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MEDIA RELEASE

REX SUBSIDIARY PEL-AIR AVIATION AWARDED AUSTRALIAN DEFENSE FORCE CONTRACT

Regional Express (Rex) today announce that wholly owned subsidiary Pel-Air Aviation Pty Ltd (Pel-Air) has been awarded a 3 year contract by the Commonwealth of Australia (Commonwealth) for the provision of jet aircraft services to support Australian Defence Force (ADF) training following the tender exercise conducted by the Commonwealth.

Pel-Air Aviation has been providing jet aircraft services in support of ADF training since 1996. The last contract with the Commonwealth for the provision of these services expired on the 30 June 2011 and Pel-Air continued to provide these services under an interim arrangement while the contract was being finalised.

The new 3-year contract worth approximately AUD47M commences on 1 October 2011 and supersedes the interim arrangement.

Pel-Air COO Danny Foster said, "We are excited at the opportunity to continue the working relationship with the ADF that has been fostered over the last 15 years. We believe that our track record will stand us in good stead for the other major ADF project - JP66 - which Pel-Air tendered for."

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 35 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland.

Pel-Air is a wholly owned subsidiary of Rex and carries out specialised charter work for the resource sectors (Fly-In-Fly-Out operations), Victoria State Government (Air Ambulance contract), Australian Defence Force (training support), Australian Government (passenger transport) and Australian Air Express (freight).

Rex Media Contact: Corporate Communications – +61 402 438 361

