Group that Rex may decide to include from time to time.

5.2 The Cadet confirms and undertakes that the Cadet shall accept employment with the Rex Group upon the successful completion of Phase 2 and take up such employment as and when it is offered by Rex.

5.3 The Cadet agrees that he may be seconded to, and the Cadet agrees to take up secondment with, other air transport operators, either inside or outside the Rex group, as required by Rex. In such secondment, the Cadet will not suffer disadvantage with respect to salary or principal conditions of employment including seniority.

5.4 The Cadet agrees not to resign from employment during the term of this Agreement.

6. **MISCELLANEOUS**

6.1 This Agreement is governed by the laws of New South Wales.





6.2 This Agreement constitutes the entire agreement between the parties as to their subject matter and it supersedes all prior representations, understandings, negotiations and agreements, whether written or oral, express or in any way implied, between the parties with respect to the subject matter hereof.

6.3 Every clause and sub-clause shall where the context permits be severable from every other.

6.4 Any reference to the male gender in this Agreement shall include the female gender where the context so admits.

ACCEPTANCE

“The Cadet”:

..... (Signature)

..... (Print Name) (Date)

Regional Express Holdings Limited (“Rex”):

..... (Signature)

Chief Operating Officer

Australian Airline Pilot Academy Pty Ltd (“AAPA”):

..... (Signature)

Corporate Services Manager





Schedule A

PROGRAMME & PROGRAMME FEES

The **PROGRAMME fees** are \$125,000.

Subject to Clause 3.3, the **PROGRAMME** envisages the following career progression (subject to modifications due to Company exigencies):

- Phase 1: entrance to AAPA leading up to PPL;
- Phase 2: after PPL leading up to CPL and CIR at AAPA;
- Phase 3: employment with Rex and entrance to Rex Ground School leading up to Saab 340 type endorsement;
- Phase 4: employment with Rex as a First Officer;
- Phase 5: entrance into the PICUS programme leading up to graduation from PICUS;
- Phase 6: entrance into Command Upgrade leading to graduation as Captain.

The **PROGRAMME** comprises the following elements of valuable consideration:

- training at Australian Airline Pilot Academy Pty Ltd ("AAPA") to pursue a Commercial Pilot License with Command Instrument Rating ("the Course") according to the Rate of Effort as outlined in Schedule D; and
- training on type rating for the Saab 340; and
- employment as a professional pilot within the Rex group within 9 months of graduation from Phase 2.
- a Student Loan of \$50,000 which is repaid over 7 years from the start of Phase 3.
- a Scholarship Loan of \$50,000 whose repayment starts only after 7 years from the start of Phase 3.
- a Retention Bonus after 7 years of continuous employment after the start of Phase 3.

The above are subject to Clause 3.3 and 4.1 of the Agreement which govern the Cadet's eligibility to receive the above elements of the PROGRAMME.





Schedule B

STUDENT LOAN, INTEREST AND RETENTION BONUS

Student Loan and Scholarship Loan are each worth \$50,000 and are deemed to be disbursed on the first day of the Course. Refer to the Student Loan and Scholarship Loan agreements for the repayment schedules and full details.

Interest Rates:

Phase 1-3 of the PROGRAMME: No interest amounts charged

Phase 4 of the PROGRAMME onwards: Interest rate on the outstanding loans based on 10% per annum compound interest.

Where the cadet is deployed for employment immediately after Phase 2 in a Rex subsidiary or with other operators, interest payment will start to accrue at the start of such employment.

Upon completion of 7 years of continual service: Reversal of interest rate for the previous 7 years to the prevailing regulatory interest rate set by the Australian Tax Office for each year. The current regulatory rate is about 7.0%.

Retention and Performance Bonus:

After seven continuous years of employment with Rex, the Cadet is eligible to be considered for a Retention and Performance Bonus (RPB).

The RPB is conditional on the recommendation of the Rex Nomination and Remuneration Board Committee based on the following criteria:

- 7 years of continuous service after Phase 3
- exemplary and loyal service
- no significant disciplinary issues
- any other criteria that the Committee chooses to rely on

The maximum amount of the RPB is the full amount of the Scholarship Loan owing (including all the compounded interests) at the time the eligibility to the RPB is reached. The Cadet can





choose to have the RPB paid out over one or several years up to a maximum of 5 years. Where payment over several years is opted, the Retention Bonus will be revised to be equal to the new amounts of the Scholarship Loan taking into account the additional interest rates payable on the Scholarship Loan.





Schedule C

REPAYMENT AMOUNTS - TERMINATION FOR CAUSE

If Termination for Cause were to occur, the full amount owing is due and payable immediately.

The following are the special rebates accorded for Termination for Cause during or upon graduation of the various Phases:

Phases of the PROGRAMME:

- Phase 1: entrance to AAPA leading up to PPL;
- Phase 2: after PPL leading up to CPL and CIR at AAPA;
- Phase 3: employment with Rex and entrance to Rex Ground School leading up to Saab 340 type endorsement;
- Phase 4: employment with Rex as a First Officer;
- Phase 5: entrance into the PICUS programme leading up to graduation from PICUS;
- Phase 6: entrance into Command Upgrade leading to graduation as Captain.

Phase 1

Rex will rebate \$100,000 of the PROGRAMME fees should the Cadet fail to make it to Phase 2 for whatever reason. The rebate will be applied in priority towards the discharge of the Cadet Loans under the Agreement.

Phase 2

Should the Cadet fail to complete CPL and CIR for whatever reason other than for the circumstances of Clause 4.1.2, AAPA will rebate/add on the under/over consumed portion of the rate of effort and the accommodation according to Schedule D. The net rebate, if any, shall first be applied in priority towards the discharge of the Cadet Loans under the Agreement.

Phase 3 and beyond

Should termination occur after graduation from Phase 2, the full amounts owing will be due and payable immediately.



COURSE SYLLABUS AND RATES FOR ADJUSTMENTS

The Course Syllabus is based on the following rate of effort:

Flying Hours for the CPL multi engine instrument rating course:

	Piper Warrior III		Piper Seminole			
Aircraft Type	Single Engine		Twin Engine	Simulator	Flight Test	
Dual or Solo	Dual	Solo	Dual	Dual	Single	Twin
Hours	46.8	72.5	26.5	31.0	3.0	6.0

Flight Tests and Exams

Note - Rex reserves the right at any time to modify the Course syllabus if in its opinion the modifications will enhance the quality of the training for CPL and CIR. There will be no impact on the agreed Course fees following such modifications.

Flight Tests	PPL Flight Test
	CPL Flight Test
	ME CIR Flight Test
Exams	PPL Theory Exam
	CHUF - CPL Human Factors
	CADA - CPL Aerodynamics
	CSYA - CPL Aircraft General Knowledge
	CMET - CPL Meteorology
	CLWA - CPL Flight Rules and Air Law
	CNAV - CPL Navigation
	CFPA - CPL Operation, Performance and Flight Planning
	IREX

Course Duration

The duration of the course is based on 32 weeks.





The following are the rates for adjustments in the case of over/under consumption of resources compared to the planned rate of effort above:

Type of Cost	Description	Unit Rate
Flying Training	Single Engine Solo	\$155 / hour
	Single Engine Dual	\$230 / hour
	Multi Engine Solo	\$352 / hour
	Multi Engine Dual	\$447 / hour
	Simulator (with instruction)	\$175 / hour
Flight Tests	PPL, CPL and MECIR	\$770 per test
CASA Exams	All CASA Exams	At the prevailing rates charged by CASA
Accommodation	Single bedrooms with shared bathrooms, communal kitchen and living areas	\$200 / week or part thereof
Meals	Breakfast, lunch and dinner every day	\$200 / week or part thereof

