

SKYW SKYWEST, INC.



Shareholders Update – June 2015

SkyWest
AIRLINES®

 **EXPRESSJET™**

Forward Looking Statements



- In addition to historical information, this presentation contains forward-looking statements. SkyWest may, from time to time, make written or oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements encompass SkyWest's beliefs, expectations, hopes or intentions regarding future events. Words such as "forecasts", "expects," "intends," "believes," "anticipates," "should," "likely" and similar expressions identify forward-looking statements. All forward-looking statements included in this presentation are made as of the date hereof and are based on information available to SkyWest as of such date. SkyWest assumes no obligation to update any forward-looking statement. Readers should note that many factors could affect the future operating and financial results of SkyWest, SkyWest Airlines or ExpressJet Airlines, and could cause actual results to vary materially from those expressed in forward-looking statements set forth in this presentation. These factors include, but are not limited to, the prospects of entering into agreements with other carriers to fly new aircraft, uncertainties regarding operation of new aircraft, the ability to obtain certain regulatory approvals to operate new aircraft under SkyWest Airlines' and ExpressJet Airlines' operating certificates and the ability to obtaining financing for the aircraft.
- Actual operational and financial results of SkyWest, SkyWest Airlines and ExpressJet Airlines will also vary, and may vary materially, from those anticipated, estimated, projected or expected for a number of other reasons, including, in addition to those identified above: the ability of ExpressJet Airlines to realize potential synergies and other anticipated financial impacts of the consolidation of its operations, the possibility that future financial and operating results of ExpressJet Airlines may not meet SkyWest's forecasts and the timing of ongoing consolidation of the operations of ExpressJet Airlines, if achieved. The challenges of competing successfully in a highly competitive and rapidly changing industry; developments associated with fluctuations in the economy and the demand for air travel; ongoing negotiations between SkyWest, SkyWest Airlines and ExpressJet Airlines and their major partners regarding their contractual obligations; the financial stability of those major partners and any potential impact of their financial condition on the operations of SkyWest, SkyWest Airlines, or ExpressJet Airlines; fluctuations in flight schedules, which are determined by the major partners for whom SkyWest's operating airlines conduct flight operations; variations in market and economic conditions; labor relationships; the impact of global instability; rapidly fluctuating fuel costs; the degree and nature of competition; potential fuel shortages; the impact of weather-related or other natural disasters on air travel and airline costs; aircraft deliveries; and other unanticipated factors. Risk factors, cautionary statements and other conditions which could cause SkyWest's actual results to differ from management's current expectations are contained in SkyWest's filings with the Securities and Exchange Commission; including the section of SkyWest's Annual Report on Form 10-K for the year ended December 31, 2014, entitled "Risk Factors."


SKYW SKYWEST, INC.



Who We Are

SkyWest
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A large, front-facing view of a white SkyWest airplane on a runway. The aircraft is centered in the lower half of the frame, with its nose and cockpit clearly visible. The background shows a bright sky with scattered clouds and a green field in the distance.

SkyWest Strives to be the Regional Airline of Choice Employer of Choice Investment of Choice

By focusing on these objectives to produce consistent stakeholder value, SkyWest has become the **largest regional airline** alliance in the United States.



SKYWEST, INC.



Regional airline code-share model

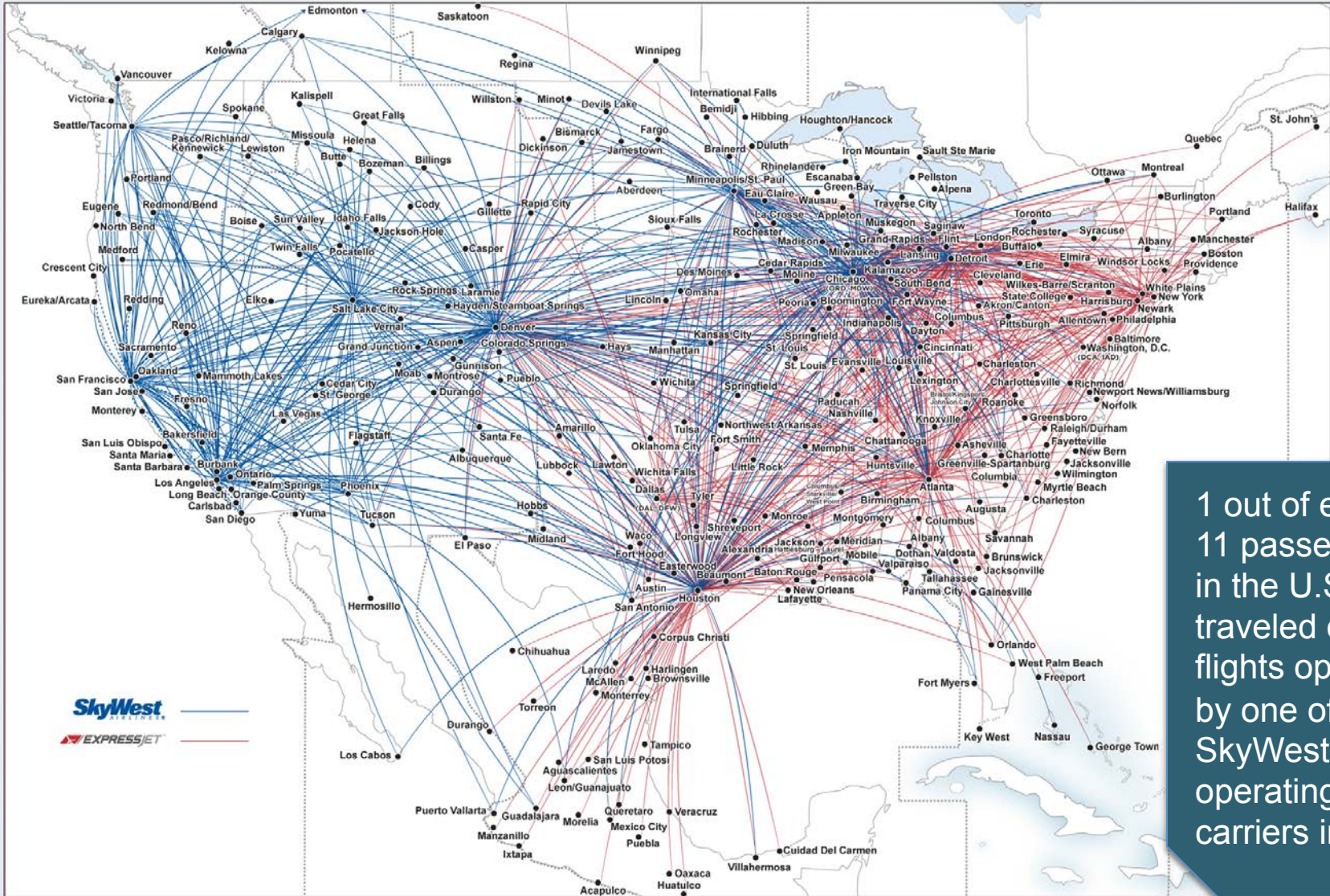
- All flights are operated under mainline partners' codes (including ticketing and aircraft branding)
- Major partner primarily leads marketing, flight schedules, fares, reservations and ticketing
- The major partner can optimize passenger revenue, which is the basis for the regional code-share compensation arrangements
- Regional airlines specialize in shorter routes, smaller aircraft and more efficient cost structures compared to the major airline

SkyWest Route Map



SKYW

SkyWest operated 1.4 million flights and carried 59 million passengers in 2014



1 out of every 11 passengers in the U.S. traveled on flights operated by one of SkyWest's operating carriers in 2014.

What sets SkyWest apart?



SKYW

- Strong balance sheet and strategic approach for growth and creating long-term value
- Diversification in our fleet and good relationships with our major airline partners
- Commitment to safety, strong operating performance and quality
- Superior product at competitive cost
- Experienced leadership
- Code-share agreements with four U.S. major airlines



Leadership Team



SkyWest has recently redefined key leadership roles, with new leaders in top executive positions. These changes spurred progress and execution of strategic objectives, enhancing long-term value for all stakeholders.



Jerry Atkin, CEO
40 Years at SkyWest



Chip Childs, President
14 Years at SkyWest



Robert Simmons, CFO
28+ years in financing experience



Wade Steel, CCO
8 Years at SkyWest



Mike Thompson
COO, SkyWest Airlines
13 Years at SkyWest



Alexandria Marren
COO, ExpressJet Airlines
30+ years in airline industry



Eric Woodward, CAO
11 years at SkyWest

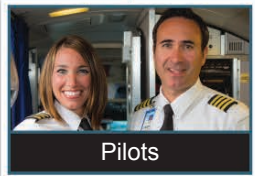


SkyWest employees deliver a culture of quality, reliability and efficiency

Nearly 20,000 dedicated aviation professionals throughout the US

Our People

Nearly 20,000



Pilots

7,400



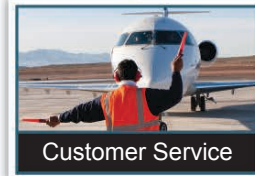
Flight Attendants

4,900



Maintenance

3,500



Customer Service

2,500



Ops Support & Other

1,060



Dispatch

210

Partnering with our employees

- Competitive Pay and Benefit packages
- All-employee quarterly incentive based on operational and financial success
- Employee Stock Purchase Program
- Matching contributions to 401(k) Retirement plans



A Leader in Quality and Reliability



SkyWest is widely recognized as a leader in quality

- SkyWest Airlines received FAA's AMT Gold Award in 2013 and 2014
- Named one of Forbes® "America's Best Employers"™ 2015
- SkyWest Airlines received Bombardier's top reliability award for the CRJ700 and CRJ900 in 2013 and 2014
- Named Air Transport World's 2014 Regional Airline of the Year
- Proven ability to execute for major partners
- Both SkyWest and ExpressJet ranked top five for fewest complaints on the DOT's March 2015 Airline Travel Consumer Report. SkyWest Airlines was ranked #3 of 13; ExpressJet was ranked #4



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Our Business Model

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Fixed-fee flying contracts:

- Revenue at fixed rates, primarily based on completed flights
- Partner directly reimburses us for certain costs such as fuel
- Primary “at-risk” costs are labor, aircraft maintenance and overhead
- Most agreements include operating performance bonuses/penalties
- Fixed rates are typically set for the full contract term at inception

➤ **Advantages of fixed-fee flying contracts:**

- Significant airline operating costs, such as fuel and aircraft ownership, are essentially mitigated
- Contract length typically provides for long-term infrastructure planning
- Major partner has lead/risk on passenger fare management; allows us to focus on a strong operation
- Provides value to major partners by providing critical feed into their hubs

➤ **Disadvantages of fixed-fee flying contracts:**

- “At-risk” operating costs may exceed fixed rates over contract term
- Operating requirements may vary over time without concurrent rate adjustments
- Partner may change schedules and utilization seasonally, resulting in inefficient periods
- Potential aircraft financing exposure if financing terms extend beyond contract terms

Partnership Models



Pro-rate agreement:

- SkyWest receives a pro-rated portion of connecting passenger fares
- We receive 100% of the passenger fares on local routes (non-connecting passengers)
- We are responsible for all operating costs associated with pro-rate flights, including fuel costs

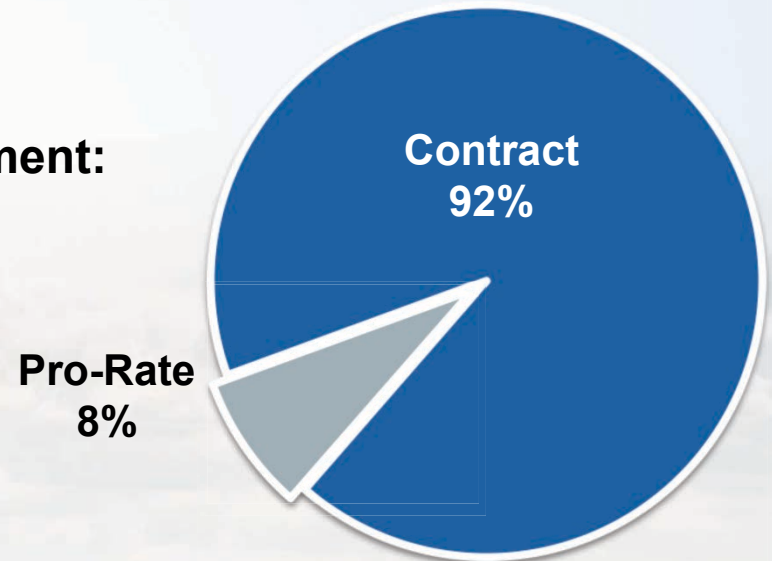
➤ Advantages of pro-rate agreement:

- Increased control over scheduling
- Control over pricing of local routes
- Independent negotiation of government subsidies

➤ Disadvantages of pro-rate agreement:

- Number of preferable routes limited
- Subject to passenger fare volatility
- Increased risk for fuel cost

SkyWest by Model (Aircraft Count)



Aircraft Summary



Aircraft summary* as of March 31, 2015

Bombardier regional jets	Average age	Configuration	Count
CRJ200 (50 seats)	13 yrs	Single class	234
CRJ700 (66 seats)	10 yrs	Dual class	139
CRJ900 (76 seats)	7 yrs	Dual class	64
TOTAL			437
Embraer regional jets			
ERJ135/145 (37-50 seats)	13 yrs	Single class	215
E175 (76 seats)	New in 2014	Dual class	29
TOTAL			244
Embraer turbo prop			
EMB 120 (30 seats)	17 yrs	Single class	12
TOTAL			693

* Excludes aircraft removed from service, preparing for lease return/sale

- Diverse fleet by manufacturer and type
- Focus on removing aircraft from unprofitable contracts
- SkyWest Airlines became an all-jet fleet in May of 2015
- Growth expected in dual-class segment of fleet

SkyWest's fleet is largest regional operation in the United States.



Consolidated Fleet (Scheduled for Service)



Fleet by code share partner

	United	Delta	American	Alaska	Total
SkyWest Airlines	181	114	33	9	337
ExpressJet	209	128	19	0	356
	390	242	46	9	693

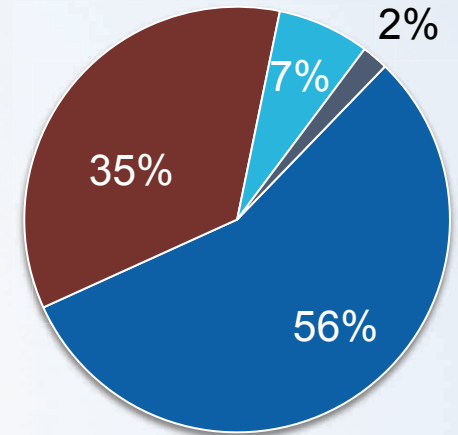
Fleet by Agreement Type

Fixed-fee contracts		Pro-rate agreements		
RJs	EMB-120s	RJs	EMB-120s	Total
636	4	45	8	693

Fleet by Financing

Summary by aircraft financing	
Aircraft owned/debt financed	26%
Aircraft leased	35%
Aircraft provided by major partner	39%

Fleet by Partner



Fleet Activity Q1-2015



Our aircraft in scheduled service decreased by 24 aircraft to 693 during Q1-2015:

- Added nine new E175 aircraft with United
- Added five used 50-seat aircraft with Delta
- Added six used 50-seat aircraft with American
- Removed 15 EMB120 aircraft from service
- Removed 29 50-seat aircraft from service (United)

Continued execution on our fleet transition plan will improve financial results in both the short-term and long-term.



Fleet and Production Forecast



66+ seat	31-Mar Actual	30-Jun Estimate	30-Sep Estimate	31-Dec Estimate
CRJ700 / CRJ900	203	203	203	203
E175	29	33	43	44
	232	236	246	247
37-50 seat				
CRJ200	234	228	223	213
ERJ135 / ERJ145	215	196	183	173
	449	424	406	386
EMB-120 30 seat	12	-	-	-
Total	693	660	652	633
Block Hours	516,774	523,973	523,794	491,093

3 E175 deliveries are scheduled in Q1-16 to complete the firm order of 47 aircraft
 Assumes CRJ700/CRJ900 contract expirations in 2015 will be extended



- **Embraer**

- E175*

- Terms in place for 100 aircraft - conditioned upon placement into CPA (47 ordered under United and Alaska agreement)
 - Options for an additional 100 aircraft

- E175 – E2*

- Terms in place for 100 aircraft - conditioned upon placement into CPA
 - Options for an additional 100 aircraft

- **Mitsubishi**

- MRJ*

- Terms in place for 100 aircraft - conditioned upon placement into CPA
 - Options for an additional 100 aircraft

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Financial Data

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SkyWest has generated net income in 23 of last 25 years.

SkyWest's net income in Q1-15 was the highest since 2010.

Regional airline model has lower risk with fuel costs and passenger fare volatility.

- **Our financial objectives:**

- Continue to improve margins and profitability
- Increase cash flow generated from operations
- Utilize balance sheet as a competitive advantage in aircraft financings and long-term growth opportunities

- **We plan to achieve these objectives through:**

- Disciplined margin/return targets for new contract flying
- Improvement to existing contract portfolio at contract terminations and similar opportunities
- Strategic fleet reductions when contract extensions will not provide sufficient returns
- Best in class operating performance to be the regional airline of choice with our major airline partners



SkyWest has diversity in its partnerships, flying arrangements and fleet:

- Unparalleled fleet size and mix by manufacturer
- Capacity purchase agreements limit exposure to certain costs such as fuel and fare pricing volatility
- Pro-rate operation provides an additional level of flexibility in utilizing our fleet
- SkyWest's partnerships with four key U.S. major airlines provide an airline risk diversification unmatched in the industry

On going fleet transition strategy will improve SkyWest's long-term financial position:

- Secured awards for 47 new E175 aircraft under long-term fixed fee contracts (placed into service Q2-14 through Q1-16)
- Secured addition of 27 used 50 seat aircraft under short-term, profitable agreements
- Scheduled to reduce our unprofitable ERJ145 aircraft from 215 at 3/31/15 to 137 by the end of 2016 (no residual aircraft ownership risk)

Balance Sheet



SkyWest summary balance sheet (in millions)

	3/31/15
Cash, marketable securities, restricted cash	\$ 480
Other current assets	805
Current assets	1,285
Aircraft, PP&E and other	3,329
Total assets	\$ 4,614

Current portion of debt	\$ 232
Other current liabilities	465
Current liabilities	697
Long-term debt	1,677
Deferred income tax payable and other	829
Total long-term liabilities	2,506
Shareholder equity	1,411
Total liabilities and shareholder equity	\$ 4,614

SkyWest's current ratio is significantly better than other airlines, who held ratios between 0.6 and 1.0 at year-end 2014.



Current Ratio

- Current Assets
- Current Liabilities

Equity Mix

- Debt 58%
- Equity 42%



Competitive advantage:

- Enables us to finance aircraft with debt, which also provides tax benefits
- Provides liquidity to adapt to market changes and gives flexibility for long-term fleet strategies
- Allows us to finance aircraft at attractive rates and provides competitive advantage with maintenance service providers

For our investors, SkyWest's strong liquidity position:

- Provides basis to pay cash dividends and stock repurchase activity
- Enables us to make long-term strategic fleet financing decisions
- Allows us to strategically re-invest in SkyWest for long-term growth opportunities



SkyWest Valuation



	Q1-15	2014	2013	2012
End of period book value	\$ 1,411	\$ 1,400	\$ 1,435	\$ 1,387
End of period market cap	\$ 755	\$ 680	\$ 760	\$ 641
End of period shares outstanding	51.66	51.19	51.23	51.43
Book value per share	\$ 27.31	\$ 27.36	\$ 28.01	\$ 26.97
End of period stock price	\$ 14.61	\$ 13.28	\$ 14.83	\$ 12.46

(in millions, except per share)



SkyWest Revenue Trends



Revenue per block hour					
		Q1-15	Q1-14	2014	2013
Total Revenue	\$	760	\$ 772	\$ 3,237	\$ 3,298
Less pass through costs**		(188)	(216)	(817)	(906)
“Controllable” Revenue	\$	572	\$ 556	\$ 2,420	\$ 2,392
Completed block hours		516,774	546,813	2,275,562	2,380,118
“Controllable” Revenue per block hour	\$	1,107	\$ 1,017	\$ 1,063	\$ 1,005
<i>Increase (decrease) from prior period</i>		8.9%		5.8%	

** Directly reimbursed costs under our fixed-fee contracts

(Revenue in millions)

Q1-15 improvement in controllable revenue per block hour was primarily due to:

- New E175 operations
- Reduction in unprofitable ERJ145 operations
- 2014 fixed-fee contract improvements
- Improved revenue on additional pro-rate routes

Controllable revenue improvements are expected to continue in 2015 compared to 2014.



	Q1-15	Q1-14	2014*	2013
Pre-tax Income (loss)	\$ 16	\$ (43)	\$ (16)	\$ 99
Net Income (loss)	10	(23)	(24)	59

Diluted EPS	\$ 0.18	\$ (0.44)	\$ (0.47)	\$ 1.12
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* Includes pre-tax special charges of \$75M and a one-time gain of \$21M on sale of TRIP Investment

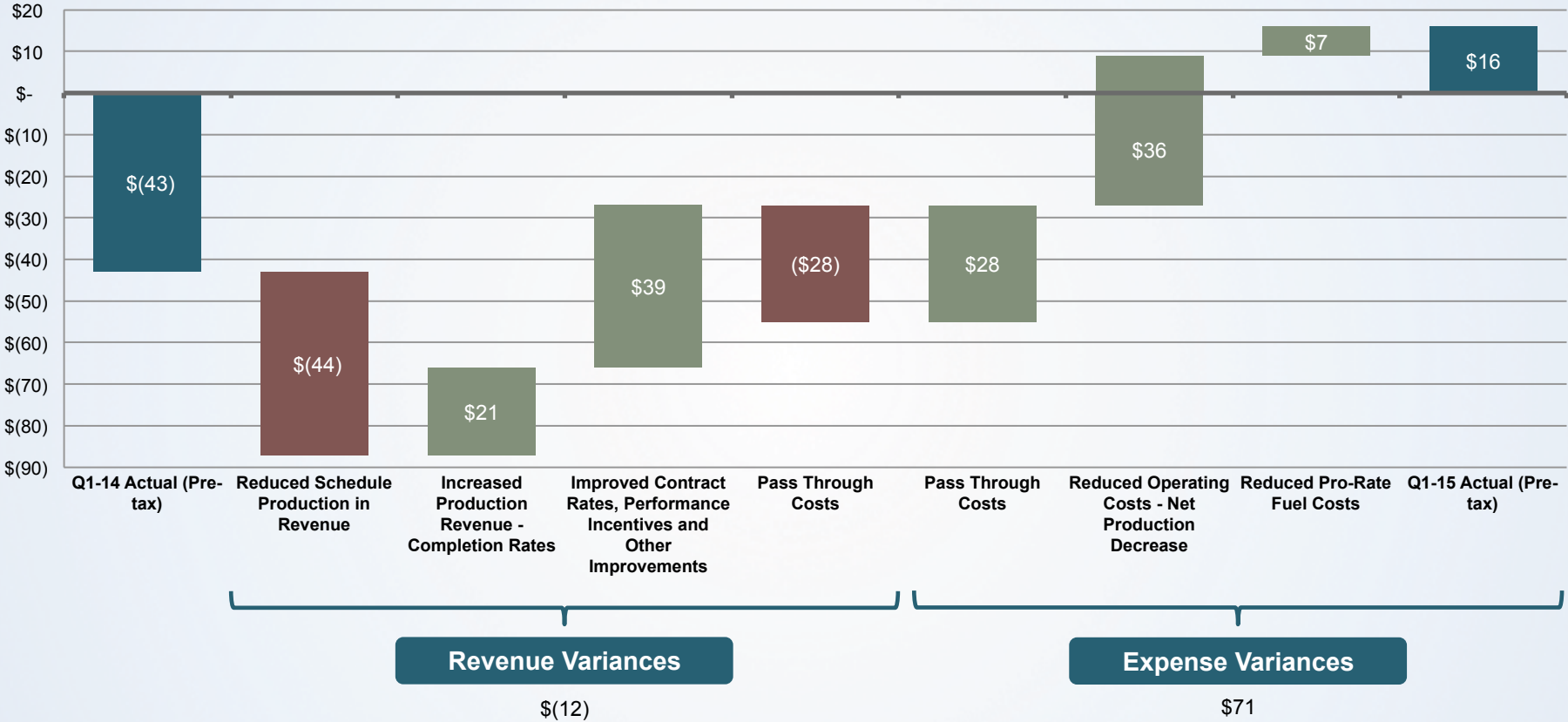
(Dollars in millions, except per share data)

\$59 million pre-tax improvement in Q1-15 from Q1-14 was primarily driven by:

- Significant improvement in flight completion rates
- Profit improvement from new E175 operations
- Contract improvements on extensions and renewals
- Improved operating performance resulting in performance incentives at ExpressJet



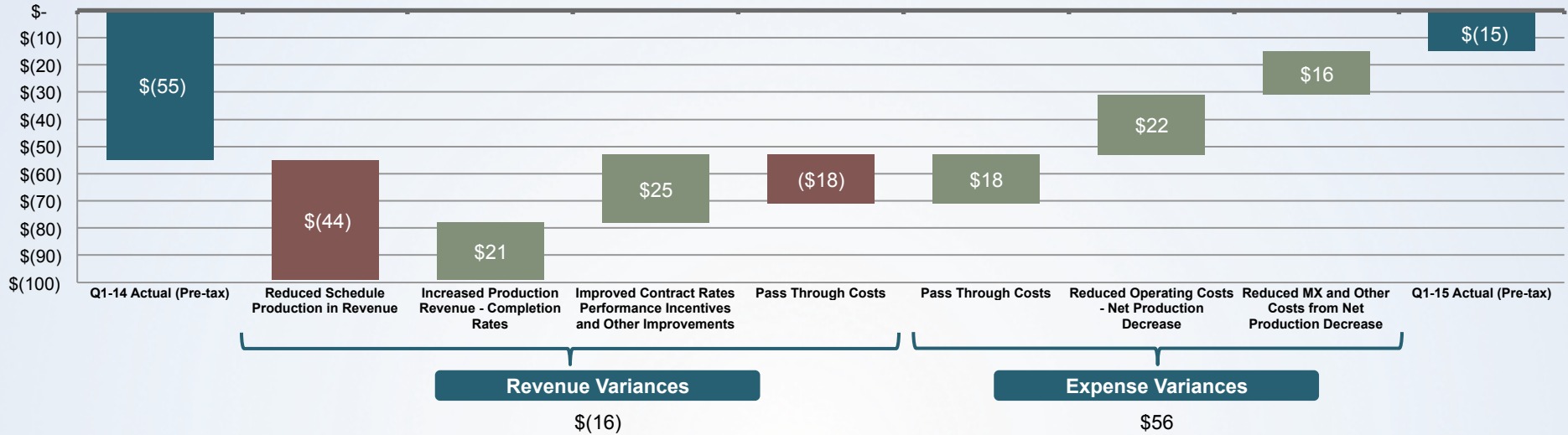
Q1-15 Improvement from Q1-14



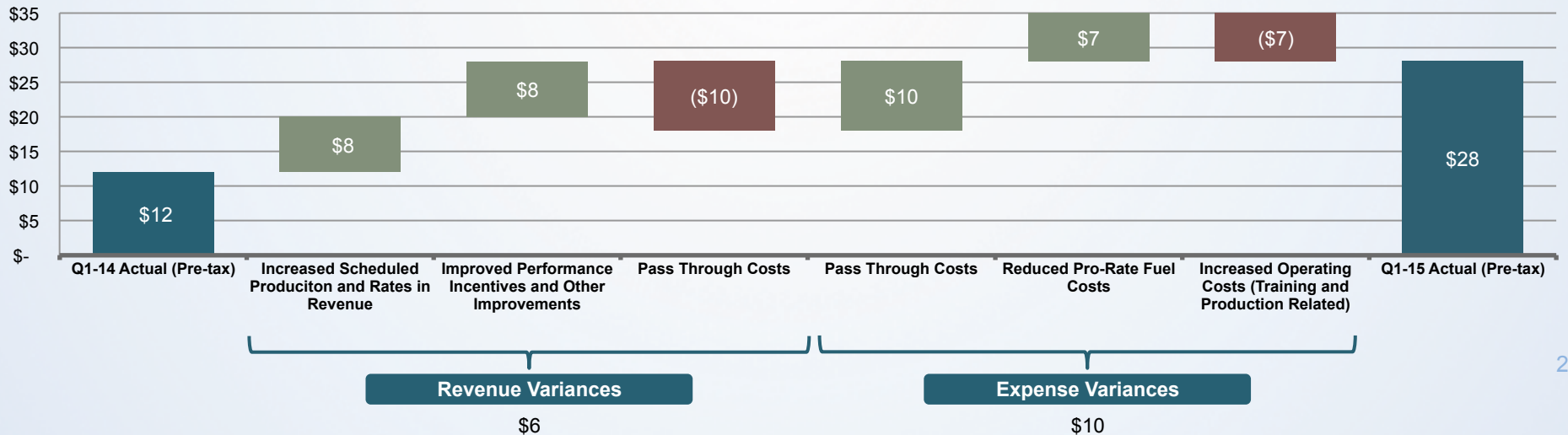
Q1-15 Improvement from Q1-14



ExpressJet Airlines



SkyWest Airlines



SkyWest operates under a lower risk model



Fixed-fee contracts reduces our exposure to fuel and passenger fare volatility
Our risk model impacts our expected long-term margins

Additional risk factors:

- Fleet transition will likely result in noise in financial results
- Managing pilot attrition rates and open labor agreements
- Managing potential reduced availability of qualified new pilots
- Managing infrastructure cost reductions with scheduled fleet reductions
- Placing aircraft with lease commitments beyond contract terms



Remaining the Industry's

Regional Airline of Choice
Employer of Choice
Investment of Choice

