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ASX RELEASE

REX ADJUSTS REGIONAL NETWORK

Rex today confirmed the withdrawal of services from the following five regional centres:

- Bathurst
- Grafton
- Lismore
- Kangaroo Island
- Ballina

Flights to these five centres will cease on June 30, coinciding with the end of the Federal Government's Regional Airline Network Support (RANS) program, except for the Ballina route, which will terminate on July 2.

Two other NSW regional routes are pending further review.

Rex's Deputy Chairman, the Hon John Sharp AM, said, "Rex has faithfully serviced most of these routes for 20 years and some of them for more than 30 years by Rex's predecessor Kendell and Hazelton. So it is with a really heavy heart that we have to announce the cessation of services in an effort to improve Rex's financial performance. Qantas' well-publicised predatory actions on Rex's regional routes have meant that Rex no longer has the ability to cross subsidise these marginal routes".

"It is unfortunate that these regional communities are the collateral damage of Qantas' bullying and heartless behaviour. This behaviour is all the more unconscionable after receiving over \$2 billion in Federal bailouts over the past 2 years."

Rex's remaining regional network will be closely monitored and further adjustments could be announced in the coming months.

This announcement is authorised by Mr Lim Kim Hai, Executive Chairman, Regional Express Holdings Limited.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 60 Saab 340 and 6 Boeing 737-800 NG aircraft to 62 destinations throughout all states in Australia. In addition to the airline Rex, the Rex Group comprises wholly owned subsidiaries Pel-Air Aviation (air freight, aeromedical and charter operator) and the two pilot academies, Australian Airline Pilot Academy in Wagga Wagga and Ballarat.

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