

Form 603

**Corporations Act 2001
Section 671B**

Notice of initial substantial holder

To Company Name/Scheme Regional Express Holdings Limited

ACN/ARSN 099 547 270

1. Details of substantial holder (1)

Name: Rex Investment Holdings ("RIH") Limited

ACN/ARSN (if applicable) 101 317 677

The holder became a substantial holder on 18/5/2017

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary	5,534,196	5,534,196	5.0%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
RIH	RIH's right to control the disposal of shares in limited circumstances under the Rex Group employee shares plans in Paragraph 4 below. These circumstances include the right to control the disposal of shares where employee entitlements lapse and where shares are sold on-market on the request of Rex Group staff. Copies of the plan rules are attached as Annex B & C	Ordinary - 5,534,196

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
RIH	Rex Group staff participating in the Rex Tax Exempt Employee Share Plan Trust Deed and Rex Tax Deferred Employee Share Plan Trust Deed (see Annex D & E)	Rex Group staff participating in the Rex Tax Exempt Employee Share Plan and Rex Tax Deferred Employee Share Plan	Ordinary 5,534,196

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	

See Annex A All acquisitions were on market all disposals were a release from ESCROW and subsequent transfer to employee's account.				
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6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Nil	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
RIH	81-83 Baxter Road, Mascot, NSW 2020

Signature

Print Name: Irwin Tan _____

Capacity: Company Secretary _____

Signature:  _____

Date: 14/7/2017 _____

Annex A - Consideration

Holder of relevant Interest	Date of acquisition	Consideration	Class	Number of securities
RIH	18/01/2017	19,862.00	Ordinary	25,000
RIH	19/01/2017	19,991.20	Ordinary	25,000
RIH	20/01/2017	20,000.00	Ordinary	25,000
RIH	23/01/2017	11,130.29	Ordinary	13,932
RIH	24/01/2017	20,015.00	Ordinary	24,750
RIH	25/01/2017	6,438.00	Ordinary	8,050
RIH	25/01/2017		Ordinary	-45,556
RIH	27/01/2017	15,738.30	Ordinary	19,430
RIH	30/01/2017	19,588.66	Ordinary	24,000
RIH	31/01/2017	15,397.96	Ordinary	18,778
RIH	1/02/2017	19,920.00	Ordinary	24,000
RIH	2/02/2017	4,117.50	Ordinary	5,000
RIH	3/02/2017	23,722.00	Ordinary	28,300
RIH	6/02/2017	25,021.47	Ordinary	30,120
RIH	7/02/2017	10,036.75	Ordinary	12,050
RIH	8/02/2017	14,988.25	Ordinary	17,950
RIH	9/02/2017	14,967.91	Ordinary	18,517
RIH	10/02/2017	10,765.66	Ordinary	12,893
RIH	13/02/2017	9,996.00	Ordinary	11,900
RIH	14/02/2017	10,080.00	Ordinary	12,000
RIH	15/02/2017	3,780.84	Ordinary	4,501
RIH	17/02/2017	1,506.96	Ordinary	1,794
RIH	17/02/2017		Ordinary	-5,015
RIH	20/02/2017	14,994.00	Ordinary	17,850
RIH	21/02/2017	9,660.00	Ordinary	11,500
RIH	22/02/2017	8,400.00	Ordinary	10,000
RIH	1/03/2017	10,000.40	Ordinary	10,870
RIH	2/03/2017	10,441.08	Ordinary	11,349
RIH	8/03/2017	9,997.50	Ordinary	10,750
RIH	9/03/2017	9,997.50	Ordinary	10,750
RIH	17/03/2017		Ordinary	-65,641
RIH	16/03/2017	760.00	Ordinary	800
RIH	17/03/2017	19,995.67	Ordinary	21,278
RIH	17/03/2017		Ordinary	-29,361
RIH	20/03/2017	4,999.56	Ordinary	5,464
RIH	21/03/2017	7,636.00	Ordinary	8,300
RIH	22/03/2017	6,430.80	Ordinary	6,990
RIH	23/03/2017	24,570.70	Ordinary	27,000
RIH	24/03/2017	32,692.67	Ordinary	35,703
RIH	27/03/2017	42,563.45	Ordinary	46,360
RIH	28/03/2017	10,000.40	Ordinary	10,870
RIH	31/03/2017	26,282.18	Ordinary	29,100
RIH	3/04/2017	7,827.07	Ordinary	8,594
RIH	4/04/2017	8,912.06	Ordinary	9,831
RIH	5/04/2017	3,225.64	Ordinary	3,500
RIH	6/04/2017	1,840.00	Ordinary	2,000
RIH	10/04/2017	9,300.00	Ordinary	-10,000
RIH	13/04/2017	712.50	Ordinary	750
RIH	18/04/2017	7,315.20	Ordinary	7,620
RIH	19/04/2017	4,800.00	Ordinary	5,000
RIH	26/04/2017	4,850.00	Ordinary	5,000
RIH	27/04/2017	2,425.00	Ordinary	2,500

RIH	27/04/2017		Ordinary	-54,822
RIH	1/05/2017	4,900.00	Ordinary	5,000
RIH	2/05/2017	4,900.00	Ordinary	5,000
RIH	3/05/2017	4,900.00	Ordinary	5,000
RIH	4/05/2017	1,764.00	Ordinary	1,800
RIH	5/05/2017	4,900.00	Ordinary	5,000
RIH	8/05/2017	27,487.30	Ordinary	28,340
RIH	9/05/2017	32,034.44	Ordinary	33,000
RIH	11/05/2017	9,482.72	Ordinary	9,776
RIH	12/05/2017	35,890.00	Ordinary	37,000
RIH	15/05/2017	14,606.24	Ordinary	15,000
RIH	16/05/2017	32,506.50	Ordinary	33,340
RIH	17/05/2017	9,783.14	Ordinary	10,000
RIH	25/05/2017		Ordinary	-67,107
RIH	18/05/2017	18,470.00	Ordinary	19,000

Regional Express Holdings Limited ("Rex")

Tax Deferred Share Plan Rules



Regional Express Holdings Limited (“Rex”)

Tax Deferred Plan Rules Without Trust

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Rex Tax Deferred Employee Share Scheme Plan Rules

1. Purpose

1.1 The Regional Express Holdings Limited Employee Plan has been established by the Company to provide employees an opportunity to share in the future growth and profitability of the Company. This will also align the interests of the Employees more closely with the interests of shareholders. The Company wishes to do this by offering Eligible Employees the ability to acquire Shares in the Company.

It also aims to give an alternative to employees who do not wish to participate in the broad based Rex Exempt Employee Share Scheme

1.2 The manner in which Eligible Employees will be invited to participate in the Plan is set out in these Rules.

1.3 The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides upon.

1.4 The addendum attached to these Plan Rules outlines the conditions under which this Plan will operate. All Plan Rules are subject to the operating requirements outlined in the addendum being met unless Applicable Law provides otherwise.

2. Definitions and Interpretations

2.1 In these Rules unless the context otherwise requires:

“**Acquisition Date**” means the date on which Shares are transferred or allotted to a Participant. The term “acquired” in relation to Shares, and grammatical variations of that term, where used in the Plan Rules, refer to Shares being transferred or allotted.

“**Applicable Law**” means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the ASX Listing Rules;

- (c) the constitution of the Company;
- (d) the Tax Act;
- (e) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or other guidance note made to clarify or expand (a), (b), (c) or (d) above;
- (f) any other legal requirement that applies to the Plan.

“Application Form” means a completed and signed form of acceptance by an Eligible Employee of an offer in a form approved by the Board.

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means Australian Securities Exchange Limited ACN 008 624 691.

“ATO” means the Australian Taxation Office.

“Board” means the board of directors of the Company.

“Bonus” means cash bonus or short term incentive that a Participant may be entitled to or such other part of the Participant’s remuneration as the Board determines

“Business Day” means any day other than Saturday, Sunday or a recognised public holiday in the capital city of the State, the governing law of which applies under Rule 21.

“Company” means Regional Express Holdings Limited ACN 099 -547 -270 .

“Corporations Act” means the Corporations Act 2001 (Cth) .

“Deal” means mortgage, charge pledge, lien, encumber or otherwise dispose of or deal and “Dealing” has a corresponding meaning.

“Disposal Request” means a request from a Participant for disposal of Shares under the Plan.

“Eligible Employee” means an Employee whom the Board decides is to receive an Invitation.

“Employee” means any person who is a full-time or part-time employee of a Group Company with at least 12 months’ service or such other service period as the Board decides.

“Free Shares” means Shares that the Board may decide to offer to an Eligible Employee at no cost to that Eligible Employee.

“Government Agency” means a governmental or semi governmental department, authority, tribunal, body or other similar entity.

“Group Company” means the Company, any holding company of the Company, any subsidiary of the Company or a subsidiary of a holding company of the Company, where holding company and subsidiary have the same meaning as in the Corporations Act.

“GST” has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

“Holding Lock” means a mechanism to prevent a Participant Dealing with Shares during the Holding Lock Period.

“Holding Lock Period” means the period from the date that the Shares are allocated to a Participant under the Plan until the earliest of:

- (a) if the shares were allocated prior to 1 July 2009 - the tenth anniversary of that date;
- (b) if the Shares were allocated on or after 1 July 2009 - the seventh anniversary of that date;
- (c) the date on which the Participant ceases employment within the meaning of section 83A-330 of the Tax Act;
- (d) the receipt of written consent of the Board following a Disposal Request made after the end of the 3 years; and
- (e) when the Plan is terminated.

“Invitation” means an offer in writing to acquire Shares made under Rule 5.2.

“IPO” means an initial public offering of shares in the Company or any holding corporation of the Company and the listing of those shares on the ASX or another recognised securities exchange.

“Liquidity Event” means the occurrence (including in the case of (a) and (b), the completion) of:

- (a) an IPO;
- (b) a Merger; or
- (c) any other event declared by the Board in its sole discretion to be a Liquidity Event for the purposes of the Plan.

“Market Value” means any valuation that is acceptable to the ATO or otherwise allowed under the Tax Act.

“Merger” means the voluntary merger or amalgamation of the Company or an associated company which is declared by the Board in its sole discretion to be a Liquidity Event for the purpose of the Plan.

“Participant” means an Eligible Employee whose Application Form is accepted by the Board and who agrees to be bound by these Rules, and the Company’s constitution and who acquires Shares in accordance with Rule 7.

“Performance Conditions” means performance criteria, if any, determined by the Board and set out in the Invitation.

“Plan” means the Rex Tax Deferred Employee Share Plan governed by these Rules.

“Plan Year” means the period of twelve calendar months ending on 30 June each year.

“Power” means any power, authority, trust or discretion that the Company may exercise through the Board under these Rules or any law.

“Purchase Value” means in relation to a Participant in respect of a Plan Year the amount decided by the Board under Rule 6.4.

“Remuneration Committee” means the remuneration committee of the Company established by the Board.

“Rules” means the rules governing the Plan as amended from time to time.

“Salary” means the base salary of an Employee but does not include any cash bonus or incentive or any other part of the Employee’s remuneration unless the Board decides otherwise.

“Shares” means fully paid ordinary shares in the capital of the Company.

“Tax” means a tax, levy, charge, impost, fee, deduction, withholding or duty of any nature, including stamp and transaction duty or any goods and services tax (including GST), value added tax or consumption tax, which is imposed or collected by a Government Agency. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts.

“Tax Act” means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) or both, as the context requires. References to specific sections of the Tax Act are to sections of the Income Tax Assessment Act 1936 (Cth) or the *Income Tax Assessment Act 1997 (Cth)*, as appropriate.

“Termination Date” means the date an Employee ceases to be employed by the Company or its Subsidiaries within the meaning of section 83A-330 of the Tax Act.

“Trading Window” means the period starting on a date designated by the Board for this purpose (which will typically be after release of regular financial reporting by the Company in accordance with the Listing Rules).

“Vesting Conditions” means the service periods or other conditions, if any, that the Board may decide have to be satisfied before an Employee can dispose of Shares in accordance with Rule 10.

2.2 In these Rules unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) reference to a person includes the legal representative of that person and also bodies corporate and other legal entities recognised by law;

- (c) a reference to any legislation or to a provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (d) headings are for convenience only and do not affect the interpretation of these Rules;
- (e) the expressions “including”, “such as” and similar words or expressions are not words or expressions of limitation;
- (f) where any word or phrase is defined in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning; and
- (g) where these Rules require or envisage that something will occur or be done on a certain day and that day is not a Business Day, that thing may occur or be done on the next Business Day.

3. Administration of the Plan

- 3.1 This plan is a scheme to which Subdivision 83A-C of the Tax Act applies (subject to the conditions in that Act).
- 3.2 The Board will administer the Plan in accordance with these Rules. The Board may make regulations and policies for the operation of the Plan provided they are consistent with these Rules.
- 3.3 The Board will ensure that a complete register of Participants is maintained for administration and management of the Plan in accordance with the Applicable Law.
- 3.4 In exercising any Powers under the Rules or any law, the Board may exercise those Powers in its absolute discretion and may vary or withdraw any decision to exercise a Power at any time.

In this Rule 3.3 a reference to “exercising any Power” includes a decision to refrain from exercising a Power that the Board might otherwise exercise.

- 3.5 Any Power conferred on the Board by these Rules may be exercised by the Board in the interests of and for the benefit of the Company and any Group Company. The Board is not, in exercising that Power, under any fiduciary or other obligation to any other person.
- 3.6 Any decision of the Board as to the interpretation, effect or application of these Rules will be final. Any dispute or difference of any nature relating to the Plan will be referred to the Board and its decision will be final and binding.
- 3.7 The Board may delegate all or any of its Powers under these Rules to any person or persons for any period and on any conditions that the Board decides upon including, but not limited to, the Remuneration Committee and / or a plan administrator.
- 3.8 If a plan administrator is appointed under Rule 3.6 that plan administrator will administer the Plan in accordance with these Rules and any procedures determined by the Board consistent with the Plan Rules and agreed with the plan administrator.
- 3.9 The Board may take and rely upon independent professional or expert advice in relation to any of its Powers under these Rules.

4. **Eligibility**

- 4.1 The Board may decide that Invitations will be issued on different terms for different Eligible Employees. In making this decision the Board may have regard to:
- (a) the Employee's length of service with the Company;
 - (b) the Employee's position and remuneration;
 - (c) any other matters the Board considers relevant.
- 4.2 The Board may decide that an Employee may not participate in the Plan if the Employee is participating, or is eligible to participate, in any other share or option plan operated by the Company or another Group Company.
- 4.3 The Board may decide at any time that an Employee may not participate in the Plan if the Employee's participation would be unlawful.

5. **Making of Offers**

- 5.1 Only Eligible Employees are entitled to participate in the Plan.
- 5.2 The Company may offer Shares to Eligible Employees by Invitation. The Board, subject to these Rules, can decide when to make an Invitation. Each Invitation constitutes an offer to the Eligible Employee.
- 5.3 Unless the Board decides otherwise, before making an Invitation the Board must decide the amount (if any) of relevant Eligible Employees' potential Salary and/or prospective Bonus which would not be paid to the Eligible Employee in respect of the Plan Year specified in the Application Form, if the Invitation were accepted and acted on.
- 5.4 The Invitation must be in writing and will be accompanied by any other information and documents required by the Applicable Law.
- 5.5 The Invitation must specify:
 - (a) the name and residential address of the Eligible Employee to whom the offer is made;
 - (b) the date of the offer;
 - (c) the applicable Holding Lock Period;
 - (d) the maximum number of Shares that can be acquired by an Eligible Employee under the Plan or the maximum amount (or formula for calculating the maximum amount) of potential Salary or prospective Bonus that an Eligible Employee can nominate to sacrifice towards acquisition of Shares;
 - (e) the number of Free Shares, if any, to be acquired on behalf of Eligible Employees;
 - (f) the time period, if any, in which to accept the Invitation;
 - (g) the Performance Conditions and/or Vesting Conditions, if any;
 - (h) the proposed Acquisition Date; and
 - (i) anything else that the Board considers relevant.

5.6 If the Company is listed on ASX, the Invitation must include an undertaking by the Company to provide to the Eligible Employee, within a reasonable period of being so requested, the current market price (as defined in the ASX Listing Rules) of the Shares.

5.7 Unless the Board otherwise resolves, no consideration will be payable for the issue of the Shares.

6. **Acceptance**

6.1 An Eligible Employee may accept an Invitation by delivering an Application Form to the Company within the time period specified in the Invitation.

6.2 An Eligible Employee may accept an Invitation in whole or in part (subject to any conditions stated in the Invitation).

6.3 By accepting an Invitation an Eligible Employee:

- (a) becomes a Participant;
- (b) is deemed to have agreed to become bound by these Rules and the Company's constitution; and
- (c) agrees to a reduction in Salary and/or Bonus determined by the Board under Rule 6.4;

6.4 unless the Board rejects or varies the Application Form under Rule 6.5.

6.5 When the Board receives a completed and signed Application Form, and unless Rules 6.5(a) or (b) apply, the Board will decide the amount (if any) of any Salary or Bonus otherwise payable to an Eligible Employee for the Plan Year that is to be applied towards acquisition of Shares. (To avoid doubt, the amount that may be applied for acquisition of Shares is the Purchase Value).

6.6 The Board may also decide:

- (a) to accept or reject an Application Form;
- (b) not to allow Shares to be acquired by any/or all Eligible Employees; or

- (c) to vary the number or dollar value of Shares that can be acquired by each Eligible Employee relative to the number or dollar value stated in the Invitation.

If the Board exercises its discretion to do any of these things it will notify affected Eligible Employees as soon as practicable.

- 6.7 If a person ceases to be an Employee before the date when the Shares are acquired by them under the Plan, they will not be entitled to acquire those Shares under the Plan. Any potential Salary or Bonus that a Participant has sacrificed towards acquisition of Shares under the Plan will be returned to them less any Tax at the Termination Date or another date that the Board may decide.

7. **Entitlements**

- 7.1 Except where Rule 7.2 applies, where the Board accepts an Application Form the Participant will be allocated the number of Shares determined in accordance with the following formula:

A ÷ B where:

A is the Purchase Value; and

B is the Market Value.

- 7.2 Where an Invitation sets out a number of Shares that can be acquired by a Participant:
 - (a) the formula described in Rule 7.1 will not apply; and
 - (b) the number of Shares will be equivalent to the number that the Board agrees may be acquired by the Participant in accordance with Rule 6.5.
- 7.3 Subject to these Rules, Shares acquired by Participants under these Rules will be registered in the name of the Participant.
- 7.4 Where the number of Shares acquired by a Participant under this Rule 7 is not a whole number, the number will be rounded down to the nearest whole number.

- 7.5 Where an amount of any Salary or Bonus decided under Rule 6.4 is not used to acquire Shares those amounts will be kept in a short term deposit until the next Acquisition Date. The amount will be used to acquire Shares at the next Acquisition Date or, if the Board so decides, a subsequent Acquisition Date by being added to the Purchase Value at that Acquisition Date.
- 7.6 Pending the acquisition of Shares, the Company may invest monies in short term deposits or otherwise apply monies for the purposes of the Plan. Any interest earned on such deposits will be used by the Company towards the cost of administering the Plan.

8. **Method of Acquisition and Quotation of Shares**

- 8.1 Shares may be acquired by the Trustee and allocated to Participants for the purposes of the Plan:
- (a) by way of allotment and issue of Shares by the Company to the Participant; or
 - (b) by reallocating Shares held by existing Participants who have forfeited their interest in Shares under Rule 9 or requested a disposal under Rule 10; or
 - (c) by reallocating Shares held by respect of Participants who have ceased employment within the meaning of subsection 83A-330 of the Tax Act;
 - (d) if the Shares are listed on the ASX or another stock exchange by making an on market purchase of the Shares in the ordinary course of trading on the ASX or the other stock exchange.
- 8.2 If Shares are issued under this Plan, they will, from the date of allotment, rank equally with all other issued Shares in all respects including with respect to voting rights and entitlements to participate in dividends, future rights and bonus issues. These rights apply even if the Shares are subject to the Holding Lock.
- 8.3 If the Shares are listed on the ASX or another stock exchange the Company will make application to the ASX or the other stock exchange for official quotation of Shares issued under the Plan.

- 8.4 If after acquiring Shares for Participants under Rule 8.1 there remain Shares that are unallocated, these Shares can be used to meet further acquisitions under the Plan or sold and the proceeds of sale used towards the costs of administering the Plan.
- 8.5 If any Share is allocated in error to an individual who is not the owner of those Shares under these Rules, then that individual will have no right or interest in the Share and will be required to execute any documents or do anything else required by the Board to correct the error.
- 8.6 The Board will ensure that a complete register of Participants is maintained for administration and management of the Plan in accordance with the Applicable Laws.

9. **Restrictions and Conditions**

Disposal Restrictions

- 9.1 The Company will apply a Holding Lock to all Shares held under the Plan for the duration of the Holding Lock Period.
- 9.2 While Shares are subject to a Holding Lock, the Participant may not:
- (a) transfer those Shares; or
 - (b) Deal with those Shares.
- 9.3 Where all Performance Conditions or Vesting Conditions (if any) attaching to the Shares have been satisfied a Holding Lock will cease to have effect if:
- (a) the Board accepts a Disposal Request;
 - (b) for Shares acquired prior to 1 July 2009 - 10 years have passed from the Acquisition Date; or
 - (c) for Shares acquired on or after 1 July 2009 – 7 years have passed from the Acquisition Date;
 - (d) the Participant ceases employment within the meaning of section 83A-330 of the Tax Act.

9.4 At the completion of the Holding Lock Period (but subject to all Performance Conditions or Vesting Conditions (if any) having been satisfied) the Participant will hold Shares subject to the terms and conditions specified in the Company's constitution and the Applicable Law. The lifting of the Holding Lock does not limit any of the Company's or the Board's legal rights in relation to the Shares under these Rules, the Company's constitution, the Applicable Law or otherwise.

Forfeiture Conditions

9.5 Whilst Shares are subject to the Holding Lock a Participant may forfeit his or her interest in Shares if the Participant:

- (a) is, in the opinion of the Board, dismissed from employment with cause;
- (b) commits an act of misappropriation or fraud in relation to the affairs of any Group Company;
- (c) in the case of Free Shares fails to meet all of the Performance Conditions and the Vesting Conditions.

9.6 Unless the Board decides otherwise, any Shares forfeited under this Rule will be sold. Any sale proceeds will be used to offset the cost of administering the Plan or dealt with in any other manner decided by the Board.

The Participant will have no entitlement to any sale proceeds. The Board may decide to pay the Participant a nominal sum of \$0.01 for all forfeited Shares.

9.7 The Board may do anything that it considers appropriate to give effect to the provisions of this Rule 9. Each Participant consents to the Board doing everything that is necessary or convenient to give effect to this Rule 9.

10. Disposal

10.1 Where the Company's constitution or Applicable Law require ordinary shareholders to apply to the Company to dispose of their Shares, or where the Participant elects, the following disposal procedures apply to Shares under the Plan.

- 10.2 A Participant may make a request to the Company or plan administrator that their Shares be disposed of on their behalf in accordance with Rule 10.4. However, a Participant can only request disposal of their Shares when the Holding Lock Period ends.
- 10.3 Unless a Participant ceases employment within the meaning of section 83A-330 of the Tax Act, a Participant can only request disposal of their Shares:
- (a) during a Trading Window;
 - (b) if the number of Shares that a Participant requests to be disposed of is more than 1000 shares unless the Board determines otherwise or the Participant is requesting disposal of all their Shares under the Plan.
- 10.4 Where a Disposal Request is accepted in full or part, the Shares will be offered and may be sold or reallocated to:
- (a) give effect to acquisitions by Participants under the Plan in accordance with Rule 8;
 - (b) the Company in accordance with the buy back provisions of the Applicable Law; and
 - (c) shareholders of the Company who accept an offer to purchase the Shares with the Board's approval.
- 10.5 The price at which Shares are sold will be their Market Value at the time of the disposal.
- 10.6 For the purposes of the sale or transfer of Shares, the Participant authorises the Company to do anything reasonably required to give effect to the disposal. If Shares are sold, an amount may be deducted from the proceeds of sale equal to all outgoings and expenses incurred in selling those Shares.

11. **Cessation of Employment**

Not applicable.

12. **Liquidity Event**

12.1 If a Liquidity Event occurs then, if the Board decides that the Plan will not continue, the Plan may be terminated in accordance with Rule 16 and Shares may be dealt with in accordance with the Company's constitution.

13. **Transfer**

13.1 Invitations are personal to an Eligible Employee and any rights of acceptance under an Invitation may not be transferred to another person.

13.2 Participants are entitled to receive any dividends or other distributions, if any, paid or made on Shares. This applies irrespective of any Holding Lock.

13.3 Except to the extent that these Rules expressly permit, Participants must not Deal with their Shares or any interest relating in any way to those Shares, and any such Dealing will not be recognised by the Company.

14. **Issue Limitations and Legal Restrictions**

14.1 The Board may decide to set a limit on the number of Shares that may be issued under the Plan. If the Board does set a limit then no further Shares can be issued and no further offers can be made to issue Shares under this Plan if the total number of Shares:

- (a) already issued; and
- (b) the subject of all outstanding offers,

would exceed that limit.

14.2 Without limiting Rule 14.4, Shares may not be offered under the Plan to an Eligible Employee to the extent that, immediately following acceptance of the Shares the Eligible Employee:

- (a) would hold a legal or beneficial interest in more than five percent (5%) of the Shares issued by the Company; or
- (b) would be in a position to cast, or control the casting of, more than five percent (5%) of the maximum number of votes that might be cast at a general meeting of the Company.

- 14.3 Without limiting Rule 14.4, an Invitation must not be made if, immediately following the issue of Shares the subject of the Invitation, the number of Shares to be granted under the Invitation relate when aggregated with:
- (a) the number of Shares which would be issued if options issued under any other employee option scheme operated by the Company were to be exercised; and
 - (b) the number of Shares issued during the previous 5 years pursuant to the Plan or pursuant to any other employee share or option scheme operated by the Company,
 - (c) exceeds 5% of the total number of issued Shares as at the time of the Invitation.
- 14.4 Shares may not be granted, assigned, dealt with or issued, under the Plan, if to do so would contravene the Applicable Law.

15. Amendment of the Plan

Subject to the Applicable Law and the addendum to these Rules, the Board may amend any or all of these Rules in any matter whatsoever by resolution.

To avoid doubt, the Board is not constrained in amending the Rules by the fact that an amendment will or may adversely affect the rights of one or more Participants.

No amendment of the provisions of these Rules is to reduce the rights of any Employee in respect of Shares issued to the Employee under the Plan prior to the date of the amendment, other than an amendment introduced primarily to comply with Applicable Law.

Any amendment made pursuant to this Rule 15 may be given such retrospective effect as is specified in the written instrument or resolution that makes the amendment.

The Board may at any time by resolution create special terms and conditions applicable to Eligible Employees resident or citizens of countries other than

Australia. The terms and conditions will apply only to those specific Employees.

16. Termination or Suspension of the Plan

Subject to the Applicable Law and the addendum, the Plan may be terminated or suspended at any time by the Board, as well as in the circumstances described in Rule 12.

On termination or suspension of the Plan, Shares or other property held for the purposes of the Plan may be dealt with in any manner provided by the Company's constitution, subject to Applicable Law. The Board may do anything else it considers appropriate to give effect to the termination or suspension of the Plan.

A Participant may not claim any compensation as a result of termination or suspension of the Plan. No further Invitations will be offered under the Plan.

17. Rights of Participants

17.1 Nothing in these Rules:

- (a) confers on any Eligible Employee or Participant the right to continue as an Employee of any Group Company;
- (b) confers on any Employee the right to become or remain an Eligible Employee or to participate under the Plan;
- (c) affects any rights which a Group Company may have to terminate the employment of an Eligible Employee or Participant;
- (d) may be used to increase damages in any action brought against any Group Company in respect of any such termination of employment. In particular, Participants have no rights to claim compensation or damages in respect of any loss of entitlements resulting from any such termination that may affect the Participants' interests in respect of Shares; or

- (e) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Employees or Participants.

17.2 Eligible Employees should obtain their own independent advice on financial, taxation and other consequences of participating in the Plan.

18. **Connection with Other Plans**

Participation in this Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any Group Company unless the terms of that other scheme provide otherwise.

19. **Costs**

19.1 Subject to this Rule 19 and Rule 7.6, the Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the allotment and acquisition of Shares by Participants for the purposes of the Plan.

19.2 A Participant will not be liable for any costs associated with the implementation and administration of the Plan unless the Board decides otherwise. If the Board so decides, it must inform the Participant prior to allocating any such expense to a Participant.

19.3 Despite the preceding provisions of this Rule 19, Participants will be liable for any brokerage and Tax associated with their participation in the Plan.

20. **Severance**

If any provision of these Rules is void, voidable or unenforceable that provision will be severed and the remainder of these Rules will have full force and effect.

21. **Governing Law**

This Plan is governed by the laws of New South Wales and the parties agree to submit to the jurisdiction of the courts of that State or Territory in all matters arising out of this Plan.

22. Notices

- 22.1 If these Rules permit or require a notice to be given to another person, that notice:
- (a) must be in writing in the English language; and
 - (b) may be given or served by facsimile, prepaid post or by hand to the intended recipient at the address, or using a facsimile number, that has previously been advised as the recipient's address or facsimile number.
- 22.2 Unless there is proof to the contrary, a notice will be deemed to have been given to the party to whom it was sent:
- (a) in the case of hand delivery, on the date on which the notice was delivered during Business Hours of the intended recipient;
 - (b) in the case of prepaid post, 2 Business Days after the date of dispatch;
 - (c) in the case of facsimile transmission, at the time of dispatch provided that following transmission the sender receives a transmission confirmation report.
- 22.3 A notice given under these Rules is sufficient if:
- (a) in the case of a company, it is signed by a director or secretary of the company or another authorised person;
 - (b) in the case of an individual, it is signed by that individual.
- 22.4 The provisions of this Rule 22 are in addition to any other form of service permitted by law.
- 22.5 In this Rule 22:
- (a) "notice" includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under a provision of these Rules;
 - (b) "Business Hours" means from 9:00am to 5:00pm on a Business Day.

Addendum

Tax Deferred Plan Rules “No Trust Version”

In operating a plan based on the standard form Tax Deferred Plan Rules “No Trust Version” (referred to below as the Plan), the Company will ensure that the following conditions are met. This addendum forms part of the Plan Rules and all Plan Rules are subject to the following requirements being met.

1. If the Company does not operate an employee share scheme open to at least 75% of its permanent employees, an offer will be made to those employees before the Company commences making selective offers to specific employees.

A permanent employee is a person who is a full-time or permanent part-time employee of a company with at least 36 months service (does not have to be continuous). Service includes absences due to recreation leave, accident or illness. Recreation leave does not include absences for long service leave, furlough, extended leave, or leave without pay or on reduced pay. A person is not a permanent employee if the person is a director of the employer company, a non-resident, is not physically present in Australia or is temporary resident within the meaning of the Tax Act.

2. Any shares issued under the Plan will be fully paid ordinary shares ranking equally and having the same rights as other fully paid ordinary shares in the capital of the Company.
3. Immediately after the allocation of shares the Participant cannot hold a legal or beneficial interest in more than 5% of the shares of the Company. Also immediately after the allocation a Participant cannot be in a position to cast or control the casting of more than 5% of the maximum number of votes at a general meeting of the Company.
4. The market value of Shares acquired by way of salary sacrifice under a "salary sacrifice arrangement" that meets the requirements for tax deferral under section 83A-105(4) of the Tax Act during a Plan Year shall not exceed \$5,000.

5. The Plan, in its terms and operation and shares acquired by Eligible Employees under the Plan, is intended to satisfy all conditions required for the deferral of assessable income under the Tax Act, to apply to the Plan.

Regional Express Holdings Limited ("Rex")

Tax Exempt Employee Share Plan Rules



Tax exempt plan rules without trust

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Rex Tax Exempt Employee Share Scheme Plan Rules

1. Purpose

- 1.1 The Rex Tax Exempt Employee Share Plan has been established by the Company to provide employees an opportunity to share in the future growth and profitability of the Company. The Company wishes to do this by offering Eligible Employees the ability to acquire Shares in the Company.
- 1.2 The manner in which Eligible Employees will be invited to participate in the Plan is set out in these Rules.
- 1.3 The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides upon.
- 1.4 The addendum attached to these Plan Rules outlines the conditions under which this Plan will operate. All Plan Rules are subject to the operating requirements outlined in the addendum being met unless Applicable Law provides otherwise.

2. Definitions and Interpretations

- 2.1 In these Rules unless the context otherwise requires:

"Acquisition Date" means the date on which Shares are transferred or allotted to a Participant for the purposes of the Plan. The term "acquired" in relation to Shares, and grammatical variations of that term, where used in the Plan Rules, refer to Shares being transferred or allotted.

"Applicable Law" means any one or more or all, as the context requires of:

- a. the Corporations Act;
- b. the ASX Listing Rules;
- c. the constitution of the Company;
- d. the Tax Act,
- e. any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or other guidance note made to clarify or expand (a), (b), (c) or (d) above;
- f. any other legal requirement that applies to the Plan.

"Application Form" means a completed and signed form of acceptance by an Eligible Employee of an offer in a form approved by the Board.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means Australian Securities Exchange Limited ACN 008 624 691.

"ATO" means the Australian Taxation Office.

"Board" means the board of directors of the Company.

"Business Day" means any day other than Saturday, Sunday or a recognised public holiday in the capital city of the State, the governing law of which applies under Rule 21.

"Company" means Regional Express Holdings Limited ACN 099 -547 -270.

"Corporations Act" means the *Corporations Act 2001 (Cth)*.

"Deal" means mortgage, charge pledge, lien, encumber or otherwise dispose of or deal and "Dealing" has a corresponding meaning.

"Eligible Employee" means an Employee whom the Board decides is to receive an Invitation.

"Employee" means any person who is a full-time or part-time employee of a Group Company with at least 12 months' service or such other service period as the Board decides.

"Government Agency" means a governmental or semi governmental department, authority, tribunal, body or other similar entity.

"Group Company" means the Company, any holding company of the Company, any subsidiary of the Company or a subsidiary of a holding company of the Company, where holding company and subsidiary have the same meaning as in the Corporations Act.

"GST" has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

"Holding Lock" means a mechanism to prevent a Participant Dealing with Shares during the Holding Lock Period.

"Holding Lock Period" means the period from the date that the Shares are acquired by a Participant under the Plan until the earliest of:

- a. the third anniversary of that date; and
- b. the date on which the Participant ceases employment within the meaning of section 83A-330 of the Tax Act.

"Invitation" means an offer in writing to acquire Shares made under Rule 5.2.

"IPO" means an initial public offering of shares in the Company or any holding corporation of the Company and the listing of those shares on the ASX or another recognised securities exchange.

"Listing Rules" means the Official Listing Rules of the ASX.

"Liquidity Event" means the occurrence (including in the case of (a) and (b), the completion) of:

- a. an IPO;
- b. a Merger; or
- c. any other event declared by the Board in its sole discretion to be a Liquidity Event for the purposes of the Plan.

"Market Value" means any valuation that is acceptable to the ATO or otherwise allowed for under the Tax Act.

"Merger" means the voluntary merger or amalgamation of the Company or an associated company which is declared by the Board in its sole discretion to be a Liquidity Event for the purpose of the Plan.

"Participant" means an Eligible Employee whose Application Form is accepted by the Board and agrees to be bound by these Rules, and the Company's constitution and who acquires Shares in accordance with Rule 7.

"Plan" means the Regional Express Holdings Limited Employee Share Plan governed by these Rules.

"Power" means any power, authority, trust or discretion that the Company may exercise through the Board under these Rules or any law.

"Plan Year" means the period of twelve calendar months ending on 30 June each year.

"Purchase Value" means in relation to a Participant in respect of a Plan Year the amount decided by the Board under Rule 6.4 but not exceeding \$1,000 (or such other amount specified under the Tax Act as will be exempt from tax).

"Remuneration Committee" means the remuneration committee of the Company established by the Board.

"Rules" means the rules governing the Plan as amended from time to time.

"Salary" means the base salary of an Employee but does not include any cash bonus or incentive or any other part of the Employee's remuneration unless the Board decides otherwise.

"Shares" means fully paid ordinary shares in the capital of the Company.

"Tax" means a tax, levy, charge, impost, fee, deduction, withholding or duty of any nature, including stamp and transaction duty or any goods and services tax (including GST), value added tax or consumption tax, which is imposed or collected by a Government Agency. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts.

"Tax Act" means the *Income Tax Assessment Act 1936 (Cth)* or the *Income Tax Assessment Act 1997 (Cth)* or both, as the context requires. References to specific sections of the Tax Act are to sections of the *Income Tax Assessment Act 1936 (Cth)* or the *Income Tax Assessment Act 1997*, as appropriate

"Termination Date" means the date an Employee ceases to be employed by the Company or its Subsidiaries within the meaning of section 83A - 330 of the Tax Act.

"Trading Window" means:

The period starting on a date designated by the Board for this purpose (which will typically be after release of regular financial reporting by the Company in accordance with the Listing Rules).

- 2.2 In these Rules unless the contrary intention appears:
- a. the singular includes the plural and vice versa;
 - b. reference to a person includes the legal representative of that person and also bodies corporate and other legal entities recognised by law;
 - c. a reference to any legislation or to a provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
 - d. headings are for convenience only and do not affect the interpretation of these Rules;
 - e. the expressions "including", "such as" and similar words or expressions are not words or expressions of limitation;
 - f. where any word or phrase is defined in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning; and
 - g. where these Rules require or envisage that something will occur or be done on a certain day and that day is not a Business Day, that thing may occur or be done on the next Business Day.

3. Administration of the Plan

- 3.1 The Board will administer the Plan in accordance with these Rules. The Board may make regulations and policies for the operation of the Plan provided they are consistent with these Rules.
- 3.2 The Board will ensure that a complete register of Participants is maintained for administration and management of the Plan in accordance with the Applicable Law.
- 3.3 In exercising any Powers under the Rules or any law, the Board may exercise those Powers in its absolute discretion and may vary or withdraw any decision to exercise a Power at any time. In this Rule 3.3 a reference to "exercising any Power" includes a decision to refrain from exercising a Power that the Board might otherwise exercise.
- 3.4 Any Power conferred on the Board by these Rules may be exercised by the Board in the interests of and for the benefit of the Company and any Group Company. The Board is not, in exercising that Power, under any fiduciary or other obligation to any other person.
- 3.5 Any decision of the Board as to the interpretation, effect or application of these Rules will be final. Any dispute or difference of any nature relating to the Plan will be referred to the Board and its decision will be final and binding.

- 3.6 The Board may delegate all or any of its Powers under these Rules to any person or persons for any period and on any conditions that the Board decides upon including, but not limited to, the Remuneration Committee and / or a plan administrator.
- 3.7 If a plan administrator is appointed under Rule 3.6 that plan administrator will administer the Plan in accordance with these Rules and any procedures determined by the Board consistent with the Plan Rules and agreed by the plan administrator.
- 3.8 The Board may take and rely upon independent professional or expert advice in relation to any of its Powers under these Rules.

4. Principal Conditions

The Plan, in its terms and operation, and Shares acquired by Eligible Employees under the Plan, must satisfy all the conditions required for the Plan to be a tax exempt plan under section 83A-35 of the Tax Act. The Plan will be operated on a non-discriminatory basis within the meaning of section 83A-35(6) of the Tax Act until the Plan is terminated.

5. Making of Offers

- 5.1 Only Eligible Employees are entitled to participate in the Plan.
- 5.2 The Company may offer Shares under the Plan to Eligible Employees by Invitation. The Board, subject to these Rules, can decide when to make an Invitation. Each Invitation constitutes an offer to the Eligible Employee.
- 5.3 The Invitation must be in writing and will be accompanied by any other information and documents required by the Applicable Law.
- 5.4 The Invitation must specify:
 - a. the name and residential address of the Eligible Employee to whom the offer is made;
 - b. the date of the offer;
 - c. the applicable Holding Lock Period;
 - d. the maximum number of Shares that can be acquired by an Eligible Employee under the Plan or the maximum amount (or formula for calculating the maximum amount) of potential Salary that an Eligible Employee can nominate to sacrifice towards acquisition of Shares;
 - e. the time period, if any, in which to accept the Invitation;
 - f. the proposed Acquisition Date; and
 - g. anything else that the Board considers relevant.
- 5.5 The Company may determine at any time that any Eligible Employee may not participate in the Plan if the Eligible Employee's participation would be unlawful.

- 5.6 The time period referred to in Rule 5.4(e) must be reasonable, and at least 2 weeks.
- 5.7 If the Company is listed on ASX, the Invitation must include an undertaking by the Company to provide to the Eligible Employee, within a reasonable period of being so requested, the current market price (as defined in the ASX Listing Rules) of the Shares.

6. Acceptance

- 6.1 An Eligible Employee may accept an Invitation by delivering an Application Form to the Company within the time period specified in the Invitation.
- 6.2 An Eligible Employee may accept an Invitation in whole or in part (subject to any conditions stated in the Invitation).
- 6.3 By accepting an Invitation an Eligible Employee becomes a Participant and is deemed to have agreed to become bound by these Rules and the Company's constitution (unless the Board rejects or varies the Application Form under Rule 6.5.)
- 6.4 When the Board receives a completed and signed Application Form, and unless Rules 6.5(a) or (b) apply, the Board will decide the amount (if any) of any Salary otherwise payable to an Eligible Employee for the Plan Year that is to be applied towards acquisition of Shares. (To avoid doubt, the amount that may be applied for acquisition of Shares is the Purchase Value).
- 6.5 The Board may also decide:
- a. to accept or reject an Application Form;
 - b. not to allow Shares to be acquired by any/or all Eligible Employees; or
 - c. to vary the number or dollar value of Shares that can be acquired by each Eligible Employee relative to the number or dollar value stated in the Invitation.

If the Board exercises its discretion to do any of these things it will notify affected Eligible Employees as soon as practicable.

- 6.6 If a person ceases to be an Employee before the Acquisition Date, they will not be entitled to Shares under the Plan. Any potential Salary that a Participant has sacrificed towards acquisition of Shares under the Plan will be returned to them less any Tax at the Termination Date or another date that the Board may decide.

7. Entitlements

- 7.1 Except where Rule 7.2 applies, where the Board accepts an Application Form the Participant will be allocated the number of Shares determined in accordance with the following formula:

A÷**B** where:

A is the Purchase Value; and

B is the Market Value.

- 7.2 Where an Invitation sets out a number of Shares that can be acquired by a Participant:
- a. the formula described in Rule 7.1 will not apply; and
 - b. the number of Shares will be equivalent to the number that the Board agrees may be acquired by the Participant in accordance with Rule 6.5.
- 7.3 Subject to these Rules, Shares acquired by Participants under these Rules will be registered in the name of the Participant.
- 7.4 Where the number of Shares to be allocated to a Participant under this Rule 7 is not a whole number, the number will be rounded down to the nearest whole number.
- 7.5 Where an amount of any Salary or Bonus decided under Rule 6.4 is not used to acquire Shares those amounts will be kept in a short term deposit until the next Acquisition Date. The amount will be used to acquire Shares at the next Acquisition Date or, if the Board so decides, a subsequent Acquisition Date by being added to the Purchase Value at the Acquisition Date.
- 7.6 Pending the acquisition of Shares, the Company may invest monies in the short term deposits or otherwise apply monies for the purposes of the Plan. Any interest earned on such deposits will be used by the Company towards the cost of administering the Plan.

8. Method of Acquisition and Quotation of Shares

- 8.1 Shares may be acquired by Participants for the purposes of the Plan:
- a. by way of allotment and issue of Shares by the Company for the Participant; or
 - b. by reallocating Shares held by existing Participants who have requested a disposal under Rule 10; or
 - c. if the Shares are listed on the ASX or another stock exchange by making an on market purchase of the Shares in the ordinary course of trading on the ASX or the other stock exchange.
- 8.2 If Shares are issued under this Plan, they will, from the date of allotment, rank equally with all other issued Shares in all respects including with respect to voting rights and entitlements to participate in dividends, future rights and bonus issues. These rights apply even if the Shares are subject to the Holding Lock.
- 8.3 If the Shares are listed on the ASX or another stock exchange the Company will make application to the ASX or the other stock exchange for official quotation of Shares issued under the Plan.
- 8.4 If any Share is allocated in error to an individual who is not the owner of those Shares under these Rules, then that individual will have no right or interest in

the Share and will be required to execute any documents or do anything else required by the Board to correct the error.

- 8.5 The Board will ensure that a complete register of Participants is maintained for administration and management of the Plan in accordance with the Applicable Laws.

9. Restrictions

- 9.1 The Company will apply a Holding Lock to all Shares acquired under the Plan for the duration of the Holding Lock Period.
- 9.2 While Shares are subject to a Holding Lock, the Participant may not:
- a. transfer those Shares; or
 - b. Deal with those Shares.
- 9.3 A Holding Lock will cease to have effect on the third anniversary of the date on which the Shares were acquired if it has not been lifted before that date due to cessation of employment within the meaning of section 83A-330 of the Tax Act.
- 9.4 At the completion of the Holding Lock Period the Participant will hold Shares subject to the terms and conditions specified in the Company's constitution and the Applicable Law.

The lifting of the Holding Lock does not limit any of the Company's or the Board's legal rights in relation to the Shares under these Rules, the Company's constitution, the Applicable Law or otherwise.

- 9.5 The Board may do anything that it considers appropriate to give effect to the provisions of this Rule 9.

10. Disposal

- 10.1 Where the Company's constitution or Applicable Law require ordinary shareholders to apply to the Company to dispose of their Shares, or where the Participant elects, the following disposal procedures apply to Shares under the Plan.
- 10.2 A Participant may make a request to the Company or plan administrator that their Shares be disposed of on their behalf in accordance with Rule 10.4. However, a Participant can only request disposal of their Shares when the Holding Lock Period ends.
- 10.3 Unless a Participant ceases employment within the meaning of section 83A-330 of the Tax Act, a Participant can only request disposal of their Shares:
- a. during a Trading Window;
 - b. if the number of Shares that a Participant requests to be disposed of is more than 1000 Shares unless the Board determines otherwise or the Participant is requesting disposal of all their Shares under the Plan.

- 10.4 The price at which Shares are sold will be their Market Value at the time of the disposal.
- 10.5 For the purposes of the sale or transfer of Shares, the Participant authorises the Company to do anything reasonably required to give effect to the disposal. If Shares are sold, an amount may be deducted from the proceeds of sale equal to all outgoings and expenses incurred in selling those Shares.

11. Cessation of Employment

Not applicable.

12. Liquidity Event

If a Liquidity Event occurs then, if the Board decides that the Plan will not continue, the Plan may be terminated in accordance with Rule 16 and Shares may be dealt with in accordance with the Company's constitution.

13. Transfer

- 13.1 Invitations are personal to an Eligible Employee and any rights of acceptance under an Invitation may not be transferred to another person.
- 13.2 Participants are entitled to receive any dividends or other distributions, if any, paid or made on Shares. This applies irrespective of any Holding Lock.
- 13.3 Except to the extent that these Rules expressly permit, Participants must not Deal if the number of Shares that a Participant requests to be disposed of is with their Shares or any interest relating in any way to those Shares, and any such Dealing will not be recognised by the Company.

14. Issue Limitations and Legal Restrictions

- 14.1 The Board may decide to set a limit on the number of Shares that may be issued under the Plan. If the Board does set a limit then no further Shares can be issued and no further offers can be made to issue Shares under this Plan if the total number of Shares:
- a. already issued; and
 - b. the subject of all outstanding offers,
- would exceed that limit.
- 14.2 Without limiting Rule 14.4, Shares may not be offered under the Plan to an Eligible Employee to the extent that, immediately following acceptance of the Shares the Eligible Employee:
- a. would hold a legal or beneficial interest in more than five percent (5%) of the Shares issued by the Company; or
 - b. would be in a position to cast, or control the casting of, more than five percent (5%) of the maximum number of votes that might be cast at a general meeting of the Company.

- 14.3 Without limiting Rule 14.4, an Invitation must not be made if, immediately following the issue of Shares the subject of the Invitation, the number of Shares to be granted under the Invitation relate when aggregated with:
- a. the number of Shares which would be issued if options issued under any other employee option scheme operated by the Company were to be exercised; and
 - b. the number of Shares issued during the previous 5 years pursuant to the Plan or pursuant to any other employee share or option scheme operated by the Company, exceeds 5% of the total number of issued Shares as at the time of the Invitation.
- 14.4 Shares may not be granted, assigned, dealt with or issued, under the Plan, if to do so would contravene the Applicable Law.

15. Amendment of the Plan

Subject to the Applicable Law and the addendum to these Plan Rules, the Board may amend any or all of these Rules, in any matter whatsoever by resolution.

To avoid doubt, the Board is not constrained in amending the Rules by the fact that an amendment will or may adversely affect the rights of one or more Participants.

No amendment of the provisions of these rules is to reduce the rights of any Participant in respect of Shares issued to the Participant under the Plan prior to the date of the amendment, other than an amendment introduced primarily to comply with Applicable Laws.

Any amendment made pursuant to this Rule 15 may be given such retrospective effect as is specified in the written instrument or resolution that makes the amendment.

The Board may at any time by resolution create special terms and conditions applicable to Eligible Employees resident or citizens of countries other than Australia. The terms and conditions will apply only to those specific Employees.

16. Termination or Suspension of the Plan

Subject to the Applicable Law and the addendum the Plan may be terminated or suspended at any time by the Board, as well as in the circumstances described in Rule 12.

On termination or suspension of the Plan, Shares or other property held for the purposes of the Plan may be dealt with in any manner provided by the Company's constitution, subject to Applicable Law. The Board may do anything else it considers appropriate to give effect to the termination or suspension of the Plan.

A Participant may not claim any compensation as a result of termination or suspension of the Plan. No further Invitations will be offered under the Plan.

17. Rights of Participants

17.1 Nothing in these Rules:

- a. confers on any Eligible Employee or Participant the right to continue as an Employee of any Group Company;
- b. confers on any Employee the right to become or remain an Eligible Employee or to participate under the Plan;
- c. affects any rights which a Group Company may have to terminate the employment of an Eligible Employee or Participant;
- d. may be used to increase damages in any action brought against any Group Company in respect of any such termination of employment. In particular, Participants have no rights to claim compensation or damages in respect of any loss of entitlements resulting from any such termination that may affect the Participants' interests in respect of Shares; or
- e. confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Employees or Participants.

17.2 Eligible Employees should obtain their own independent advice on financial, taxation and other consequences of participating in the Plan.

18. Connection with Other Plans

Participation in this Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any Group Company unless the terms of that other scheme provide otherwise.

19. Costs

19.1 Subject to this Rule 19, the Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the allotment and acquisition of Shares by Participants for the purposes of the Plan.

19.2 A Participant will not be liable for any costs associated with the implementation and administration of the Plan unless the Board decides otherwise. If the Board so decides, it must inform the Participant prior to allocating any such expense to a Participant.

19.3 Despite the preceding provisions of this Rule 19 Participants will be liable for any brokerage and Tax associated with their participation in the Plan.

20. Severance

If any provision of these Rules is void, voidable or unenforceable that provision will be severed and the remainder of these Rules will have full force and effect.

21. Governing Law

This Plan is governed by the laws of New South Wales and the parties agree to submit to the jurisdiction of the courts of that State or Territory in all matters arising out of this Plan.

22. Notices

- 22.1 If these Rules permit or require a notice to be given to another person, that notice:
- a. must be in writing in the English language; and
 - b. may be given or served by facsimile, prepaid post or by hand to the intended recipient at the address, or using a facsimile number, that has previously been advised as the recipient's address or facsimile number.
- 22.2 Unless there is proof to the contrary, a notice will be deemed to have been given to the party to whom it was sent:
- a. in the case of hand delivery, on the date on which the notice was delivered during Business Hours of the intended recipient;
 - b. in the case of prepaid post, 2 Business Days after the date of dispatch;
 - c. in the case of facsimile transmission, at the time of dispatch provided that following transmission the sender receives a transmission confirmation report.
- 22.3 A notice given under these Rules is sufficient if:
- a. in the case of a company, it is signed by a director or secretary of the company or another authorised person;
 - b. in the case of an individual, it is signed by that individual.
- 22.4 The provisions of this Rule 22 are in addition to any other form of service permitted by law.
- 22.5 In this Rule 22:
- a. "notice" includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under a provision of these Rules;
 - b. "Business Hours" means from 9:00am to 5:00pm on a Business Day.

Dated this 27th day of June 2005.

Addendum

Tax Exempt Plan Rules "No Trust Version"

In operating a plan based on the standard form Tax Exempt Plan Rules "No Trust Version" (referred to below as the Plan) the Company will ensure that the following

conditions are met. This addendum forms part of the Plan Rules and all Plan Rules are subject to the following requirements being met.

1. Offers will be made to at least 75% of permanent employees in accordance with the following definition. A permanent employee is a person who is a full-time or permanent part-time employee of a company with at least 36 months service (does not have to be continuous). Service includes absences due to recreation leave, accident or illness. Recreation leave does not include absences for long service leave, furlough, extended leave, or leave without pay or on reduced pay. A person is not a permanent employee if the person is a director of the employer company, a non-resident, is not physically present in Australia or is a temporary resident within the meaning of the Tax Act.
2. The Plan is operated on a non-discriminatory basis. This condition will be satisfied if all offers to acquire Shares under the Plan provide:
 - a. participation is open to at least 75% of permanent employees and
 - b. time for acceptance of the offer is reasonable, and
 - c. the essential features of each offer are the same for at least 75% of permanent employees. (The essential features of an offer comprise the consideration paid for the Share, the minimum or maximum number of Shares offered, the time period for acceptance of the offer and circulation of information about the offer).
3. Any Shares issued under the Plan will be fully paid ordinary Shares ranking equally and having the same rights as other fully paid ordinary Shares in the capital of the Company.
4. The Plan will be operated so that no Participant will be permitted to dispose of their Shares until the earlier of:
 - a. Three years after their acquisition; or
 - b. The time at which the Participant ceases to be employed by their employer (at the time the Shares are acquired) or any Group Company.
5. The Plan does not contain any conditions which could result in the Participant forfeiting ownership of Shares acquired under the Plan.
6. Immediately after the acquisition of Shares the Participant cannot hold a legal or beneficial interest in more than 5% of the Shares of the Company. Also immediately after the acquisition a Participant can not be in a position to cast or control the casting of more than 5% of the maximum number of votes at a general meeting of the Company.
7. Employees will be able to participate in the Plan either by way of salary sacrifice or by receiving shares for no consideration in accordance with any industrial agreement applicable to such employees.

ORIGINAL

BAKER & MCKENZIE

Rex Tax Deferred Employee Share Plan Trust Deed

Regional Express Holdings Limited

Rex Investment Holdings Pty Limited

BAKER & MCKENZIE

Solicitors
Level 39, Rialto
525 Collins Street
MELBOURNE VIC 3000
Tel: (03) 9617-4200
Fax: (03) 9614-2103
Email: Anthony.O'Connor@BakerNet.com

24 Jul 2006

Ref: 367445-v3\AO2





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OFFICE OF DEPUTY TREASURER
NSW Treasury
Client No: 1405240
Duty: \$200 -
Trans No: 3635107
Asset details:
2/8/06



Date 10 April 2006

Parties **Regional Express Holdings Limited** (ABN 18 099 547 270) of Level 1, 2B Lord Street, Botany NSW 2019 Australia (*Company*)

Rex Investment Holdings Pty Limited (ABN 63 101 317 677) of Level 1, 2B Lord Street, Botany NSW 2019 Australia (*Trustee*)

Recitals

- A The Company has established the "Rex Tax Deferred Employee Share Plan" to facilitate the acquisition of shares in the Company by Participants in the Plan.
- B The Company wishes to establish a trust solely for the purpose of acquiring and holding shares in the Company for the benefit of Participants for the purposes of the Plan.
- C The Trustee has agreed to act as trustee of the Trust on the terms and conditions set out in this Deed.
- D The Company has paid the Trustee \$200 to settle the Trust constituted by this Deed.

Operative provisions

1 Definitions and interpretation

1.1 The following definitions apply unless the context requires otherwise.

Allocated Shares means Shares allocated to a Participant which continue to be held by the Trustee pursuant to this Deed.

ASX means Australian Stock Exchange Limited.

Board means the board of directors of the Company or any committee of the board appointed by the board to administer the Plan.

Bonus Shares means Shares to which a holder of Shares is entitled in any pro rata issue by the Company to holders of Shares for which no consideration is payable by the holder.

Participants means the employees of the Company and its Related Bodies Corporate who are eligible to participate under the Plan.

Plan means the Rex Tax Deferred Employee Share Plan, a copy of which is annexed to this Deed.

Related Bodies Corporate has the same meaning as set out in the *Corporations Act 2001*.

Rex Employee Option Plan means the employee option plan that has been adopted by the Company and is governed by the "Employee Option Plan Rules".



Rex Employee Option Plan Trust means the trust constituted by the Rex Employee Option Plan Trust Deed between the Company and the Trustee dated on or about the date of this Deed.

Share means a fully paid ordinary share in the capital of the Company.

Trust means the Rex Tax Deferred Employee Share Plan Trust constituted by this Deed.

Trust Property means the property of the Trust described at clause 3.2.

Unallocated Shares means Shares held by the Trustee pursuant to this Deed which are not allocated to a Participant.

1.2 In this Deed:

- (a) unless the context otherwise requires, words and expressions defined in the Plan have the same meaning where used in this Deed
- (b) the *singular* includes the plural and conversely;
- (c) a *gender* includes all genders;
- (d) a reference to the *Deed* or any particular clause of the Deed means the Trust Deed or the relevant clause as amended from time to time;
- (e) the obligations of the Company and the Trustee are several only and not joint; and
- (f) the Trustee acts solely as trustee for the Participants.

2 Rules of Rex Tax Deferred Employee Share Plan

2.1 The rules of the Plan annexed to this Deed, as amended from time to time, are incorporated into and have effect as if set out in the body of this Deed. To the extent of any inconsistency between the terms of this Deed and the Plan, the terms of the Plan prevail.

3 Declaration of trust

Declaration

3.1 The Trustee acknowledges and declares and agrees with the Company that it shall hold the Trust Property on trust and subject to the terms and conditions of this Deed and the Plan.

Trust Property

3.2 The Trust Property the subject of this Deed and the Plan shall consist of:

- (a) Shares acquired by or issued to the Trustee for and on behalf of Participants and for the general purposes of the Plan, subject to the terms and conditions of this Deed;
- (b) the amount referred to in recital D of this Deed; and



- (c) any other moneys or property received by the Trustee for the purposes of the Plan as well as the investments and property from time to time representing such moneys or property and all income, additions or accretions from such investments and property.

Held for benefit of Participants

- 3.3 The Trust Property will be vested in the Trustee on trust to be applied in accordance with the provisions of the Plan for the benefit of the Participants under the Plan.

Trustee not entitled to benefit from the Trust Property

- 3.4 Other than as expressly set out in clauses 7.1(b), 9.5, 11.1(a), 12.1(d) and 20, the Trustee is not entitled to benefit from the Trust Property.

No beneficial interest

- 3.5 At no time shall the Company or the Trustee or any of their Related Bodies Corporate have any beneficial interest in the Trust Property.

Name of Trust

- 3.6 The trust constituted by this Deed shall be called the *Rex Tax Deferred Employee Share Plan Trust*.

4 Trustee

- 4.1 The office of trustee shall become vacant if the Trustee:
 - (a) resigns its office by notice in writing to the Company;
 - (b) becomes bankrupt or insolvent or makes any assignment for the benefit of or any composition or arrangement with its creditors; or
 - (c) is removed from office by the Board.
- 4.2 The Board shall not be obliged to give any reason for the removal of the Trustee.
- 4.3 On the retirement or removal of the Trustee the Board shall have the power of appointing by deed a new trustee or trustees.
- 4.4 On a change of trustee, the retiring Trustee will promptly execute all transfers, deeds or other documents necessary to transfer all money and property held pursuant to this Deed and the Plan into the name of the new trustee.

5 Powers of trustee

- 5.1 The powers conferred on the Trustee by law or under this Deed shall only be exercised for the purposes of the Plan, in accordance with the Company's Employee Securities Trading Policy and at the direction of the Board or any duly appointed delegate of the Board (as the case may be).
- 5.2 Without prejudice to the powers vested in the Trustee by the Plan or otherwise conferred on it by law, but subject to clause 5.1, the Trustee may:



- (a) enter into and execute all contracts, deeds and documents and do all acts, matters or things which it may deem expedient for the purpose of giving effect to and carrying out the trust, authorities, powers and discretions conferred upon the Trustee by this Deed or the Plan;
- (b) subscribe for, purchase or otherwise acquire and to sell or otherwise dispose of property, rights or privileges which the Trustee is authorised by this Deed or the Plan to acquire or dispose of on such terms and conditions as it thinks fit;
- (c) appoint and at its discretion remove or suspend custodian trustees, managers, agents and servants, determine the powers and duties to be delegated to them and pay such remuneration to them as it may think fit;
- (d) institute, conduct, defend, compound, settle or abandon any legal proceedings concerning the affairs of the Plan and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Trustee concerning the Plan;
- (e) open bank account and to retain on current or deposit account at any bank such moneys as it considers proper and to make regulations for the operation of such bank accounts, including the signing and endorsing of cheques in connection with such accounts;
- (f) subscribe for, purchase or otherwise acquire and hold Shares and transfer them to persons entitled in accordance with this Deed and the Plan;
- (g) receive distributions paid on Shares and to apply those amounts in accordance with this Deed and the Plan;
- (h) sell Shares and apply the proceeds of sale in accordance with this Deed and the Plan;
- (i) sell any rights relating to the Shares and apply the proceeds of sale in accordance with this Deed and the Plan;
- (j) take and act upon the advice or opinion of any legal practitioner (whether in relation to the interpretation of this Deed, the Plan or any other document or statute or as to the administration of the Trust) or any other professional person, and whether obtained by the Trustee or not, without being liable in respect of any act done by it in accordance with such advice or opinion;
- (k) make rules or to adopt procedures not inconsistent with the provisions of this Deed and the Plan in relation to the calculation and rounding off of contributions, dividends, interest or other amounts, or to the determination of periods of time;
- (l) transfer Shares to the trustee of the Rex Employee Option Plan Trust to satisfy the terms of the Rex Employee Option Plan; and
- (m) do all acts and things as the Trustee may consider necessary or expedient to give effect to the Plan.

Investments

5.3 Any moneys that may be held by the Trustee, but which are not currently required for the purposes of the Plan, may in the absolute discretion of the Trustee be placed on deposit with





any bank, company or financial institution or invested in any one or more of the modes of investment authorised by law from the investment of trust funds or in any manner in which the Trustee, if it were personally entitled to those moneys, could invest.

Delegation

- 5.4 The Trustee may from time to time delegate to any director of the Trustee or other person appointed by the Trustee the right and power on behalf of the Trustee to sign, draw, endorse, or otherwise execute, as the case may be, all or any cheques, drafts and other negotiable or transferable instruments, all or any receipts for money paid to the Trustee and all or any other documents connected with the due administration of the Plan or with this Deed.

6 Transfers and Payments

- 6.1 Any transfer, distribution or payment made in good faith to a person believed by the Trustee to be entitled to receive it is, for the purposes of this Deed and the Plan, deemed to be a transfer, distribution or payment (as the case may be) to the person entitled to receive it and is a valid discharge to the Trustee in respect of the transfer, distribution or payment.
- 6.2 If a Participant or other person who is entitled to any Shares or other property or to payment of any amount under the Plan is under any legal, physical, mental or other disability of any kind, and is, in the opinion of the Trustee, unable to properly and competently manage his or her financial affairs, the Trustee may transfer all or part of the Shares or other property, or make payment of all or part of the amount, as the case may be, to any other person as the Trustee, in its sole discretion, sees fit to be held for the benefit of the Participant or person otherwise entitled. The Trustee will not be liable for or responsible for seeing to the subsequent application of the Shares or other property so transferred or amounts so paid, and the receipt of the recipient, transferee or payee will be a good discharge.

7 Trustee's obligations and powers in respect of Unallocated Shares

- 7.1 Before the allocation to a Participant of Shares held by the Trustee in accordance with this Deed, the Trustee in respect of such Unallocated Shares:
- (a) must not exercise any voting rights in respect of any Unallocated Shares;
 - (b) may apply any capital receipts, dividends or other distributions received in respect of any Unallocated Shares to purchase further Shares to be held on trust for the purposes of the Plan or to meet the operating costs of operating and administering the Plan;
 - (c) must not participate in any rights issue in respect of any Unallocated Shares;
 - (d) must hold any Bonus Shares issued in respect of the Unallocated Shares on trust for the purposes of the Plan; and
 - (e) must keep an account of all Unallocated Shares acquired by the Trustee that are held as Trust Property.





8 Board may direct Trustee to hold Shares post-allocation

- 8.1 The Board may direct the Trustee to allocate Unallocated Shares to a Participant from time to time. Following the allocation to a Participant of Shares held by the Trustee in accordance with this Deed, the Board may direct the Trustee to continue to hold those Shares on the Participant's behalf and on the terms of this Deed.
- 8.2 In addition to being bound by the terms of the Plan, each Participant by virtue of their participation in the Plan is deemed to have agreed to be bound by this Deed.
- 8.3 Clauses 9 to 13 and clause 21 of this Deed shall only apply in respect of Allocated Shares held by the Trustee on a Participant's behalf following a direction by the Board under clause 8.1.

9 Rights Attached to Allocated Shares

Voting rights

- 9.1 Each Participant may direct the Trustee by notice in writing as to how to exercise the voting rights attaching to Allocated Shares standing to the credit of the account of that Participant either generally or in respect of a particular resolution. In the absence of such a direction those voting rights shall not be exercised by the Trustee.

Dividends

- 9.2 A Participant shall have an absolutely vested and indefeasible entitlement to dividends declared and paid by the Company on the Allocated Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the Participant.

Sale of shares

- 9.3 Allocated Shares acquired under the Plan may only be sold in accordance with clause 11 and the Plan and shall be subject to any applicable Holding Lock, Performance Conditions and / or Vesting Conditions (each, as defined in the Plan).

Certificates

- 9.4 For so long as the Trustee is the registered owner of the Shares and the Company does not operate an uncertificated system of shareholding, the Trustee shall retain custody of the certificates of title in respect of the Shares.

Capital gains

- 9.5 Where the Trustee sells Allocated Shares and the Participant is entitled to the balance, if any, of the sale proceeds of those Allocated Shares pursuant to clause 11, that Participant shall have an absolutely vested and indefeasible entitlement to any capital gain (within the meaning of the Income Tax Assessment Act) arising in respect of the sale of those Allocated Shares. Where a payment of that balance is made to a Participant under this Deed, the payment shall first be in distribution of that capital gain and the remainder, if any, in distribution of the capital entitlement of the Participant. The capital entitlement, being the interest of the Participant in the capital of the trust fund, shall be equal to the sale proceeds (less transaction costs) less the capital gain.



10 Records and Accounts

Account

- 10.1 The Trustee will cause an account to be opened and maintained in respect of each Participant in which the following are to be recorded:
- (a) Allocated Shares acquired on behalf of the Participant under the Plan;
 - (b) Allocated Shares transferred from the account to the Participant pursuant to the Plan and this Deed;
 - (c) any dividends, Bonus Shares, interest or other earnings or other amounts credited to this account pursuant to clauses 9.2 or clause 13;
 - (d) any proceeds from the sale or disposal of Allocated Shares in accordance with this Deed; and
 - (e) any other credit or debit made to this account for the purposes of this Deed.

Notify Participant

- 10.2 At least once each year, at such time as the Trustee considers appropriate, the Trustee will notify each Participant of the number of Allocated Shares standing to the credit of the account of the Participant and such other information as the Trustee considers appropriate. The Trustee will ensure that each account is available for inspection by the relevant Participant at the office of the Trustee or the Company during normal business hours or such other time as is agreed with the Participant.

11 Sale by Trustee

Sale of Share by Trustee

- 11.1 If the Plan permits, the Trustee as the holder of Allocated Shares acquired in connection with the Plan may, at the direction of the Participant, sell any of the Allocated Shares to which the Participant is entitled. On sale of any Allocated Shares, the Trustee shall apply the proceeds of sale:
- (a) first, in payment of any brokerage and other costs and expenses of the sale incurred by the Trustee (including an amount sufficient to meet the tax liability (if any) resulting from that sale); and
 - (b) second, the balance (if any) in payment to the relevant Participant.

Unclaimed Moneys

- 11.2 If the Trustee cannot locate the Participant at the last residential address of the Participant known to it to pay any balance of proceeds of sale of Allocated Shares in accordance with this clause 11, then the Trustee shall distribute the proceeds as directed by the Board, in discharge of its obligations under this clause 11. Any direction of the Board under this clause 11 must comply with the requirements of the *Unclaimed Money Act 1995* (NSW).



12 Rights Issues

12.1 If the Company announces a rights issue:

- (a) the Trustee must notify each Participant in writing of any rights to acquire Shares or other securities to be issued by the Company which accrue to Allocated Shares held by the Trustee on behalf of that Participant;
- (b) within the time prescribed in the notice referred to in clause 12.1(a), the Participant may provide the Trustee with either:
 - (i) written instructions in the form (if any) prescribed by the Board to sell some or all of its rights to the extent permitted by law; or
 - (ii) written instructions in the form (if any) prescribed by the Board to acquire, to the extent permitted by law, some or all of the Shares or securities in the Company to which the rights relate and payment of an amount equal to the cost of accepting the rights entitlement plus, if the Trustee so requires, such additional amount as the Trustee estimates (and notifies to the Participant) to be the cost of transferring the Shares or securities to the Participant.
- (c) if the Participant does not give a notice under clause 12.1(b) the Trustee shall be entitled to sell the rights;
- (d) if the Trustee sells the rights in accordance with clause 12.1(b) or 12.1(c), the Trustee must distribute the proceeds of the sale (after deduction of the costs of sale incurred by the Trustee) to the Participant; and
- (e) Shares or securities acquired pursuant to this clause 12 for the benefit of a Participant shall be subject to the same restrictions for the purposes of this Deed as the Allocated Shares which gives rise to the rights.

13 Bonus Shares

- 13.1 Any Bonus Shares which are received by the Trustee in respect of Allocated Shares that, at the closing date for determining entitlements to those Bonus Shares stand to the account of any Participant, shall be credited to that Participant, and are to be deemed for the purposes of this Deed to have been credited to that Participant at the same time as the Allocated Shares in respect of which the Bonus Shares were issued were subscribed for or acquired by the Trustee. Participants will not be entitled to fractions of Bonus Shares.
- 13.2 Bonus Shares shall be deemed to be subject to the same restrictions for the purposes of this Deed as the Shares in respect of which the Bonus Shares were issued.
- 13.3 The Trustee will not sell the Bonus Shares or transfer them to the Participant unless the Trustee sells or transfers the Shares which gave rise to the Bonus Shares in accordance with this Deed and the Plan.

14 Remuneration of Trustee

- 14.1 The Trustee is not entitled to receive under the Plan any commission or other remuneration in respect of its office. Other than as expressly set out in clauses 7.1(b), 9.5, 11.1(a), 12.1(d) and



20, the Trustee shall not levy any fees or charges for operating and administering the Trust, either payable directly by the Participant or out of the Trust Property.

- 14.2 The Board may pay to the Trustee any remuneration it thinks fit from the Company's own resources.

15 Liability and Protection of Trustee

Exclusion of liability

- 15.1 The Trustee is not liable or answerable or accountable:
- (a) for any loss or damage that may be suffered or incurred as a result of its acting as Trustee of this settlement if that loss or damage is not attributable to the dishonesty of the Trustee or the wilful commission by the Trustee of an act known by it to be a breach of trust; or
 - (b) for any failure because of neglect or other reason, to consider whether it should, or the manner in which it should exercise any power, authority or discretion given to the Trustee by this Deed, or by the proper law of this Deed from time to time in force.

Protection of Trustee

- 15.2 Without derogating from the right of indemnity given by law to trustees, the Company covenants with the Trustee that it will indemnify the Trustee in respect of all liabilities, costs and expenses incurred by the Trustee in the execution or purported execution of the trust constituted under this Deed or any of the powers, authorities or discretions vested in the Trustee under this Deed and from and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Deed or the Plan, other than a claim arising out of a wilful default or a wilful breach of trust by the Trustee.
- 15.3 The Trustee shall not be under any liability whatever except for dishonesty, fraud or wilful default or except for a default or breach of trust wilfully committed by it or by any of its employees or agents.

16 Corporate Trustee

- 16.1 Every Trustee which is a corporation may exercise or agree in exercising any discretion or power given to the Trustee by this Deed by:
- (a) a resolution of that corporation or by a resolution of its Directors or Director; or
 - (b) delegating the right and power to exercise or agree in exercising any discretion or power to one or more Directors appointed from time to time for that purpose;

and the Trustee's discretion is deemed exercised when a resolution of the Trustee exercising its discretion or a memorandum of delegation of the exercise by him of a discretion or power on behalf of the Directors or Director has been recorded in the Trustee's Minute Book.

17 Audit of accounts

17.1 All accounts and records maintained by the Trustee in connection with the operation of the Plan must be audited annually by the Trustee's auditors.

18 Severance of invalid provisions

18.1 If any provision of this Deed is void or invalid for any reason then that provision is severed from this Deed and does not affect the validity or operation of any other provision of this Deed.

19 Variation of Deed

19.1 The Trustee and the Company may by deed amend, vary or add to this Deed provided that no such amendment, variation or addition would be likely prejudicially to affect the rights of Participants that are already vested under this Deed and provided that the amendment, variation or addition is approved in accordance with such manner as may be permitted from time to time by the Listing Rules of ASX.

20 Costs and expenses

20.1 The Trustee may pay any fees, costs and expenses incurred in the establishment, maintenance or administration of the Trust declared in this Deed out of the Trust Property.

20.2 Without limiting clause 20.1, if the Trustee incurs any liability for taxation in relation to any Shares held by the Trustee, or any costs in respect of the Trust, the Trustee shall be entitled to pay such liability and fees out of the Trust Property.

21 Takeover Offer

21.1 If a takeover offer is made to acquire the whole or any part of the issued Shares of the Company, a Participant may direct the Trustee to accept the takeover offer in respect of that Participant's Allocated Shares by giving written notice to the Trustee specifying the number of Allocated Shares for the takeover offer is to be accepted. By giving such notice, the Participant irrevocably directs the Trustee to:

- (a) accept the takeover offer in respect of the specified Allocated Shares;
- (b) receive any cash consideration payable in respect of those Allocated Shares; and
- (c) receive any non-cash consideration provided in respect of those Allocated Shares and take all necessary steps to convert such non-cash consideration into cash.

22 Stamp duty

22.1 The Company will pay all stamp duty on this Deed.



23 Governing Law

23.1 This Deed is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales in connection with matters concerning this Deed.



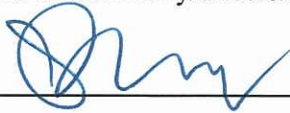
Execution

Executed as a deed.

Signed sealed and delivered

by **Regional Express Holdings Limited**

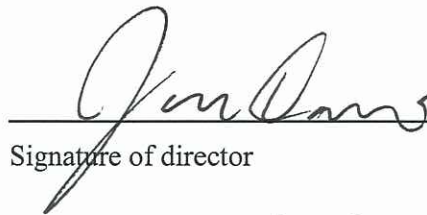
by a director and secretary/director:



Signature of secretary/director

Shae Calissa
Legal & Corporate Advisor
Company Secretary

Name of secretary/director (please print)
Regional Express Holdings Ltd.
t/a **rex. Regional Express**
ACN 099 547 270



Signature of director

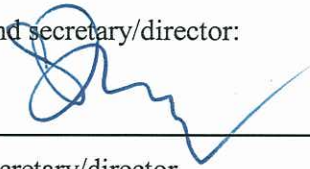
Jim Davis
~~Managing Director - Operations~~
REGIONAL EXPRESS HOLDINGS LTD.
t/a **rex. Regional Express**
ACN 099 547 270

Name of director (please print)

Signed sealed and delivered

by **Rex Investment Holdings Pty Limited**

by a director and secretary/director:

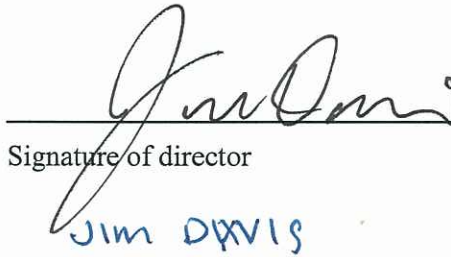


Signature of secretary/director

SHAE CALISSA

Name of secretary/director (please print)

REX INVESTMENT HOLDINGS LTD.
ACN 101 317 677
Registered Office
Level 1, 2B Lord Street
Botany, NSW 2019 Australia
P +61 2 9023 3555 F +61 2 9023 3599
rex.com.au


JIM DAVIS

Signature of director

Name of director (please print)

REX INVESTMENT HOLDINGS LTD.
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Annexure
The Plan



ORIGINAL

BAKER & MCKENZIE

**Amendment Deed – Rex Tax
Deferred Employee Share
Plan Trust Deed**

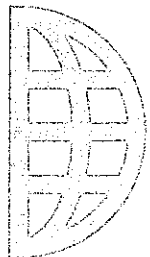
Regional Express Holdings Limited

Rex Investment Holdings Pty Limited

BAKER & MCKENZIE

Solicitors
Level 27, AMP Centre
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Ref: 438817-v1\AO2

Date 18th September 2006

Parties **Regional Express Holdings Limited** (ABN 18 099 547 270) of Level 1, 2B Lord Street, Botany NSW 2019 Australia (*Company*)

Rex Investment Holdings Pty Limited (ABN 63 101 317 677) of Level 1, 2B Lord Street, Botany NSW 2019 Australia (*Trustee*)

Recital

The parties wish to amend the Rex Tax Deferred Employee Share Plan Trust Deed between the parties dated 18th September 2006 in the manner set out in this Amendment Deed.

Operative provisions

1 Definitions and interpretation

Definitions

1.1 In this Amendment Deed, unless the context otherwise requires:

Amendment Deed means this amendment deed;

Trust Deed means Rex Tax Deferred Employee Share Plan Trust Deed between the parties dated 18th September 2006, a copy of which is attached as Annexure A; and

Interpretation

1.2 Unless the context otherwise requires, clause 1.2 of the Trust Deed applies with necessary changes to this Amendment Deed.

2 Amendment

2.1 The Trust Deed is amended pursuant to clause 19 of the Trust Deed, with effect from the date of execution of this Amendment Deed, as follows:

- (a) in clause 1.1 of the Trust Deed, insert the following text as additional definitions, after the definition of "Rex Tax Deferred Share Plan Trust":

"Rex Tax Exempt Share Plan means the employee share plan that has been adopted by the Company and is governed by the "Rex Tax Exempt Share Plan Rules".

Rex Tax Exempt Share Plan Trust means the trust constituted by the Rex Tax Exempt Share Plan Trust Deed between the Company and the Trustee dated on or about 18th September 2006.";



(b) delete the text in clause 5.2(l) of the Trust Deed in its entirety and replace with the following text:

- "(l) transfer Shares to the trustee of:
 - (i) the Rex Employee Option Plan Trust to satisfy the terms of the Rex Employee Option Plan
 - (ii) the Rex Tax Exempt Share Plan Trust to satisfy the terms of the Rex Tax Exempt Share Plan;
 - (iii) such other share or option plan trust as may be established by the Company and approved by the Board from time to time to satisfy the terms of the relevant share or option plans for which the relevant trust exists; and"; and

(c) delete the text in clauses 20.1 and 20.2 of the Trust Deed in their entirety and replace with the following text:

- "20.1 The Trustee may pay any costs and expenses incurred in the establishment, maintenance or administration of the trusts declared in this Deed out of the Trust Property.
- 20.2 Without limiting clause 20.1, if the Trustee incurs any liability for taxation in relation to any Shares held by the Trustee, or costs in respect of the Trust, the Trustee shall be entitled to pay such tax liability out of the Trust Property.
- 20.3 Subject to clauses 20.1 and 20.2, the Trustee must not levy any fees or charges for operating or administering the trusts declared in this Deed, whether such fees or charges are payable directly by the beneficiaries or out of the Trust Property."

3 Confirmation of the Trust Deed

3.1 Except for the amendment set out in clause 2.1, the Trust Deed remains in full force and effect.

4 General provisions

Invalid or unenforceable provisions

- 4.1 If a provision of this Amendment Deed is invalid or unenforceable in a jurisdiction:
 - (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
 - (b) that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.



5 Governing law and jurisdiction

Governing law and jurisdiction

- 5.1 This Amendment Deed is governed by the laws of New South Wales.
- 5.2 Each party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales; and
 - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.



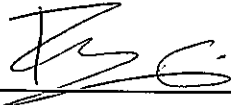
Execution

Executed as a deed.

Signed sealed and delivered

by **Regional Express Holdings Limited**

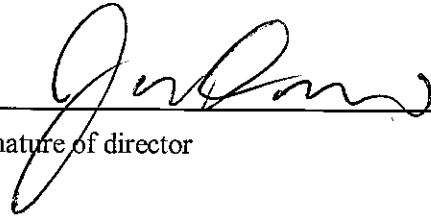
by a director and secretary/director:



Signature of secretary/director

IRWIN TAN

Name of secretary/director (please print)



Signature of director

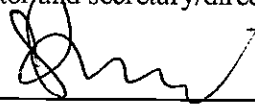
Jim Davis

Name of director (please print)
Managing Director - Operations
REGIONAL EXPRESS HOLDINGS LTD.
1/a Rex Regional Express
ACN 099 947 270

Signed sealed and delivered

by **Rex Investment Holdings Pty Limited**

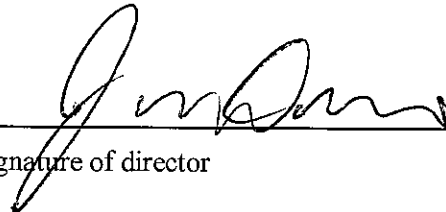
by a director and secretary/director:



Signature of secretary/director

SHAE CALISSA

Name of secretary/director (please print)



Signature of director

Name of director (please print)



Annexure A

Trust Deed



ORIGINAL

BAKER & MCKENZIE

**Rex Tax Exempt Employee
Share Plan Trust Deed**

Regional Express Holdings Limited

Rex Investment Holdings Pty Limited

BAKER & MCKENZIE

Solicitors

Level 39, Rialto

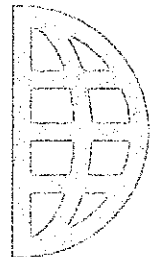
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Ref: 438821-v2\AO2 367445-v3\AO2

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Date 18th September 2006

Parties **Regional Express Holdings Limited** (ABN 18 099 547 270) of Level 1, 2B
Lord Street, Botany NSW 2019 Australia (*Company*)

Rex Investment Holdings Pty Limited (ABN 63 101 317 677) of Level 1, 2B
Lord Street, Botany NSW 2019 Australia (*Trustee*)

Recitals

- A The Company has established the "Rex Tax Exempt Employee Share Plan" to facilitate the acquisition of shares in the Company by Participants in the Plan.
- B The Company wishes to establish a trust solely for the purpose of acquiring and holding shares in the Company for the benefit of Participants for the purposes of the Plan.
- C The Trustee has agreed to act as trustee of the Trust on the terms and conditions set out in this Deed.
- D The Company has paid the Trustee \$200 to settle the Trust constituted by this Deed.

Operative provisions

1 Definitions and interpretation

1.1 The following definitions apply unless the context requires otherwise.

Allocated Shares means Shares allocated to a Participant which continue to be held by the Trustee pursuant to this Deed.

ASX means Australian Stock Exchange Limited.

Board means the board of directors of the Company or any committee of the board appointed by the board to administer the Plan.

Bonus Shares means Shares to which a holder of Shares is entitled in any pro rata issue by the Company to holders of Shares for which no consideration is payable by the holder.

Participants means the employees of the Company and its Related Bodies Corporate who are eligible to participate under the Plan.

Plan means the Rex Tax Exempt Employee Share Plan, a copy of which is annexed to this Deed.

Related Bodies Corporate has the same meaning as set out in the *Corporations Act 2001*.

Rex Employee Option Plan means the employee option plan that has been adopted by the Company and is governed by the "Employee Option Plan Rules".



Rex Employee Option Plan Trust means the trust constituted by the Rex Employee Option Plan Trust Deed between the Company and the Trustee dated on or about the date of this Deed.

Rex Tax Deferred Share Plan means the employee share plan that has been adopted by the Company and is governed by the "Rex Tax Deferred Share Plan Rules".

Rex Tax Deferred Share Plan Trust means the trust constituted by the Rex Tax Deferred Share Plan Trust Deed between the Company and the Trustee dated on or about the date of this Deed.

Share means a fully paid ordinary share in the capital of the Company.

Trust means the Rex Tax Exempt Employee Share Plan Trust constituted by this Deed.

Trust Property means the property of the Trust described at clause 3.2.

Unallocated Shares means Shares held by the Trustee pursuant to this Deed which are not allocated to a Participant.

1.2 In this Deed:

- (a) unless the context otherwise requires, words and expressions defined in the Plan have the same meaning where used in this Deed
- (b) the *singular* includes the plural and conversely;
- (c) a *gender* includes all genders;
- (d) a reference to the *Deed* or any particular clause of the Deed means the Trust Deed or the relevant clause as amended from time to time;
- (e) the obligations of the Company and the Trustee are several only and not joint; and
- (f) the Trustee acts solely as trustee for the Participants.

2 Rules of Rex Tax Exempt Employee Share Plan

2.1 The rules of the Plan annexed to this Deed, as amended from time to time, are incorporated into and have effect as if set out in the body of this Deed. To the extent of any inconsistency between the terms of this Deed and the Plan, the terms of the Plan prevail.

3 Declaration of trust

Declaration

3.1 The Trustee acknowledges and declares and agrees with the Company that it shall hold the Trust Property on trust and subject to the terms and conditions of this Deed and the Plan.

Trust Property

3.2 The Trust Property the subject of this Deed and the Plan shall consist of:



- (a) Shares acquired by or issued to the Trustee for and on behalf of Participants and for the general purposes of the Plan, subject to the terms and conditions of this Deed;
- (b) the amount referred to in recital D of this Deed; and
- (c) any other moneys or property received by the Trustee for the purposes of the Plan as well as the investments and property from time to time representing such moneys or property and all income, additions or accretions from such investments and property.

Held for benefit of Participants

3.3 The Trust Property will be vested in the Trustee on trust to be applied in accordance with the provisions of the Plan for the benefit of the Participants under the Plan.

Trustee not entitled to benefit from the Trust Property

3.4 Other than as expressly set out in clauses 7.1(b), 9.5, 11.1(a), 12.1(d), 15 and 20, the Trustee is not entitled to benefit from the Trust Property.

No beneficial interest

3.5 At no time shall the Company or the Trustee or any of their Related Bodies Corporate have any beneficial interest in the Trust Property.

Name of Trust

3.6 The trust constituted by this Deed shall be called the *Rex Tax Exempt Employee Share Plan Trust*.

4 Trustee

- 4.1 The office of trustee shall become vacant if the Trustee:
 - (a) resigns its office by notice in writing to the Company;
 - (b) becomes bankrupt or insolvent or makes any assignment for the benefit of or any composition or arrangement with its creditors; or
 - (c) is removed from office by the Board.
- 4.2 The Board shall not be obliged to give any reason for the removal of the Trustee.
- 4.3 On the retirement or removal of the Trustee the Board shall have the power of appointing by deed a new trustee or trustees.
- 4.4 On a change of trustee, the retiring Trustee will promptly execute all transfers, deeds or other documents necessary to transfer all money and property held pursuant to this Deed and the Plan into the name of the new trustee.

5 Powers of trustee

5.1 The powers conferred on the Trustee by law or under this Deed shall only be exercised for the purposes of the Plan, in accordance with the Company's Employee Securities Trading Policy



and at the direction of the Board or any duly appointed delegate of the Board (as the case may be).

5.2 Without prejudice to the powers vested in the Trustee by the Plan or otherwise conferred on it by law, but subject to clause 5.1, the Trustee may:

- (a) enter into and execute all contracts, deeds and documents and do all acts, matters or things which it may deem expedient for the purpose of giving effect to and carrying out the trust, authorities, powers and discretions conferred upon the Trustee by this Deed or the Plan;
- (b) subscribe for, purchase or otherwise acquire and to sell or otherwise dispose of property, rights or privileges which the Trustee is authorised by this Deed or the Plan to acquire or dispose of on such terms and conditions as it thinks fit;
- (c) appoint and at its discretion remove or suspend custodian trustees, managers, agents and servants, determine the powers and duties to be delegated to them and pay such remuneration to them as it may think fit;
- (d) institute, conduct, defend, compound, settle or abandon any legal proceedings concerning the affairs of the Plan and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Trustee concerning the Plan;
- (e) open bank account and to retain on current or deposit account at any bank such moneys as it considers proper and to make regulations for the operation of such bank accounts, including the signing and endorsing of cheques in connection with such accounts;
- (f) subscribe for, purchase or otherwise acquire and hold Shares and transfer them to persons entitled in accordance with this Deed and the Plan;
- (g) receive distributions paid on Shares and to apply those amounts in accordance with this Deed and the Plan;
- (h) sell Shares and apply the proceeds of sale in accordance with this Deed and the Plan;
- (i) sell any rights relating to the Shares and apply the proceeds of sale in accordance with this Deed and the Plan;
- (j) take and act upon the advice or opinion of any legal practitioner (whether in relation to the interpretation of this Deed, the Plan or any other document or statute or as to the administration of the Trust) or any other professional person, and whether obtained by the Trustee or not, without being liable in respect of any act done by it in accordance with such advice or opinion;
- (k) make rules or to adopt procedures not inconsistent with the provisions of this Deed and the Plan in relation to the calculation and rounding off of contributions, dividends, interest or other amounts, or to the determination of periods of time;
- (l) transfer Shares to the trustee of:
 - (i) the Rex Employee Option Plan Trust to satisfy the terms of the Rex Employee Option Plan;



- (ii) the Rex Tax Deferred Share Plan Trust to satisfy the terms of the Rex Tax Deferred Share Plan;
 - (iii) such other share or option plan trust as may be established by the Company and approved by the Board from time to time to satisfy the terms of the relevant share or option plans for which the relevant trust exists; and
- (m) do all acts and things as the Trustee may consider necessary or expedient to give effect to the Plan.

Investments

5.3 Any moneys that may be held by the Trustee, but which are not currently required for the purposes of the Plan, may in the absolute discretion of the Trustee be placed on deposit with any bank, company or financial institution or invested in any one or more of the modes of investment authorised by law from the investment of trust funds or in any manner in which the Trustee, if it were personally entitled to those moneys, could invest.

Delegation

5.4 The Trustee may from time to time delegate to any director of the Trustee or other person appointed by the Trustee the right and power on behalf of the Trustee to sign, draw, endorse, or otherwise execute, as the case may be, all or any cheques, drafts and other negotiable or transferable instruments, all or any receipts for money paid to the Trustee and all or any other documents connected with the due administration of the Plan or with this Deed.

6 Transfers and Payments

- 6.1 Any transfer, distribution or payment made in good faith to a person believed by the Trustee to be entitled to receive it is, for the purposes of this Deed and the Plan, deemed to be a transfer, distribution or payment (as the case may be) to the person entitled to receive it and is a valid discharge to the Trustee in respect of the transfer, distribution or payment.
- 6.2 If a Participant or other person who is entitled to any Shares or other property or to payment of any amount under the Plan is under any legal, physical, mental or other disability of any kind, and is, in the opinion of the Trustee, unable to properly and competently manage his or her financial affairs, the Trustee may transfer all or part of the Shares or other property, or make payment of all or part of the amount, as the case may be, to any other person as the Trustee, in its sole discretion, sees fit to be held for the benefit of the Participant or person otherwise entitled. The Trustee will not be liable for or responsible for seeing to the subsequent application of the Shares or other property so transferred or amounts so paid, and the receipt of the recipient, transferee or payee will be a good discharge.

7 Trustee's obligations and powers in respect of Unallocated Shares

- 7.1 Before the allocation to a Participant of Shares held by the Trustee in accordance with this Deed, the Trustee in respect of such Unallocated Shares:
- (a) must not exercise any voting rights in respect of any Unallocated Shares;



- (b) may apply any capital receipts, dividends or other distributions received in respect of any Unallocated Shares to purchase further Shares to be held on trust for the purposes of the Plan or to meet the operating costs of operating and administering the Plan;
- (c) must not participate in any rights issue in respect of any Unallocated Shares;
- (d) must hold any Bonus Shares issued in respect of the Unallocated Shares on trust for the purposes of the Plan; and
- (e) must keep an account of all Unallocated Shares acquired by the Trustee that are held as Trust Property.

8 Board may direct Trustee to hold Shares post-allocation

- 8.1 The Board may direct the Trustee to allocate Unallocated Shares to a Participant from time to time. Following the allocation to a Participant of Shares held by the Trustee in accordance with this Deed, the Board may direct the Trustee to continue to hold those Shares on the Participant's behalf and on the terms of this Deed.
- 8.2 In addition to being bound by the terms of the Plan, each Participant by virtue of their participation in the Plan is deemed to have agreed to be bound by this Deed.
- 8.3 Clauses 9 to 13 and clause 21 of this Deed shall only apply in respect of Allocated Shares held by the Trustee on a Participant's behalf following a direction by the Board under clause 8.1.

9 Rights Attached to Allocated Shares

Voting rights

- 9.1 Each Participant may direct the Trustee by notice in writing as to how to exercise the voting rights attaching to Allocated Shares standing to the credit of the account of that Participant either generally or in respect of a particular resolution. In the absence of such a direction those voting rights shall not be exercised by the Trustee.

Dividends

- 9.2 A Participant shall have an absolutely vested and indefeasible entitlement to dividends declared and paid by the Company on the Allocated Shares which, at the books closing date for determining entitlement to those dividends, are standing to the account of the Participant.

Sale of shares

- 9.3 Allocated Shares acquired under the Plan may only be sold in accordance with clause 11 and the Plan and shall be subject to any applicable Holding Lock, Performance Conditions and / or Vesting Conditions (each, as defined in the Plan).

Certificates

- 9.4 For so long as the Trustee is the registered owner of the Shares and the Company does not operate an uncertificated system of shareholding, the Trustee shall retain custody of the certificates of title in respect of the Shares.



Capital gains

- 9.5 Where the Trustee sells Allocated Shares and the Participant is entitled to the balance, if any, of the sale proceeds of those Allocated Shares pursuant to clause 11, that Participant shall have an absolutely vested and indefeasible entitlement to any capital gain (within the meaning of the *Income Tax Assessment Act 1997* (Cth)) arising in respect of the sale of those Allocated Shares. Where a payment of that balance is made to a Participant under this Deed, the payment shall first be in distribution of that capital gain and the remainder, if any, in distribution of the capital entitlement of the Participant. The capital entitlement, being the interest of the Participant in the capital of the trust fund, shall be equal to the sale proceeds (less transaction costs) less the capital gain.

10 Records and Accounts

Account

- 10.1 The Trustee will cause an account to be opened and maintained in respect of each Participant in which the following are to be recorded:
- (a) Allocated Shares acquired on behalf of the Participant under the Plan;
 - (b) Allocated Shares transferred from the account to the Participant pursuant to the Plan and this Deed;
 - (c) any dividends, Bonus Shares, interest or other earnings or other amounts credited to this account pursuant to clauses 9.2 or clause 13;
 - (d) any proceeds from the sale or disposal of Allocated Shares in accordance with this Deed; and
 - (e) any other credit or debit made to this account for the purposes of this Deed.

Notify Participant

- 10.2 At least once each year, at such time as the Trustee considers appropriate, the Trustee will notify each Participant of the number of Allocated Shares standing to the credit of the account of the Participant and such other information as the Trustee considers appropriate. The Trustee will ensure that each account is available for inspection by the relevant Participant at the office of the Trustee or the Company during normal business hours or such other time as is agreed with the Participant.

11 Sale by Trustee

Sale of Share by Trustee

- 11.1 If the Plan permits, the Trustee as the holder of Allocated Shares acquired in connection with the Plan may, at the direction of the Participant, sell any of the Allocated Shares to which the Participant is entitled. On sale of any Allocated Shares, the Trustee shall apply the proceeds of sale:
- (a) first, in payment of any brokerage and other costs and expenses of the sale incurred by the Trustee (including an amount sufficient to meet the tax liability (if any) resulting from that sale); and
 - (b) second, the balance (if any) in payment to the relevant Participant.



Unclaimed Moneys

- 11.2 If the Trustee cannot locate the Participant at the last residential address of the Participant known to it to pay any balance of proceeds of sale of Allocated Shares in accordance with this clause 11, then the Trustee shall distribute the proceeds as directed by the Board, in discharge of its obligations under this clause 11. Any direction of the Board under this clause 11 must comply with the requirements of the *Unclaimed Money Act 1995* (NSW).

12 Rights Issues

- 12.1 If the Company announces a rights issue:
- (a) the Trustee must notify each Participant in writing of any rights to acquire Shares or other securities to be issued by the Company which accrue to Allocated Shares held by the Trustee on behalf of that Participant;
 - (b) within the time prescribed in the notice referred to in clause 12.1(a), the Participant may provide the Trustee with either:
 - (i) written instructions in the form (if any) prescribed by the Board to sell some or all of its rights to the extent permitted by law; or
 - (ii) written instructions in the form (if any) prescribed by the Board to acquire, to the extent permitted by law, some or all of the Shares or securities in the Company to which the rights relate and payment of an amount equal to the cost of accepting the rights entitlement plus, if the Trustee so requires, such additional amount as the Trustee estimates (and notifies to the Participant) to be the cost of transferring the Shares or securities to the Participant.
 - (c) if the Participant does not give a notice under clause 12.1(b) the Trustee shall be entitled to sell the rights;
 - (d) if the Trustee sells the rights in accordance with clause 12.1(b) or 12.1(c), the Trustee must distribute the proceeds of the sale (after deduction of the costs of sale incurred by the Trustee) to the Participant; and
 - (e) Shares or securities acquired pursuant to this clause 12 for the benefit of a Participant shall be subject to the same restrictions for the purposes of this Deed as the Allocated Shares which gives rise to the rights.

13 Bonus Shares

- 13.1 Any Bonus Shares which are received by the Trustee in respect of Allocated Shares that, at the closing date for determining entitlements to those Bonus Shares stand to the account of any Participant, shall be credited to that Participant, and are to be deemed for the purposes of this Deed to have been credited to that Participant at the same time as the Allocated Shares in respect of which the Bonus Shares were issued were subscribed for or acquired by the Trustee. Participants will not be entitled to fractions of Bonus Shares.
- 13.2 Bonus Shares shall be deemed to be subject to the same restrictions for the purposes of this Deed as the Shares in respect of which the Bonus Shares were issued.



- 13.3 The Trustee will not sell the Bonus Shares or transfer them to the Participant unless the Trustee sells or transfers the Shares which gave rise to the Bonus Shares in accordance with this Deed and the Plan.

14 Remuneration of Trustee

- 14.1 The Trustee is not entitled to receive under the Plan any commission or other remuneration in respect of its office. Other than as expressly set out in clauses 7.1(b), 9.5, 11.1(a), 12.1(d) and 20, the Trustee shall not levy any fees or charges for operating and administering the Trust, either payable directly by the Participant or out of the Trust Property.
- 14.2 The Board may pay to the Trustee any remuneration it thinks fit from the Company's own resources.

15 Liability and Protection of Trustee

Exclusion of liability

- 15.1 The Trustee is not liable or answerable or accountable:
- (a) for any loss or damage that may be suffered or incurred as a result of its acting as Trustee of this settlement if that loss or damage is not attributable to the dishonesty of the Trustee or the wilful commission by the Trustee of an act known by it to be a breach of trust; or
 - (b) for any failure because of neglect or other reason, to consider whether it should, or the manner in which it should exercise any power, authority or discretion given to the Trustee by this Deed, or by the proper law of this Deed from time to time in force.

Protection of Trustee

- 15.2 Without derogating from the right of indemnity given by law to trustees, the Company covenants with the Trustee that it will indemnify the Trustee in respect of all liabilities, costs and expenses incurred by the Trustee in the execution or purported execution of the trust constituted under this Deed or any of the powers, authorities or discretions vested in the Trustee under this Deed and from and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Deed or the Plan, other than a claim arising out of a wilful default or a wilful breach of trust by the Trustee.
- 15.3 The Trustee shall not be under any liability whatever except for dishonesty, fraud or wilful default or except for a default or breach of trust wilfully committed by it or by any of its employees or agents.

16 Corporate Trustee

- 16.1 Every Trustee which is a corporation may exercise or agree in exercising any discretion or power given to the Trustee by this Deed by:
- (a) a resolution of that corporation or by a resolution of its Directors or Director; or



- (b) delegating the right and power to exercise or agree in exercising any discretion or power to one or more Directors appointed from time to time for that purpose;

and the Trustee's discretion is deemed exercised when a resolution of the Trustee exercising its discretion or a memorandum of delegation of the exercise by him of a discretion or power on behalf of the Directors or Director has been recorded in the Trustee's Minute Book.

17 Audit of accounts

- 17.1 All accounts and records maintained by the Trustee in connection with the operation of the Plan must be audited annually by the Trustee's auditors.

18 Severance of invalid provisions

- 18.1 If any provision of this Deed is void or invalid for any reason then that provision is severed from this Deed and does not affect the validity or operation of any other provision of this Deed.

19 Variation of Deed

- 19.1 The Trustee and the Company may by deed amend, vary or add to this Deed provided that no such amendment, variation or addition would be likely prejudicially to affect the rights of Participants that are already vested under this Deed and provided that the amendment, variation or addition is approved in accordance with such manner as may be permitted from time to time by the Listing Rules of ASX.

20 Costs and expenses

- 20.1 The Trustee may pay any costs and expenses incurred in the establishment, maintenance or administration of the trusts declared in this Deed out of the Trust Property.
- 20.2 Without limiting clause 20.1, if the Trustee incurs any liability for taxation in relation to any Shares held by the Trustee, or costs in respect of the Trust, the Trustee shall be entitled to pay such tax liability out of the Trust Property.
- 20.3 Subject to clauses 20.1 and 20.2, the Trustee must not levy any fees or charges for operating or administering the trusts declared in this Deed, whether such fees or charges are payable directly by the beneficiaries or out of the Trust Property.

21 Takeover Offer

- 21.1 If a takeover offer is made to acquire the whole or any part of the issued Shares of the Company, a Participant may direct the Trustee to accept the takeover offer in respect of that Participant's Allocated Shares by giving written notice to the Trustee specifying the number of Allocated Shares for the takeover offer is to be accepted. By giving such notice, the Participant irrevocably directs the Trustee to:
- (a) accept the takeover offer in respect of the specified Allocated Shares;
- (b) receive any cash consideration payable in respect of those Allocated Shares; and



- (c) receive any non-cash consideration provided in respect of those Allocated Shares and take all necessary steps to convert such non-cash consideration into cash.

22 Stamp duty

- 22.1 The Company will pay all stamp duty on this Deed.

23 Governing Law

- 23.1 This Deed is governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales in connection with matters concerning this Deed.



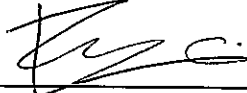
Execution

Executed as a deed.

Signed sealed and delivered

by **Regional Express Holdings Limited**

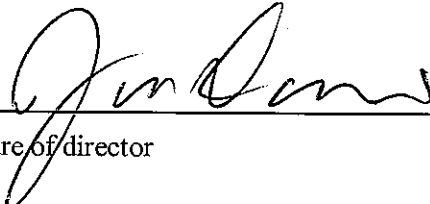
by a director and secretary/director:



Signature of secretary/director

IRWIN TAN

Name of secretary/director (please print)



Signature of director

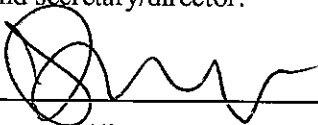
Jim Davis

Managing Director - Operations
Name of director (please print)
REGIONAL EXPRESS HOLDINGS LTD.
1/8 rex Regional Express
ACN 099 547 270

Signed sealed and delivered

by **Rex Investment Holdings Pty Limited**

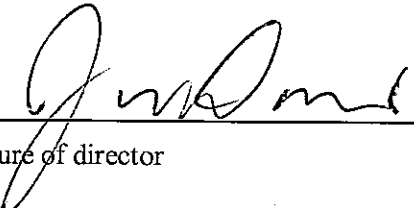
by a director and secretary/director:



Signature of secretary/director

SHAE CALUSA

Name of secretary/director (please print)



Signature of director

Name of director (please print)



**Annexure
The Plan**

