



ASX RELEASE

6 December 2012

PROPOSED SCHEME OF ARRANGEMENT FOR VIRGIN AUSTRALIA TO ACQUIRE SKYWEST RECEIVES SECURITIES INDUSTRY COUNCIL APPROVAL

VIRGIN AUSTRALIA HOLDINGS LTD.

SKYWEST AIRLINES LTD.

(ABN 54 100 686 226)

(Incorporated in the Republic of Singapore) Company Registration No. 199708548K

JOINT ANNOUNCEMENT

The boards of Virgin Australia Holdings Ltd. ("VAH") and Skywest Airlines Ltd. ("Skywest") are pleased to announce that formal approval has been received from the Securities Industry Council of Singapore ("SIC") for the terms of the proposed acquisition of Skywest by VAH (the "Acquisition"). The Acquisition will be undertaken through VAH's wholly-owned subsidiary, VAH Newco No. 2 Pty Ltd ("VAH Sub"), by way of a scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"). As a consequence of the approval from the SIC being received, VAH, VAH Sub and Skywest have today entered into an implementation agreement ("Implementation Agreement") to implement the Scheme.

The Scheme will be proposed under the Companies Act and in accordance with the Singapore Code on Take-overs and Mergers (the "Singapore Code"). The Scheme will involve the acquisition by VAH Sub of all the issued ordinary shares in the capital of Skywest (the "Skywest Shares") held by shareholders of Skywest (the "Skywest Shareholders").

Pursuant to the terms of the Scheme, VAH will pay A\$0.225 in cash (the "Scheme Cash Consideration") and issue 0.53 new ordinary shares in the capital of VAH (the "VAH Consideration Shares") for each Skywest Share.¹

Approval from the SIC represents the satisfaction of a condition for the Acquisition announced on 30 October 2012. Further approvals required for the Acquisition, include, but are not limited to:

- the approval of the Australian Competition and Consumer Commission, the Australian Foreign Investment Review Board and the High Court of the Republic of Singapore (the "Court"); and
- the approval of the Skywest Shareholders at a general meeting to be convened by the Court.

ASX has waived ASX listing rule 7.1 to the extent necessary to permit VAH to issue the VAH Consideration Shares, without obtaining VAH shareholder approval, to Shareholders in connection with the Acquisition.





The Acquisition will enable VAH to fast-track its advancements in growing fly-in-fly-out and regional markets, increasing competition in these segments. It will also enable VAH to offer a fully integrated network service and frequent flyer program. Once acquired, Skywest would become part of the Virgin Australia brand. VAH will invest to support the growth of Skywest, which will benefit jobs, business and tourism, particularly in Western Australia and throughout regional Australia.

In the event that the Scheme becomes effective and binding, the entire issued share capital of Skywest will be acquired by VAH Sub, and applications will be made to the Australian Securities Exchange ("ASX") and the Alternative Investment Market operated by the London Stock Exchange ("AIM") to delist Skywest from the ASX and AIM, respectively.

The directors of Skywest (the "Skywest Directors") will be appointing an independent financial adviser (the "IFA") to advise the Skywest Directors on the Scheme. The Skywest Directors unanimously consider the Scheme to be in the best interests of Skywest Shareholders and have agreed in the absence of a superior offer and subject to the IFA recommending the Scheme, to recommend that Shareholders vote in favour of the Scheme.

Goldman Sachs Australia Pty Ltd ("**Goldman Sachs**") has been appointed as the financial adviser to VAH in relation to the Scheme. Goldman Sachs, as financial adviser to VAH, confirms that sufficient financial resources are available to VAH Sub to satisfy in full the Scheme Cash Consideration to be paid to the Shareholders pursuant to the Scheme.

Further details of the Scheme, including, but not limited to, the terms of the Implementation Agreement, information on the irrevocable undertakings obtained from certain Skywest Shareholders and the holdings and dealings of VAH in Skywest Shares, are set out in the various Schedules to this Announcement.

Full details of the Scheme (including the recommendation of the Skywest Directors along with the advice of the IFA) will be contained in a document (the "**Scheme Document**") to be despatched to the Skywest Shareholders in due course.

VAH and Skywest will keep the market fully informed over the coming months as the implementation of the Scheme progresses. Skywest Shareholders, shareholders of VAH and potential investors should be aware that the implementation of the Scheme is subject to conditions set out in Schedule 2 being fulfilled and thus the Scheme may not become effective.

In the meantime, shareholders are advised to exercise caution when trading in the Skywest Shares or shares of VAH, pending the receipt of the Scheme Document. Persons who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

ENDS





About Skywest Airlines

Skywest Airlines (ASX:SXR, LSE:SKYW) has been in operation for close to 50 years, currently flying to 16 destinations.

Skywest operates flights across regional Western Australia as well as to Darwin, Melbourne and internationally to Denpasar, Bali. With a strong presence in the corporate charter, 'Fly in Fly Out' mining market and Regular Passenger Transport, the airline carries approximately 800,000 passengers annually, servicing business travellers, tourists and regional communities.

Excluding the eight ATR-72 turboprops operated on behalf of Virgin Australia as part of the Australian Regional Airline Network (ARAN), Skywest's fleet includes a total of 20 Airbus A320 jet aircraft, Fokker F100 jet aircraft and Fokker F50 turboprops.

Skywest is a public company incorporated in Singapore and is a diversified airline, aerospace and investment group. Its current principal subsidiary, Skywest Airlines (Australia) Pty Ltd, is a high capacity airline operator and holiday package supplier in the Australasian region, which holds an Australian High Capacity Air Operators Certificate enabling the operation of large commercial aircraft for charter and regular scheduled air passenger traffic. As at the date of this Announcement, the issued and paid-up share capital of Skywest consists of 213,040,000 Skywest Shares. The Skywest Directors are Mr Jeff Chatfield, Mr Ron Aitkenhead, Mr John Jost and Mr Seah Kian Peng.

About Virgin Australia

VAH launched in 2000 and has since established itself as a contemporary, full service airline, with a reputation for exceptional customer service.

The airline employs more than 8,000 people in Australia, New Zealand and the United States. Virgin Australia has strategic alliances with four key airline partners: Air New Zealand, Delta Air Lines, Etihad Airways and Singapore Airlines, providing customers with access to over 400 destinations worldwide. Its domestic and international operations are complemented by Virgin Samoa, a joint venture airline with the Government of Samoa.

VAH operates a fleet of 108 modern Airbus A330, Boeing 777, Boeing 737, Embraer E-Jet and ATR-72 Turboprop aircraft to 34 Australian ports and 17 international destinations including the USA, UAE, New Zealand, Indonesia, Thailand, Papua New Guinea, Solomon Islands, Fiji, Samoa, Tonga, Vanuatu and the Cook Islands.

As at the date of this Announcement, the issued and paid-up share capital of VAH consists of 2,455,775,111 ordinary shares ("VAH Shares") plus 50,718,307 in options. The directors of Virgin Australia are Mr Neil Chatfield, Mr John Borghetti, Mr David Baxby, Mr Joshua Bayliss, Ms Samantha Mostyn, Mr Robert Thomas and The Honourable Mark Vaile.





Virgin Australia contacts

Virgin Australia: Danielle Keighery: +61 400 223 136, Emma Copeman: +61 421 702 193

Skywest Airlines contacts:

Skywest Airlines Ltd

Jeff Chatfield, Executive Chairman: +65 9735 4151

Nominated Adviser

James Joyce, W H Ireland Limited: +44 (0)207 220 1666

Company Stockbroker

W H Ireland Limited: +44 (0)207 220 1670

Financial Public Relations

Bishopsgate Communications: +44 (0)207 562 3350

Nick Rome

skywest@bishopsgatecommunications.com

Media Enquiries in Australia

Brian O'Dwyer: ++65 6252 2077

The Skywest Directors (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all the opinions expressed in this Announcement (other than the facts stated and opinions expressed by or in relation to VAH, VAH Sub, the Virgin group or Goldman Sachs are fair and accurate and that no material facts have been omitted from this Announcement, the omission of which would make any statement in this Announcement misleading, and the Skywest Directors jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Skywest Directors has been to ensure through reasonable enquiries that such information is correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The directors of each of VAH and VAH Sub (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all the opinions expressed in this Announcement (other than the facts stated and opinions expressed by or in relation to Skywest or Goldman Sachs) are fair and accurate and that no material facts have been omitted from this Announcement, the omission of which would make any statement in this Announcement misleading, and the directors of each of VAH and VAH Sub jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of each of VAH and VAH Sub has been to ensure through reasonable enquiries that such information is correctly extracted from such sources or, as the case maybe, reflected or reproduced in this Announcement.





SCHEDULE 1

INFORMATION ON THE SCHEME

1. THE SCHEME

- 1.1 The Scheme will be proposed in accordance with Section 210 of the Companies Act and the Singapore Code to Skywest Shareholders and will involve, *inter alia*, the following:
 - (i) a transfer of all the Skywest Shares held by the Skywest Shareholders to VAH Sub; and
 - (ii) in consideration for the transfer of their Skywest Shares, the Skywest Shareholders will receive:
 - (a) the Scheme Cash Consideration; and
 - (b) the VAH Consideration Shares (computed on an issue price of A\$0.424 for each VAH Consideration Share) (the "VAH Consideration Share Issue Price"),

(collectively, the "Scheme Cash and Securities Consideration") for each Skywest Share transferred. The aggregate cash amount payable to each Skywest Shareholder pursuant to the Scheme Cash Consideration will be rounded down to the nearest whole cent, if applicable. No fraction of any VAH Consideration Share will be issued and instead any fractional entitlements to VAH Consideration Shares will be paid in cash pro-rata based on the VAH Consideration Share Issue Price. The Scheme Cash and Securities Consideration shall be paid to the Skywest Shareholders within 10 days after the effective date of the Scheme (the "Effective Date").

The Scheme will also be extended to all Skywest Shares validly issued pursuant to the exercise of warrants ("Skywest Warrants") granted to the directors and senior management of Skywest.

- 1.2 Pursuant to the Scheme, the Skywest Shares will be transferred (i) fully paid, (ii) free from all charges, mortgages, liens, hypothecations, hire purchases, judgments, encumbrances, easements, security, title retention, preferential rights, trust arrangements or any other security interests and (iii) together with all rights, benefits and entitlements attaching thereto as of the date of this Announcement and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Skywest on or after the date of this Announcement.
- 1.3 The VAH Consideration Shares to be issued shall rank *pari passu* in all respects with the existing ordinary shares in the capital of VAH as at the Effective Date.
- 1.4 For illustrative purposes only, the Scheme Cash and Securities Consideration to be received by Skywest Shareholders pursuant to the Scheme shall be as follows:





Number of Skywest Shares held by Scheme Shareholder as at the record date of the scheme	Amount of Scheme Cash Consideration pursuant to the Scheme	Number of VAH Consideration Shares to be issued to Scheme Shareholder pursuant to Scheme (after Rounding Down)
1,000	A\$225	530
10,000	A\$2,250	5,300
100,000	A\$22,500	53,000
1,000,000	A\$225,000	530,000

1.5 On completion of the Scheme, Skywest will become a wholly-owned subsidiary of VAH Sub and an indirect wholly-owned subsidiary of VAH, and the Skywest Shares will be delisted from the ASX and AIM. Following completion, VAH will undertake a review of the businesses and operations of the Skywest group with a view to aligning such businesses and operations with those of the VAH group. Skywest will continue to operate under its current Air Operator's Certificate ("AOC") with its own CEO and management team, based in Western Australia. Pending this review, VAH currently has no immediate plans to (i) introduce any major changes to the businesses of the Skywest group, (ii) make any major disposal or redeployment of assets (including the fixed assets of the Skywest group) or (iii) discontinue the employment of the employees of the Skywest group, other than in the ordinary course of business and as required through the integration process. Nonetheless, VAH retains its right to consider options or opportunities which may present themselves, or be required, and which VAH regards to be in the best interests of VAH and the Skywest business.

2. WARRANTS PROPOSAL

2.1 As at the date of this Announcement, other than those held by the VAH group listed in Schedule 8, there are 6,500,000 Skywest Warrants entitling holders of the Skywest Warrants to subscribe for a total of 6,500,000 Skywest Shares as follows:

Skywest Warrantholder	Number of Skywest Shares under Skywest Warrant	Date of Grant	Date of Expiry	Exercise Price
Mr Jeff Chatfield	3,000,000	12 December 2011	11 December 2013	25.78 pence
Mr Ron Aitkenhead	300,000	12 December 2011	11 December 2013	25.78 pence
Mr Mark Shelton	1,200,000	17 February 2012	1 January 2014	25.78 pence





Skywest Warrantholder	Number of Skywest Shares under Skywest Warrant	Date of Grant	Date of Expiry	Exercise Price
Brian O'Dwyer	1,000,000	8 November 2012	11 December 2013	25.78 pence
Jason Bitter	600,000	8 November 2012	11 December 2013	25.78 pence
Duncan Scott	400,000	8 November 2012	11 December 2013	25.78 pence

2.2 VAH Sub will not make an offer to acquire any Skywest Warrants which have not been validly exercised and the holder registered as a Skywest Shareholder prior to or on the Record Date (as defined in paragraph 4 below). Instead, VAH Sub will make an appropriate proposal to the holders of the Skywest Warrants (the "Skywest Warrantholders") that, in consideration for such Skywest Warrantholders agreeing not to exercise any of their rights as a holder of the relevant Skywest Warrants and agreeing to surrender their relevant Skywest Warrants, such holder will receive a cash amount for each Skywest Warrant (the "Warrants Proposal"). Further details of the Warrants Proposal will be provided in due course.

3. REGULATORY APPROVALS

- 3.1 The SIC has confirmed, *inter alia*, that
 - (i) Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Singapore Code do not apply to the Scheme, subject to the following conditions:
 - (a) the common substantial shareholders of VAH Sub and Skywest abstain from voting on the Scheme;
 - (b) VAH Sub and its concert parties abstain from voting on the Scheme;
 - (c) the directors of Skywest who are also directors of VAH Sub abstain from making a recommendation on the Scheme to Skywest Shareholders;
 - (d) Skywest appoints an independent financial adviser to advise the Skywest Shareholders on the Scheme;
 - (e) the Scheme Document contains advice to the effect that by voting for the Scheme, the Skywest Shareholders are agreeing to VAH Sub and its concert parties acquiring or consolidating effective control of Skywest without having to make a general offer for Skywest; and
 - (f) the Scheme Document discloses the names of VAH Sub and its concert parties, their current voting rights in Skywest as of the latest practicable date and their voting rights in Skywest after the Scheme;





- (ii) it has no objections to the Conditions Precedent (as defined in paragraph 4 below); and
- (iii) VAH Sub is permitted to preserve the right to, subject to prior consultation with the SIC, implement the Acquisition by way of an Offer (as defined in paragraph 5 below), subject to disclosure in this Announcement and the Scheme Document of the fact that VAH Sub reserves the right to proceed via the Offer.
- 3.2 The Scheme will also be subject to the approval of all relevant regulatory authorities, including the Foreign Investment Review Board of Australia, the Australian Competition and Consumer Commission, the Court, the ASX and AIM, as stated in paragraph 4 below.

4. CONDITIONS PRECEDENT

4.1 The Scheme is conditional upon the satisfaction of a number of conditions precedent (the "Conditions Precedent") which are set out in Schedule 2 to this Announcement ("Schedule 2").

Pursuant to the terms of the Implementation Agreement, the Implementation Agreement may be terminated at any time on or prior to the date falling on the business day immediately preceding the Effective Date (the "**Record Date**") subject to the prior consultation with or approval of, as may be applicable, the SIC:

- (i) <u>Court Order</u>: by either VAH Sub or Skywest, if any court of competent jurisdiction or governmental agency has issued an order, decree, or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Acquisition or any part thereof, or has refused to do anything necessary to permit the Scheme, the Acquisition or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (ii) Shareholders' Approval: by VAH Sub or Skywest, if the resolution(s) submitted to the meeting of the Skywest Shareholders to be convened by the Court to approve the Scheme (the "Court Meeting") are not approved (without amendment) by the requisite majorities; and
- (iii) <u>Breach</u>: by either (a) VAH Sub, if Skywest is in material breach of any provision of the Implementation Agreement or has failed to perform and comply in all respects with any of the matters referred to in paragraph 9 of Schedule 2 on or prior to the Record Date, or (b) Skywest, if VAH Sub is in material breach of any provision of the Implementation Agreement or has failed to perform and comply in all respects with any of the matters referred to in paragraph 10 of Schedule 2 on or prior to the Record Date, provided that either VAH Sub or Skywest, as the case may be, has given written notice to the other party of such breach (the "**Notice of Breach**"). In such circumstance, the party in default (the "**Defaulting Party**") will be given a period of 14 days from the date of the Notice of Breach (or such longer period as may be agreed





to by the party not in default (the "Non-Defaulting Party") in writing) (the "Remedy Period") to remedy such breach (insofar as capable of remedy) to the reasonable satisfaction of the Non-Defaulting Party. If such breach is not remedied to the reasonable satisfaction of the Non-Defaulting Party by the expiry of the Remedy Period, the Non-Defaulting Party will be entitled to terminate the Implementation Agreement by notice in writing to the Defaulting Party, provided that no party may terminate the Implementation Agreement if that party is in material and continuing breach of any provision of the Implementation Agreement.

An extract of the representations and warranties of each of VAH Sub and Skywest provided in the Implementation Agreement are set out in Schedules 3 and 4 to this Announcement. The representations and warranties by Skywest set out in Schedule 4 to this Announcement are subject to certain disclosures made by Skywest in a disclosure letter to VAH Sub dated 6 December 2012 which sets out certain information constituting exceptions to such representations and warranties.

- 4.2 Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement will terminate if any of the Conditions Precedent has not been satisfied (or where applicable, has not been waived) by 30 April 2013 (the "Long-Stop Date") except that:
 - in the event of any non-fulfilment of the conditions precedent in paragraphs 6, 8 and 9
 of Schedule 2, VAH Sub can only rely on such non-fulfilment of any such condition
 precedent to terminate the Implementation Agreement after consultation with the SIC;
 and
 - (ii) in the event of any non-fulfilment of the conditions precedent in paragraphs 7 and 10 of Schedule 2, Skywest can only rely on such non-fulfilment of any such condition precedent to terminate the Implementation Agreement after consultation with the SIC.

A list of Prescribed Occurrences relating to each of VAH (and its subsidiaries) and Skywest (and its subsidiaries) are set out in Schedules 5 and 6 to this Announcement respectively.

4.3 In the event that VAH Sub terminates the Implementation Agreement by reason of the Prescribed Occurrence relating to Skywest set out in paragraph 15 of Schedule 6 to this Announcement resulting in a non-fulfilment of the condition precedent set out in paragraph 6 of Schedule 2, VAH Sub has agreed to pay Skywest a sum of A\$3,250,000 (without withholding or set-off) within 10 business days of the date of termination of the Implementation Agreement.

5. SWITCH OPTION

Pursuant to the terms of the Implementation Agreement, VAH Sub may at its discretion elect at any time prior to the date of the Court Meeting, in compliance with the Singapore Code and subject to prior consultation with (and where applicable) approval of the SIC:





- (i) to implement the Acquisition by way of a pre-conditional or formal voluntary conditional cash and/or scrip offer (the "Offer"). In such event, VAH will make the Offer on the same or better terms as those which apply to the Scheme, including without limitation, the same or higher consideration than the Scheme Cash and Securities Consideration and an acceptance condition set at more than 50 per cent. or such higher percentage as VAH Sub may decide, of the Skywest Shares to which the Offer relates; and
- (ii) in the event of a firm competing offer from a third party for all the Skywest Shares other than those held by such third party and parties acting in concert with such third party, at a price higher than the Scheme Cash and Securities Consideration and which carries no additional conditions other than those necessary for the implementation of the competing offer, to proceed by way of an Offer (in the manner described in paragraph 5(i) above).

(the "Switch Option").

6. IRREVOCABLE UNDERTAKINGS

6.1 Certain Skywest Shareholders (the "**Undertaking Shareholders**") have each given separate irrevocable undertakings to VAH Sub (collectively, the "**Irrevocable Undertakings**") to, *inter alia*, vote, or procure the voting of, the Skywest Shares set out in the respective Irrevocable Undertakings, in favour of the Scheme at the Court Meeting, on and subject to the terms set out in their respective Irrevocable Undertakings.

In the event that VAH Sub exercises the Switch Option, the Undertaking Shareholders will, subject to the terms and conditions set out in their irrespective Irrevocable Undertakings, accept or procure acceptance of the Offer in respect of all Skywest Shares set out in the respective Irrevocable Undertakings.

Where the Undertaking Shareholders are Skywest Directors, such Undertaking Shareholders have also undertaken to recommend that Skywest Shareholders vote in favour of the Scheme or accept the Offer, as the case may be, in the absence of a superior offer and subject to the receipt by the Skywest Directors of an opinion from the IFA appointed under Rule 7.1 of the Singapore Code advising that the Skywest Directors recommend that the Skywest Shareholders approve the Scheme or accept the Offer, as the case may be.

A list of the Undertaking Shareholders is set out in Schedule 7 to this Announcement.

The Irrevocable Undertakings shall lapse (i) on the date of completion of the Acquisition or (ii) the date on which VAH withdraws from the Acquisition, whichever is the earlier.

Further, for the purposes of the Irrevocable Undertakings (other than the Irrevocable Undertaking given by Mr Jeff Chatfield), in the event there is a superior offer, VAH shall be deemed to have withdrawn from the Acquisition if VAH does not make an announcement of its proposal to proceed with the Acquisition on terms which will provide a superior outcome for





Skywest Shareholders ("VAH Counterproposal") than such superior offer (it being acknowledged that the price or value implied by the VAH Counterproposal does have to be above, but does not have to be materially above, the price or value implied by such superior offer and the other terms and conditions of the VAH Counterproposal taken as a whole are not less favourable than those in the superior offer) within five business days prior to, as the case may be (a) the expiry of the superior offer (in the event the superior offer is effected by way of a general offer) or (b) the date of the court meeting (in the event the superior offer is effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act).

7. DISCLOSURES

Save as disclosed in this Announcement (including, *inter alia*, Schedule 8 to this Announcement), as at the date of this Announcement, none of VAH, VAH Sub and, to the best of the knowledge and belief of VAH and VAH Sub, none of any of the parties acting in concert with VAH (including Goldman Sachs):

- (i) owns, controls or has agreed to acquire any Skywest Securities (as defined below) or VAH Securities (as defined below);
- (ii) has dealt for value in any Skywest Securities or VAH Securities during the threemonth period immediately preceding 5 December 2012;
- (iii) has granted any security interest in any Skywest Securities or VAH Securities to another person, whether through a charge, pledge or otherwise;
- (iv) has borrowed any Skywest Securities or VAH Securities from another person (excluding borrowed securities which have been on-lent or sold); or
- (v) has lent to another person any Skywest Securities or VAH Securities.

For the purposes of this Announcement, "Skywest Securities" means Skywest Shares or securities which carry voting rights, convertible securities, warrants, options or derivatives in respect of Skywest Shares or securities which carry voting rights, and "VAH Securities" means VAH Shares or securities which carry voting rights, convertible securities, warrants, options or derivatives in respect of VAH Shares or securities which carry voting rights.

8. SKYWEST SHAREHOLDERS NOT RESIDENT IN SINGAPORE, AUSTRALIA OR THE UNITED KINGDOM

The applicability of the Scheme to persons not resident in Singapore or Australia or the United Kingdom may be affected by the laws of the relevant jurisdiction. Skywest Shareholders who are not resident in Singapore or Australia or the United Kingdom should inform themselves about and observe any applicable requirements. Further details in relation to the overseas shareholders will be contained in the Scheme Document.





Conditions Precedent

The Conditions Precedent in the Implementation Agreement are reproduced in this Schedule 2. All capitalised terms used herein shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Skywest during normal business hours until the date the Scheme becomes effective.

The Acquisition is conditional upon the following:

- (1) **Scheme:** the approval of the Scheme by the Shareholders in compliance with the requirements of Section 210(3) of the Companies Act;
- (2) **Scheme Court Order:** the grant of the Scheme Court Order by the Court and such Scheme Court Order having become final;
- (3) ACRA Registration: the registration of the Scheme Court Order with ACRA;
- (4) **Regulatory Approvals:** the receipt of all Regulatory Approvals prior to the Condition Precedent Satisfaction Date, and such approvals not being revoked or withdrawn on or before the Record Date, including without limitation, the following:
 - (a) **SIC Confirmation:** confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, and 33.2 and Note 1(b) to Rule 19 of the Code shall not apply to the Scheme subject to any conditions the SIC may deem fit to impose;
 - (b) **FIRB:** the Treasurer of the Commonwealth of Australia:
 - (i) Approval: gives (either himself or by his delegate) an approval under the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA") to the proposed acquisition of Company Shares by the Acquiror, and that approval is not subject to conditions, or is subject only to conditions that the Acquiror reasonably considers to be acceptable;
 - (ii) No Objection: provides (either himself or by his delegate) written advice or confirmation that there is no objection to the proposed acquisition of Company Shares by the Acquiror under the FATA or the foreign investment policy of the Australian Government, and that advice or confirmation is not subject to conditions, or is subject only to conditions that the Acquiror reasonably considers to be acceptable; or
 - (iii) Expiry of Notice Period: ceases to be empowered to make any order under Part II of the FATA in respect of the proposed acquisition of Company Shares by the Acquiror;





- (c) **ACCC:** one of the following occurs:
 - (i) the ACCC advises the Acquiror that:
 - (A) it does not intend to oppose or intervene in the proposed arrangement advised to the ACCC and as set out in the Scheme Document; or
 - (B) it does not intend to oppose or intervene in the proposed arrangement advised to the ACCC as set out in the Scheme Document, subject to undertakings that are acceptable to the Acquiror, acting in its reasonable discretion; or
 - (ii) the Australian Competition Tribunal grants to the Acquiror an authorisation in relation to the Scheme, pursuant to section 95AT of the Competition and Consumer Act or approval is otherwise obtained from the Australian Competition Tribunal or the Federal Court of Australia; and
- (d) Other Regulatory Approvals: all such consents, waivers and approvals required from ASX or AIM (whether pursuant to the Listing Rules or otherwise) to implement the Scheme are granted or obtained and such consents, waivers and approvals are not withdrawn, cancelled or revoked.
- (5) Quotation Approval for Consideration Shares: before the Condition Precedent Satisfaction Date, ASX provides approval for the official quotation of all the Consideration Shares to be issued pursuant to the Scheme, subject to any conditions that ASX may reasonably require, including customary pre-quotation conditions and conditions relating to the Scheme becoming effective in accordance with its terms;
- (6) **No Company Prescribed Occurrence:** between the date of this Agreement and the Record Date, no Company Prescribed Occurrence in relation to the Group occurs other than as required by this Agreement or the Acquisition;
- (7) **No VAH Prescribed Occurrence:** between the date of this Agreement and the Record Date, no VAH Prescribed Occurrence in relation to VAH or the Acquiror other than as required by this Agreement or the Acquisition;
- (8) **Company Board Recommendation:** the Company Board has, in the Acquisition Announcement and the Scheme Document, unanimously stated that it considers the Scheme to be in the best interests of Shareholders and recommended that Shareholders approve the Scheme, in the absence of a Superior Offer and subject to receipt by the Company Board of an opinion from the Singapore independent financial adviser appointed under Rule 7.1 of the Code (the "**IFA**") advising that the Company Board should recommend that Shareholders approve the Scheme, and the Company Board has not withdrawn, qualified or varied those





statements or recommendations before the Scheme is approved by the requisite majorities of Shareholders. The Company acknowledges and agrees that in respect of its appointment of the IFA, the terms of reference for the IFA pursuant to such appointment shall require, and the Company shall procure that such terms of reference shall require, the IFA in its opinion to advise the Company Board whether to recommend that Shareholders approve the Scheme;

(9) Company Representations, Warranties and Covenants:

- (a) the representations and warranties of the Company set out in this Agreement that:
 - (i) are qualified as to materiality being true and correct; and
 - (ii) are not qualified as to materiality being true and correct in all material respects,

in each case as of the date of this Agreement except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date); and

(b) the Company shall have, as of the Record Date, performed and complied in all material respects with all covenants and agreements contained in this Agreement which are required to be performed by or complied with by it, on or prior to the Record Date;

(10) Acquiror Representations, Warranties and Covenants:

- (a) the representations and warranties of the Acquiror set out in this Agreement that:
 - (i) are qualified as to materiality being true and correct; and
 - (ii) are not qualified as to materiality being true and correct in all material respects,

in each case as of the date of this Agreement except to the extent any such representation and warranty expressly relates to an earlier date (in which case as of such earlier date); and

(b) the Acquiror shall have, as of the Record Date, performed and complied in all material respects with all covenants and agreements contained in this Agreement which are required to be performed by or complied with by it, on or prior to the Record Date; and





(11) **No legal or regulatory restraint:** between the date of this Agreement and up to the Record Date, no injunction or other order being issued by any Governmental Agency or by any court of competent jurisdiction or other legal or regulatory restraint, prohibition or condition preventing the consummation of the Acquisition or the implementation of the Scheme or proposed transactions relating to the Scheme, being in effect;





Representations and Warranties of VAH Sub

The representations and warranties of VAH Sub in the Implementation Agreement are reproduced in this Schedule 3. All capitalised terms used herein shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Skywest during normal business hours until the date the Scheme becomes effective.

VAH Sub represents and warrants that:

1. VAH Group Companies

1.1 Incorporation

Each of the VAH Group companies is a company duly incorporated and validly existing under its law of incorporation. VAH and/or the respective VAH Group company, as the case may be, is the legal and beneficial owner of the equity interest (as such percentage equity interests are disclosed in the latest annual report of VAH for FY2012) of the VAH Group companies (other than VAH or as disclosed in the audited FY2012 financial statements of VAH) held by the VAH Group.

1.2 VAH Shares

All the issued VAH Shares have been duly authorised and validly issued, and are fully paid-up and rank *pari passu* in all respects with each other. All the Consideration Shares, when issued, shall be duly authorised and validly issued.

1.3 Solvency

Each VAH Group company is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against any VAH Group company for the winding up, dissolution or termination of that VAH Group company or for the appointment of a liquidator, receiver, administrator, or similar officer over any or all of VAH Group company's assets.

2. Accounts

As far as the Acquiror is aware and save as disclosed, there have been no material adverse changes in the financial position of the VAH Group since 28 September 2012.





3. Legal Matters

3.1 Compliance with Laws

Each of VAH, VAA and the Acquiror has carried on and is carrying on its business and operations so that there have been no breaches in any material respect of applicable laws, regulations and bye-laws in each country in which they are carried on that would have a material adverse effect upon the VAH Group and its business taken as a whole, except that where any breach arises by reason only of any law, regulation and/or bye-law having been enacted after the date of this Agreement which has retrospective effect, such company shall not be regarded as having been in breach of this paragraph 3.1 to the extent that such company (i) takes all reasonable steps to comply with, and/or (ii) seeks a waiver from having to comply with, such law, regulation and/or bye-law

3.2 Licences and Consents

All statutory, municipal and other licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities ("VAH Licences") necessary for the carrying on of the businesses and operations of each of the Acquiror Group companies have been obtained, are in full force and effect and all conditions applicable to any such VAH Licence have been and are being complied with in all material respects, unless the failure to obtain any such VAH Licence does not have a material adverse effect upon the VAH Group and its business taken as a whole.

4. Litigation

- As of the date of this Agreement, no litigation, arbitration or administrative proceeding which has or could have a material adverse effect upon the VAH Group and its business taken as a whole, is current or pending or, so far as Acquiror is aware, threatened, to restrain the entry into, exercise of Acquiror's or VAH's rights under and/or performance or enforcement of or compliance with its obligations under this Agreement.
- 4.2 No litigation, arbitration or administrative proceeding is current or pending or, so far as Acquiror is aware, threatened, which has or could have a material adverse effect upon the VAH Group and its business taken as a whole.

5. Contractual Arrangements

The Acquiror is not aware of any circumstances that exist which may entitle the Civil Aviation Safety Authority to withdraw or suspend VAH's AOC or impose any new restrictions on the AOC.





6. Power

Each of the Acquiror and VAH has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

7. Authority

Each of the Acquiror and VAH has taken all necessary corporate action and obtained all necessary corporate approval to authorise the entry into this Agreement and the performance of this Agreement and to carry out the transactions contemplated in this Agreement.

8. Binding Obligation

Each of the Acquiror's and VAH's obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

9. No Breach

Neither the execution nor performance by the Acquiror of this Agreement nor any transaction contemplated under this Agreement will violate any provision of their constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to the VAH, Acquiror or its assets, or any agreement or instrument to which the Acquiror or VAH is a party or by which the Acquiror, VAH or its assets are bound.





Representations and Warranties of Skywest

The representations and warranties of Skywest in the Implementation Agreement are reproduced in this Schedule 4. All capitalised terms used herein shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Skywest during normal business hours until the date the Scheme becomes effective.

The Company represents and warrants that:

1. Group Companies

1.1 Incorporation

Each of the Group Companies is a company duly incorporated and validly existing under its law of incorporation. The Company and/or the respective Group Company, as the case may be, is the legal and beneficial owner of the equity interest (as such percentage equity interests are disclosed in the latest annual report of the Company for FY2012) of the Group Companies (other than the Company or as disclosed in the Audited FY2012 Financial Statements) held by the Group and holds such equity interest-free from any Encumbrances.

1.2 Company Shares

- 1.2.1 All the issued Company Shares have been duly authorised and validly issued, and are fully paid-up and rank pari passu in all respects with each other. The Company is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by this Agreement or in accordance with the terms of the Company Warrants.
- 1.2.2 As at the date of this Agreement, there are (i) 6,500,000 unexercised Company Warrants and (ii) 6,410,000 warrants owned by VB Investco Pty Ltd to subscribe for Company Shares. For the avoidance of doubt the aggregate number of Company Shares to be issued pursuant to the Company Warrants shall not exceed 6,500,000 Company Shares.

1.3 Solvency

Each Group Company is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against any Group Company for the winding up, dissolution or termination of that Group Company or for the appointment of a liquidator, receiver, administrator, or similar officer over any or all of that Group Company's assets.





2. Full Disclosure

All information contained in this Agreement and the Disclosure Letter and all other information which has been given in writing by or on behalf of the Group to the Acquiror or its agents, directors, officers, representatives and advisers in the course of due diligence or other investigations carried out by or on behalf of the Acquiror prior to entering into this Agreement was when given true and accurate in all material respects and not misleading in any material respect and as of the date of this Agreement, so far as the Company is aware, there is no fact, matter or circumstance in existence which renders or will render any such document and/or information untrue, inaccurate or misleading in any material respect.

3. Accounts

3.1 Accounts

The Audited FY2012 Financial Statements have been properly drawn up in accordance with the Companies Act and the International Financial Reporting Standards. The Audited FY2012 Financial Statements give a true and fair view of the state of affairs of the Group as at 30 June 2012, and the results of operations and the cash flow of the Group for the year ended 30 June 2012, and as at that date make adequate provision for all actual liabilities and proper provision for all contingent liabilities, including but not limited to, adequate maintenance and end-of-lease provisions for all aircraft owned or leased by the Group.

3.2 Changes since 30 June 2012

As far as the Company is aware and save as disclosed, there have been no material adverse changes in the financial position of the Group since 30 June 2012 and, in particular:

- 3.2.1 its business has been carried on solely in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern, save and except for events that may occur as a result of an act of God;
- 3.2.2 it has not entered into any material transaction or assumed or incurred any material liabilities (including contingent liabilities) or made any material payment or given any guarantee, indemnity or suretyship not provided for in the Audited FY2012 Financial Statements otherwise than in the ordinary and usual course of carrying on its business;
- 3.2.3 it has not entered into any unusual, long term and onerous commitments and contracts that would have a material adverse effect on the business, operations, assets and/or financial condition of the Group taken as a whole; and
- 3.2.4 none of the Group Companies has entered into or proposed to enter into any capital commitments other than in the ordinary course of business.





3.3 Absence of Undisclosed Liabilities

There are no material liabilities (including contingent liabilities) of any of the Group Companies which are outstanding on the part of such Group Company, other than (i) liabilities disclosed or provided for in the Audited FY2012 Financial Statements; (ii) liabilities disclosed elsewhere in this Agreement; or (iii) liabilities incurred in the ordinary and usual course of business, since 30 June 2012, none of which is material.

4. Legal Matters

4.1 Compliance with Laws

- 4.1.1 Each of the Group Companies has carried on and is carrying on its business and operations so that there have been no breaches in any material respect of applicable laws, regulations and bye-laws in each country in which they are carried on that where any breach arises by reason only of any law, regulation and/or bye-law having been enacted after the date of this Agreement which has retrospective effect, such Group Company shall not be regarded as having been in breach of this paragraph 4.1 to the extent that such Group Company (i) takes all reasonable steps to comply with, and/or (ii) seeks a waiver from having to comply with, such law, regulation and/or bye-law.
- 4.1.2 There have not been and there are no material breaches by any Group Company of its constitutional documents.
- 4.1.3 As at the date of this Agreement, the Company is not aware of any investigation or enquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or regulatory body outstanding or anticipated by any Group Company or any person for whose acts or defaults it may be vicariously liable which has had or may have a material adverse effect upon its assets or business.
- 4.1.4 As of the date of this Agreement, there is no notice or other communication (official or otherwise) from any court, tribunal, arbitrator, governmental agency or regulatory body with respect to an alleged, actual or potential violation of and/or failure to comply with any such applicable law, regulation, bye-law or constitutional document, or requiring it to take or omit any action which has had or may have a material adverse effect upon its assets or business.

4.2 Licences and Consents

4.2.1 All statutory, municipal and other licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities ("Company Licences") necessary for the carrying on of the businesses and operations of each of the Group Companies have been obtained, are in full force and effect and all conditions applicable to any such Company Licence have been and are being





complied with in all material respects, unless the failure to obtain any such Company Licence does not have a material adverse effect upon the assets or business of the relevant Group Company.

- 4.2.2 As of the date of this Agreement, as far as the Company is aware, there is no investigation, enquiry or proceeding outstanding or anticipated which will or is likely to result in the suspension, cancellation, modification or revocation of any of the Company Licences.
- 4.2.3 None of the Company Licences has been breached or, as far as the Company is aware, is likely to be suspended, cancelled, refused, modified or revoked (whether as a result of the entry into this Agreement or otherwise), except that where any breach arises by reason only of any changes to the Company Licence imposed by the relevant authority and/or any changes to any applicable law, regulation and/or byelaw between the date of this Agreement and the Record Date which has retrospective effect, such Group Company shall not be regarded as having been in breach of this paragraph 4.2.3 if such Group Company takes all reasonable steps to comply with such changes to the Company Licence immediately thereafter.
- 4.2.4 Except as expressly provided for in this Agreement and save as otherwise disclosed in the Disclosure Letter, all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of consents from third parties) in order (a) to enable each Group Company lawfully to enter into, exercise its rights and perform and comply with its obligations under this Agreement and (b) to ensure that those obligations are valid, legally binding and enforceable have been taken, fulfilled and done.

4.3 Litigation

- 4.3.1 As of the date of this Agreement, no litigation, arbitration or administrative proceeding is current or pending or, so far as Company is aware, threatened, to restrain the entry into, exercise of Company's rights under and/or performance or enforcement of or compliance with its obligations under this Agreement.
- 4.3.2 No litigation, arbitration or administrative proceeding is current or pending or, so far as Company is aware, threatened, which has or could have a material adverse effect on the Group taken as a whole.

4.4 Power

The Company has the corporate power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.





4.5 Authority

The Company has all the necessary corporate power and authority to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.

4.6 Binding Obligation

The Company's obligations under this Agreement are valid, legally binding and enforceable in accordance with its terms.

5. Contractual Arrangements

5.1 Capital Commitments

Between 30 June 2012 and the date of this Agreement, there are no capital commitments entered into or proposed by any of the Group Companies in excess of A\$500,000 other than in the ordinary course of business.

5.2 Debts, Contracts and Arrangements with Connected Persons etc.

Save as disclosed in the Disclosure Letter and in the Audited FY2012 Financial Statements, there is no related party transaction between any Group Company and a related party of the Company.

5.3 Effect of the Acquisition

Save as disclosed in the Disclosure Letter, the execution and delivery of, and the performance by Company of its obligations under this Agreement and the transactions contemplated hereunder:

- 5.3.1 do not and will not result in a breach of any provision of the Memorandum or Articles of Association or the constitutional documents of any Group Company;
- 5.3.2 do not and will not conflict with or result in the breach of or constitute a default under any agreement or instrument to which any Group Company is now a party, or any loan to or mortgage created by any Group Company, or relieve any other party to a contract with any Group Company of its obligations under such contract, or entitle such party to terminate or modify such contract, whether summarily or by notice, or result in the creation of any Encumbrance under any agreement, licence or other instrument, or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which any Group Company is a party or by which any Group Company or any of their respective assets is bound unless such conflict, breach or default does not result in a material adverse effect upon its assets or business; or





5.3.3 will not result in any amount or benefits which are paid or given or will be paid or given by any member of the Group to any of its directors or employees which in aggregate will result in a material adverse effect upon its assets or business.

5.4 Contracts

- 5.4.1 No Group Company is, or has been, a party to any contract or transaction which:
 - (i) is outside the ordinary and usual course of business;
 - (ii) is not wholly on an arm's length basis; and
 - (iii) is of a loss-making nature (that is, known to be likely to result in a material loss on completion of performance).
- 5.4.2 Save as disclosed in the Disclosure Letter, none of the Group Companies:
 - (i) is, or has agreed to become a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement or any agreement or arrangement which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;
 - (ii) is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association; or
 - (iii) is, or has agreed to become, a party to any agreement or arrangement for participating with others in any business, sharing commissions or other income, otherwise than in the ordinary course of business.

5.5 Compliance with Agreements

- 5.5.1 All the contracts and all leases, tenancies, licences, concessions and agreements (breach of which will have a material adverse effect on the relevant Group Company) to which any of the Group Companies is a party are valid, binding and enforceable obligations of relevant Group Company, and the terms thereof have been complied with by the relevant Group Company.
- 5.5.2 The Company is not aware of any circumstances that exist which may entitle the Civil Aviation Safety Authority to withdraw or suspend the Company's AOC or impose any new restrictions on the AOC. Save as disclosed, all aircraft owned, leased or utilised by any Group Company pursuant to any other arrangement are available for operations as authorised under the Company's AOC.
- 5.5.3 As of the date hereof, there are no circumstances likely to give rise to any breach of such terms, breach of which has had a material adverse effect upon the assets and business of the relevant Group Company, and the Group Company has not done or





omitted to do anything which gives rise to grounds for rescission, avoidance or repudiation of any of the contracts or such leases, tenancies, licences, concessions or agreements and no notice of termination or of intention to terminate has been received in respect of any thereof.

5.6 Guarantees etc.

Save as disclosed in the Audited FY2012 Financial Statements, there is not outstanding any guarantee, indemnity, suretyship or comfort (whether or not legally binding) given by or for the benefit of any Group Company, other than in the ordinary course of business.

6. No Breach

Neither the execution nor performance by the Company of this Agreement nor any transaction contemplated under this Agreement will violate or accelerate the obligations of it or of any of its subsidiaries under any order, writ, injunction or decree of any Governmental Agency applicable to the Company or its assets, the effect of which has had or may have a material adverse effect upon the assets or business of the Company.

7. Taxation Matters

7.1 Returns, Information and Clearances

- 7.1.1 Each Group Company has complied in all material respects with all applicable tax laws, regulations, concessions, consents and/or clearances imposed by the relevant Taxation authorities.
- 7.1.2 As of the date of this Agreement, no Group Company has done or omitted to do anything since any application for any concession, consent or clearance from any Taxation authority that was made which might reasonably be expected to cause such concession, consent or clearance to be or become invalid, or to be withdrawn by the relevant Taxation authorities.
- 7.1.3 The Company will not take or omit to take any action that will cause such consent or clearance to be or become invalid, or to be withdrawn by the relevant Taxation authorities.





7.2 Company Residence

Each Group Company has been resident for tax purposes in its country of incorporation and nowhere else at all times since its incorporation, and will be so resident at the Record Date.

8. Assets (including Properties)

8.1 Subsidiaries, Associates and Branches

Save as disclosed in the Disclosure Letter and save as permitted under this Agreement, no Group Company:

- 8.1.1 is the holder or beneficial owner of, or has agreed to acquire, any share or loan capital of any other company (whether incorporated in Singapore or elsewhere); or
- 8.1.2 has any branch, agency, division, establishment or operations outside the jurisdiction in which it is incorporated.

8.2 Title to Assets

- 8.2.1 All assets of each Group Company which are included in the Audited FY2012 Financial Statements are the absolute property of such Group Company and all such assets and all assets and debts which have subsequently been acquired or arisen are the absolute property of such Group Company and none is the subject of any assignment or Encumbrance (excepting only liens arising by operation of law in the normal course of trading), or the subject of any factoring arrangement, hire purchase, conditional sale or credit sale agreement.
- 8.2.2 All such assets are, where capable of possession, in the possession of or under the control of the relevant Group Company, or the relevant Group Company is entitled to take possession or control of such assets.
- 8.2.3 Any assets held under lease by a Group Company is held under a valid, subsisting and enforceable lease agreement and such Group Company is in compliance in all respects with the terms of such leases.

8.3 Insurance

All the assets of each of the Group Companies which are capable of being insured have at all material times been, and are insured to the full replacement value thereof against fire and other risks normally insured against by companies carrying on similar businesses or owning assets of a similar nature.





8.4 Title to Properties

- 8.4.1 The title to all real property owned by each Group Company is good and properly deduced, and in each case free from any Encumbrances.
- 8.4.2 Any real property in Singapore and elsewhere which is held under lease by a Group Company, is held under a valid, subsisting and enforceable lease/tenancy agreement with such exceptions as do not materially interfere with the use or proposed use of such property and buildings.





Prescribed Occurrences relating to VAH or VAH Sub

The prescribed occurrences relating to VAH or VAH Sub in the Implementation Agreement are reproduced in Schedule 5. All capitalised terms used herein shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Skywest during normal business hours until the date the Scheme becomes effective.

For the purposes of this Announcement, "**Prescribed Occurrence**" in relation to VAH or VAH Sub means any of the following:

- (1) **Conversion of Company Shares:** VAH converting all or any of its shares into a larger or smaller number of shares;
- (2) **Share Buy-back:** VAH entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Corporations Act or the equivalent companies or securities legislation;
- (3) **Reduction of Share Capital:** VAH resolving to reduce its share capital in any way;
- (4) **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by VAH or the Acquiror;
- (5) **Resolution for Winding Up:** VAH, VAA or the Acquiror resolving that it be wound up;
- (6) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of VAH, VAA or the Acquiror;
- (7) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of VAH, VAA or the Acquiror;
- (8) **Composition:** VAH, VAA or the Acquiror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (9) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of VAH, VAA or the Acquiror;
- (10) **Insolvency:** VAH, VAA or the Acquiror becoming or being deemed by law or a court to be insolvent;
- (11) **Cessation of Business:** VAH, VAA or the Acquiror ceases or threatens to cease for any reason to carry on business in the usual course;





- (12) **Deregistration:** VAH, VAA or the Acquiror is deregistered as a company or otherwise dissolved; or
- (13) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).





Prescribed Occurrences relating to Skywest

The prescribed occurrences relating to Skywest in the Implementation Agreement are reproduced in this Schedule 6. All capitalised terms used herein shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Skywest during normal business hours until the date the Scheme becomes effective.

For the purposes of this Announcement, "**Prescribed Occurrence**" in relation to Skywest and its subsidiaries means any of the following:

- (1) **Conversion of Company Shares:** the Company converting all or any of its shares into a larger or smaller number of shares;
- (2) **Share Buy-back:** the Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
- (3) Reduction of Share Capital: the Company resolving to reduce its share capital in any way;
- (4) **Issuance of Debt Securities:** the Company (or any subsidiary of the Company), issuing, or agreeing to issue, convertible notes or other debt securities;
- (5) **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Company;
- (6) **Resolution for Winding Up:** the Company (or any subsidiary of the Company) resolving that it be wound up;
- (7) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of the Company (or of any subsidiary of the Company);
- (8) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company (or of any subsidiary of the Company);
- (9) **Composition:** the Company (or any subsidiary of the Company) entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (10) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company (or of any subsidiary of the Company);





- (11) **Insolvency:** the Company becoming or being deemed by law or a court to be insolvent, and in relation to any subsidiary of the Company, the Company withdrawing its financial support such that the said subsidiary becomes or is deemed by law or a court to be insolvent;
- (12) **Cessation of Business:** the Company (or any subsidiary of the Company) ceases or threatens to cease for any reason to carry on business in the usual course;
- (13) **Disposal of Share Capital:** the Company (or any subsidiary of the Company) disposes, or agrees to dispose, of shares in a Group Company;
- (14) **Deregistration:** the Company (or any subsidiary of the Company) is deregistered as a company or otherwise dissolved;
- (15) Material Adverse Event: any event, occurrence, fact or matter occurring between the Acquisition Announcement Date and up to the Record Date which individually or when aggregated with all such events, occurrences, facts or matters in each case diminishes, or is reasonably likely to diminish, (whether now or in the future) the consolidated net assets of the Group by an amount equal to 20 per cent. or more, as compared to the consolidated net assets of the Group as at 30 June 2012 reported in Company's financial statements for the financial year ended 30 June 2012 (the "Relevant Financial Statements") (each a "Material Adverse Event") other than an issue, event, occurrence, fact, circumstance or matter:
 - (1) required to be undertaken or procured by the Group pursuant to the Scheme or this Agreement;
 - (2) to the extent that issue, event, occurrence, fact or matter was fairly disclosed to the Acquiror prior to the date of this Agreement;
 - (3) to the extent that event, occurrence, fact or matter was known to the Acquiror prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening);
 - (4) to the extent that issue, event, occurrence, fact or matter was caused directly by the entry into this Agreement; or
 - (5) to the extent that issue, event, occurrence, fact or matter was caused directly by the Acquiror and/or VAH,

provided that for the purposes of this paragraph 15, in determining whether a Material Adverse Event under paragraph 15 has occurred, the Company shall require the Auditors to prepare and deliver to the Acquiror, within 15 Business Days of the Material Adverse Event or the receipt of notification from the Acquiror of a Material Adverse Event, using the same accounting standards, policies and principles adopted for the preparation of the Relevant Financial Statements, the proforma consolidated balance sheet and consolidated profit and loss statement for the same financial period as the Relevant Financial Statements, assuming that such Material Adverse Event had, for the purposes of the proforma consolidated balance





- sheet occurred as at the end of such financial period, and for the purposes of the proforma profit and loss statement, occurred as at the beginning of such financial period;
- (16) **AOC:** if any AOC held by any Group Company is withdrawn, suspended or is made subject to any new material restrictions after the date of this Agreement and any such withdrawal, suspension or such new restrictions is not removed, lifted or reinstated within 10 Business Days;
- (17) **Warranties:** if any of the representations and warranties set out in paragraphs 1.1, 1.2.1, 1.3, 2, 3, 4.1.1, 4.1.2, 4.2, 4.3.2, 4.4, 4.5, 4.6, 5.1, 5.3, 5.4.1(i), 5.4.1(ii), 5.5.1, 5.5.2, 5.6 and 8 of Schedule 2 are not true and correct in all material respects as at the Record Date; or
- (18) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).





Undertaking Shareholders

Name of Undertaking Shareholder	Number of Skywest Shares held		
	Direct Interest	Deemed Interest	
Robert Jeffries Chatfield	2,400,100	33,720,855	
Seah Kian Peng	2,050,000	-	
John Leonard Jost	27,250	4,675,412	
Ronald Lewis Aitkenhead	200,000	-	





Disclosures

Party Name	Name in which Securities held	Securities Description	Number of Securities held as at date of announcement	Trading in the period 30 July 2012 to 5 December 2012
VAH	1/5 1 / 5/		4	L A DI
VAH	VB Investco Pty Ltd	Convertible Notes – A\$8 million convertible debt instrument, convertible into SXR Shares at any time until 15 April 2015 at a conversion price of A\$0.45 per share	17,777,778	Nil
VAH	VB Investco Pty Ltd	Warrants over SXR Shares, with a grant price of A\$0.05 per warrant, exercise price of A\$0.45, exercisable at any time until 15 April 2015	6,410,000	Nil
VAH Directors				
John Borghetti	Massimo John Borghetti	VAH Shares	296,296	Nil
John Borghetti	BT Portfolio Services Limited <borghetti account="" family=""></borghetti>	VAH Shares	572,811	Nil
John Borghetti	John Borghetti	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan Vesting Date: 60% will vest on 30 June 2014 and 40% on 30 June 2015 provided performance hurdles are met	4,941,481	Nil
John Borghetti	John Borghetti	Performance rights over VAH Shares, granted pursuant to the terms of the CEO Co- Investment Scheme Vesting Date: 30 June 2013 provided performance	658,544	Nil





Party Name	Name in which Securities held	Securities Description	Number of Securities held as at date of announcement	Trading in the period 30 July 2012 to 5 December 2012
		conditions are met		
John Borghetti	John Borghetti	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan Vesting Date: 8 May 2013	4,115,903	Nil
		provided performance hurdles are met		
Neil Chatfield	Neil Chatfield	VAH Shares	1,000,392	Nil
Neil Chatfield	Jennifer Chatfield	VAH Shares	4,664	80,000 VAH Shares sold on 31 August 2012
David Baxby	David Baxby	VAH Shares	40,000	Nil
Robert Thomas	Rob Thomas Super Fund	VAH Shares	450,000	Nil
Robert Thomas	Robert Bain Thomas	VAH Shares	21,632	Nil
Robert Thomas	Thomas Family Account	VAH Shares	14,288	Nil
Mark Vaile	Wendmar - Vaile Superfund	VAH Shares	30,000	Nil
Samantha Mostyn	Samantha Mostyn	VAH Shares	100,000	Nil
Keith Roberts (Alternate director)	Keith Roberts	VAH Shares	12,000	Nil
VAH Group Com	panies Directors			
Sankar Narayan	Sankar Narayan	VAH Shares	39,767	Nil
Sankar Narayan	Sankar Narayan	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan Vesting Date: Date of Announcement of 2013 Annual Results (approx 27 August 2013) provided	413,614	Nil





Party Name	Name in which Securities held	Securities Description	Number of Securities held as at date of announcement	Trading in the period 30 July 2012 to 5 December 2012
		performance hurdles are met		
Sankar Narayan	Sankar Narayan	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan	1,060,445	Nil
		Vesting Date: Date of Announcement of 2014 Annual Results (approx 26 August 2014) provided performance hurdles are met		
Mark Pitt	Mark Pitt	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan	338,454	Nil
		Vesting Date: 27 August 2013 provided performance hurdles are met		
Mark Pitt	Mark Pitt	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan	497,526	Nil
		Vesting Date: Date of Announcement of 2014 Annual Results (approx 26 August 2014) provided performance hurdles are met		
Sean Donohue (Alternate director)	Sean Donohue	VAH Shares	115,854	Nil
Sean Donohue (Alternate director)	Sean Donohue	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan	765,934	Nil
		Vesting Date: 27 August 2013 provided performance hurdles		





Party Name	Name in which Securities held	Securities Description are met	Number of Securities held as at date of announcement	Trading in the period 30 July 2012 to 5 December 2012
Sean Donohue (Alternate director)	Sean Donohue	Options over unissued VAH Shares, granted in accordance with the VAH Senior Executive Option Plan Vesting Date: Date of Announcement of 2014 Annual Results (approx 26 August 2014) provided performance hurdles are met	813,008	Nil
Goldman Sachs				
Goldman Sachs	Goldman Sachs Australia Capital Markets Limited	VAH Shares – Short Position	300,000	Nil