

SkyWest, Inc.
444 South River Road • St. George, UT 84790

March 22, 2018

Dear Shareholder:

You are invited to attend the Annual Meeting of Shareholders of SkyWest, Inc. scheduled to be held at 11:00 a.m., Tuesday, May 8, 2018, at our headquarters located at 444 South River Road, St. George, Utah 84790.

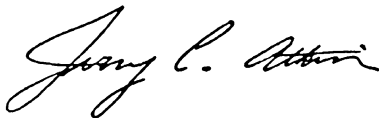
The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the items to be considered and acted upon by shareholders.

Your vote is very important. Whether you plan to attend the Annual Meeting or not, we urge you to vote your shares as soon as possible. This will ensure representation of your shares at the Annual Meeting if you are unable to attend.

We are pleased to make these proxy materials available over the Internet, which we believe increases the efficiency and reduces the expense of our annual meeting process. As a result, we are mailing to shareholders a Notice of Internet Availability of Proxy Materials (the “*Notice*”) instead of paper copies of these proxy materials and our 2017 Annual Report. The Notice contains instructions on how to access those documents over the Internet or request that a full set of printed materials be sent to you. The Notice also gives instructions on how to vote your shares.

We look forward to seeing you at the Annual Meeting.

Sincerely,



Jerry C. Atkin
Chairman of the Board

SkyWest, Inc.
444 South River Road • St. George, UT 84790

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
OF SKYWEST, INC.**

Date: Tuesday, May 8, 2018

Time: 11:00 a.m., Mountain Daylight Time (MDT)

Place: SkyWest, Inc. Headquarters
444 South River Road
St. George, Utah 84790

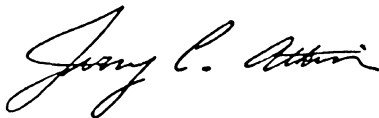
Purposes:

1. To elect ten directors of SkyWest, Inc. (the “*Company*”), to serve until the next Annual Meeting of the Company’s shareholders and until their successors are duly elected and qualified;
2. To conduct a vote, on an advisory basis, on the compensation of the Company’s named executive officers;
3. To ratify the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2018; and
4. To transact such other business that may properly come before the Annual Meeting and any adjournment thereof.

Who Can Vote: Shareholders at the close of business on March 5, 2018.

How You Can Vote: Shareholders may vote at the Annual Meeting, or in advance over the Internet, by telephone, or by mail.

By authorization of the Board of Directors,



Jerry C. Atkin
Chairman of the Board

March 22, 2018

**Proxy Statement for the
Annual Meeting of Shareholders of
SKYWEST, INC.**

To Be Held on Tuesday, May 8, 2018

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**PROXY STATEMENT
FOR THE
ANNUAL MEETING OF SHAREHOLDERS
OF**

SKYWEST, INC.

TUESDAY, MAY 8, 2018

OVERVIEW

Solicitation

This Proxy Statement, the accompanying Notice of Annual Meeting, proxy card and the Annual Report to Shareholders of SkyWest, Inc. (the “*Company*” or “*SkyWest*”) are being mailed on or about March 22, 2018. The Board of Directors of the Company (the “*Board*”) is soliciting your proxy to vote your shares at the Annual Meeting of the Company’s Shareholders to be held on May 8, 2018 (the “*Meeting*”). The Board is soliciting your proxy in an effort to give all shareholders of record the opportunity to vote on matters that will be presented at the Meeting. This Proxy Statement provides information to assist you in voting your shares.

What is a proxy?

A proxy is your legal designation of another person to vote on your behalf. You are giving the individuals appointed by the Board as proxies (Jerry C. Atkin, Russell A. Childs and Robert J. Simmons) the authority to vote your shares in the manner you indicate.

Why did I receive more than one notice?

You may receive multiple notices if you hold your shares in different ways (e.g., joint tenancy, trusts, or custodial accounts) or in multiple accounts. If your shares are held by a broker (i.e., in “street name”), you will receive your notice or other voting information from your broker. In any case, you should vote for each notice you receive.

Voting Information

Who is qualified to vote?

You are qualified to receive notice of and to vote at the Meeting if you owned shares of common stock of SkyWest (the “*Common Stock*”) at the close of business on the record date of Monday, March 5, 2018.

How many shares of Common Stock may vote at the Meeting?

As of March 5, 2018, there were 52,165,090 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter presented at the Meeting.

What is the difference between a “shareholder of record” and a “street name” holder?

If your shares are registered directly in your name with Zions First National Bank, the Company’s transfer agent, you are a “shareholder of record.” If your shares are held in the name of a brokerage, bank, trust or other nominee as a custodian, you are a “street name” holder.

How can I vote at the Meeting?

You may vote in person by attending the Meeting. You may also vote in advance over the Internet, or by telephone, or you may request a complete set of traditional proxy materials and vote your proxy by mail. To vote your proxy using the Internet or telephone, see the instructions on the proxy form and have the proxy form available when you access the Internet website or place your telephone call. To vote your proxy by mail, mark your vote on the enclosed proxy card, then follow the instructions on the card.

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1—**FOR** the election of all ten nominees for director with terms expiring at the next annual meeting of the Company's shareholders.

Proposal 2—**FOR** the non-binding resolution to approve the compensation of the Company's named executive officers.

Proposal 3—**FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2018.

What are my choices when voting?

Proposal 1—You may cast your vote in favor of up to ten individual director-nominees. You may vote for less than ten director-nominees if you choose. You may also abstain from voting.

Proposals 2 and 3—You may cast your vote in favor of, or against, each proposal. You may also abstain from voting.

How will my shares be voted if I do not specify how they should be voted?

If you execute the enclosed proxy card without indicating how you want your shares to be voted, the proxies appointed by the Board will vote as recommended by the Board and described previously in this section.

What is the quorum requirement for the Annual Meeting?

Under Utah law and the Company's Bylaws, the holders of a majority of the votes entitled to be cast on the matter constitutes a quorum. Therefore, the holders of a majority of the Common Stock issued and outstanding and entitled to vote at the Meeting, present in person or represented by proxy, constitute a quorum for the transaction of business at the Meeting. If you submit a properly executed proxy via the Internet or by telephone or mail, regardless of whether you abstain from voting on one or more matters, your shares will be counted as present at the Meeting for the purpose of determining a quorum. Broker non-votes will also be counted as present for the purpose of determining the presence of a quorum at the Meeting. The inspectors of election will determine whether a quorum is present and will tabulate the votes cast at the Meeting.

What vote will be required to approve each proposal?

Proposal 1 provides that, assuming a quorum is present at the Meeting, the ten director-nominees who receive a majority of the votes cast with respect to his or her election will be elected as directors of the Company. This means that the number of shares voted "for" the election of a director must exceed the number of shares voted "against" the election of that director.

Proposals 2 and 3 will be approved if, assuming a quorum is present at the Meeting, the number of votes cast, in person or by proxy, in favor of a particular proposal exceeds the number of votes cast in opposition to the proposal. Proposal 2 is an advisory vote only, and has no binding effect on the Board or the Company.

How will withheld votes, abstentions and broker non-votes be treated?

Withheld votes, abstentions and broker non-votes will be deemed as “present” at the Meeting and will be counted for quorum purposes only. Withheld votes, abstentions and broker non-votes, if any, will not count as a vote cast as to any director-nominee’s election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast. For purposes of the votes on Proposals No. 2 and No. 3, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the votes on such proposals.

Can I change my vote?

You may revoke your proxy before the time of voting at the Meeting in any of the following ways:

- by mailing a revised proxy card to the Chief Financial Officer of the Company;
- by changing your vote on the Internet website;
- by using the telephone voting procedures; or
- by voting in person at the Meeting.

Who will count the votes?

Representatives from Zions First National Bank, the Company’s transfer agent, or other individuals designated by the Board, will count the votes and serve as inspectors of election. The inspectors of election will be present at the Meeting.

Who will pay the cost of this proxy solicitation?

The Company will pay the costs of soliciting proxies. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of shares of the Common Stock.

Is this Proxy Statement the only way proxies are being solicited for use at the Meeting?

Yes. The Company does not intend to employ any other methods of solicitation.

How are proxy materials being delivered?

The Company is pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, the Company is mailing to most of its shareholders a Notice of Internet Availability of Proxy Materials (the “*Notice*”) instead of a paper copy of this Proxy Statement and the Company’s 2017 Annual Report to Shareholders. The Notice contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how to request a paper copy of the Company’s proxy materials, including this Proxy Statement, the 2017 Annual Report to Shareholders and a form of proxy card or voting instruction card. All shareholders who do not receive a Notice will receive a paper copy of the proxy materials by mail. The Company believes this process will allow it to provide its shareholders with the information they need in a more efficient manner, while reducing the environmental impact and lowering the costs of printing and distributing these proxy materials.

PROPOSAL 1
ELECTION OF DIRECTORS

Composition of the Board

The Board currently consists of ten directors. All directors serve a one-year term and are subject to re-election each year.

The current composition of the Board is:

- Jerry C. Atkin, Chairman
- W. Steve Albrecht
- Russell A. Childs
- Henry J. Eyring
- Meredith S. Madden
- Ronald J. Mittelstaedt
- Andrew C. Roberts
- Keith E. Smith
- Steven F. Udvar-Hazy
- James L. Welch

The Board Recommends That Shareholders Vote *FOR* All Ten Nominees Listed Below.

Nominees for Election as Directors

At the Meeting, the Company proposes to elect ten directors to hold office until the 2019 Annual Meeting of Shareholders and until their successors have been elected and have qualified. The ten nominees for election at the Meeting are listed below. All of the nominees are currently serving as a director of the Company and have consented to be named as a nominee. Shareholders voting in person or by proxy at the Meeting may only vote for ten nominees. If, prior to the Meeting, any of the nominees becomes unable to serve as a director, the Board may designate a substitute nominee. In that event, the persons named as proxies intend to vote for the substitute nominee designated by the Board.

The Board and the Nominating and Corporate Governance Committee believe that each of the following nominees possesses the experience and qualifications that directors of the Company should possess, as described in detail below, and that the experience and qualifications of each nominee compliments the experience and qualifications of the other nominees. The experience and qualifications of each nominee, including information regarding the specific experience, qualifications, attributes and skills that led the Board and its Nominating and Corporate Governance Committee to conclude that he or she should serve as a director of the Company at the present time, in light of the Company's business and structure, are set forth on the following pages.

Jerry C. Atkin

Age:..... 69
Director Since:..... 1974
Committees: None
Principal Occupation: Chairman of the Board

Experience:..... Mr. Atkin joined the Company in July 1974 as a director and the Company’s Director of Finance. In 1975, he assumed the office of President and Chief Executive Officer and was elected Chairman of the Board in 1991. Mr. Atkin served as President of the Company until 2011 and as Chief Executive Officer until December 31, 2015.

The Board nominated Mr. Atkin to serve as a director, in part, because Mr. Atkin was the Company’s Chief Executive Officer for more than 40 years. Mr. Atkin has a deep knowledge and understanding of the Company and its operating subsidiaries, SkyWest Airlines, Inc. (“*SkyWest Airlines*”) and ExpressJet Airlines, Inc. (“*ExpressJet*”), as well as the regional airline industry generally. Mr. Atkin performs an extremely valuable role as the Chairman of the Board, providing critical leadership and direction to the Board’s activities and deliberations. The Board also believes Mr. Atkin’s values and integrity are tremendous assets to the Company and its shareholders.

Other Directorships: . . Mr. Atkin currently serves as a director of Zions Bancorporation, a regional bank holding company based in Salt Lake City, Utah (“*Zions*”).

W. Steve Albrecht

Age:..... 71
Director Since:..... 2012 (Also served as a director of the Company from 2003 until 2009)
Committees: Chairman of the Audit Committee; Member of the Nominating and Corporate Governance Committee; Audit Committee Financial Expert
Principal Occupation: . . Emeritus Professor at Brigham Young University

Experience: Mr. Albrecht, a certified public accountant, certified internal auditor, and certified fraud examiner, joined the faculty of Brigham Young University in 1977, after teaching at the University of Illinois and Stanford University. At Brigham Young University, he served as director of the School of Accountancy from 1990 to 1999, and as associate dean of the Marriott School from 1999 to 2008. He served as the President of the Japan Tokyo Mission of The Church of Jesus Christ of Latter-day Saints from July 2009 to July 2012. Mr. Albrecht has also served as the President of the American Accounting Association, the Association of Certified Fraud Examiners and Beta Alpha Psi, an international honor organization for accounting, finance and information systems students. He has also served as a member of the Committee of Sponsoring Organizations of the Treadway Commission (also known as COSO); the Financial Accounting Standards Advisory Committee, an advisory committee to the Financial Accounting Standards Board (the “FASB”); and the Financial Accounting Foundation that oversees the FASB and the Governmental Accounting Standards Board. Mr. Albrecht has consulted with many major corporations and other organizations and has been an expert witness in over 38 major financial statement fraud cases, including several of the largest financial statement fraud cases in U.S. history.

The Board recognizes Mr. Albrecht’s valuable contribution as a director of the Company from 2003 through 2009 and since his re-election in 2012, including his service as the Chairman of the Audit Committee. The Board nominated Mr. Albrecht because of his exceptional academic and professional record, his many achievements, awards and other forms of recognition in the accounting profession, his extensive training in accounting practices and fraud detection, and his outstanding past service on the Board.

Other Directorships: . . Mr. Albrecht currently serves as a director of Red Hat, Inc. and as Chairman of the Board for Cypress Semiconductor Corporation.

Russell A. Childs

Age:..... 50
Director Since:..... 2016
Committees: None
Principal Occupation: Chief Executive Officer and President of the Company and its operating subsidiaries, SkyWest Airlines and ExpressJet.

Experience:..... Mr. Childs was named Chief Executive Officer of the Company effective January 1, 2016, and has served as President of the Company since 2014 responsible for the holding company’s operating entities and all commercial activities. He joined the Company in 2001 and became Vice President – Controller later that year. He served as the President and Chief Operating Officer of SkyWest Airlines from 2007 to 2014. Mr. Childs earned his bachelor's degree in Economics and master's degree in Accounting from Brigham Young University. Prior to joining the Company, Mr. Childs was a certified public accountant employed by a public accounting firm.

The Board nominated Mr. Childs, among other reasons, because the Board believes it is important to have the Company's Chief Executive Officer serve on the Board as he is the one closest to the Company's day-to-day operations and plays a critical role in communicating the Board’s expectations, advice and encouragement to the approximately 16,300 full-time equivalent employees of the Company and its operating subsidiaries.

Other Directorships: .. Mr. Childs currently serves as a director of the Salt Lake City Branch of the Federal Reserve Bank of San Francisco.

Henry J. Eyring

Age:..... 54
Director Since:..... 2006 (Also served as a director of the Company from 1995 until 2003)
Committees: Member of the Compensation Committee; Member of the Audit Committee
Principal Occupation:.. President at Brigham Young University Idaho

Experience:..... Mr. Eyring was appointed President of Brigham Young University–Idaho in April 2017. Prior to that, Mr. Eyring served in various positions of administration at Brigham Young University–Idaho from 2006 to April 2017, including Academic Vice President. Mr. Eyring was President of the Japan Tokyo North Mission of The Church of Jesus Christ of Latter-day Saints from 2003 until 2006. From 2002 until 2003, he was a special partner with Peterson Capital, a private equity investment firm; and from 1998 through 2002, he was the Director of the Masters of Business Administration Program at Brigham Young University.

The Board recognizes the strong business and strategic consulting experience Mr. Eyring contributes to the Board’s direction of the Company. In addition to the recent experience summarized above, Mr. Eyring was previously engaged with the Monitor Company, an internationally-recognized management consulting firm. Mr. Eyring is a sound strategic thinker who possesses the ability to apply his academic thought and studies to the practical day-to-day challenges of the Company’s operations. The Board believes that Mr. Eyring's thoughtful application of business and legal principles makes him a valuable contributor to the Board.

Meredith S. Madden

Age:..... 44
Director Since:..... 2015
Committees: Member of the Compensation Committee; Member of the Safety and Compliance Committee
Principal Occupation: . Chief Executive Officer of NORDAM Group, Inc. (“NORDAM”).
Experience: Mrs. Madden was appointed Chief Executive Officer of NORDAM, one of the world’s largest independently owned aerospace companies in July 2011. Prior to becoming the Chief Executive Officer of NORDAM, Mrs. Madden served in various leadership roles at NORDAM including President, Chief Operating Officer, Vice President Repair Group, Vice President Global Sales and Marketing and Vice President of NORDAM International, a subsidiary of NORDAM. Since joining NORDAM in 1999, Mrs. Madden has played a key role in transforming NORDAM into the global aerospace entity it is today.

The Board believes that Mrs. Madden’s expertise and strategic insights related to aircraft maintenance vendor planning and her extensive expertise working with international maintenance service providers make her a valuable contributor to the Board.

Ronald J. Mittelstaedt

Age:..... 54
Director Since:..... 2013
Committees: Member of the Compensation Committee; Member of the Nominating and Corporate Governance Committee; Member of the Safety and Compliance Committee
Principal Occupation: . Chairman of the Board and Chief Executive Officer of Waste Connections, Inc. (“*Waste Connections*”)

Experience: Mr. Mittelstaedt has served as the Chairman and Chief Executive Officer of Waste Connections, a company he founded, since January 1998. Under Mr. Mittelstaedt’s leadership, Waste Connections has become the second largest company in the North American solid waste and recycling industry, employing more than 15,000 people nationwide. Mr. Mittelstaedt also established the RDM Positive Impact Foundation in 2004 to improve the lives of underprivileged and at-risk children. Prior to his career in waste management, he spent three years in the air freight industry. The common stock of Waste Connections is traded on the New York Stock Exchange. Mr. Mittelstaedt holds a bachelor’s degree in Business Economics and Finance from the University of California—Santa Barbara.

The Board nominated Mr. Mittelstaedt, in part, because of his expertise in making large capital equipment decisions, extensive experience working with groups of diverse employees in various geographic regions and history of developing an organizational culture of strong work ethics. Mr. Mittelstaedt also contributes to the Board his insight as an experienced chief executive officer of a publicly-traded company, which the Board has found valuable in its deliberations.

Other Directorships: . . Mr. Mittelstaedt currently serves as Chairman of the Board for Waste Connections.

Andrew C. Roberts

Age:..... 57
Director Since:..... 2015
Committees: Chairman of the Safety and Compliance Committee; Member of the Audit Committee
Principal Occupation: Chairman, Ryan Herco Flow Solutions, LLC (“*Ryan Herco Flow Solutions*”)

Experience:..... Mr. Roberts has served as the Chairman of Ryan Herco Flow Solutions since January 2017 and prior to that served as its Executive Chairman from September 2015. Prior to joining Ryan Herco Flow Solutions, Mr. Roberts served as the President and Chief Executive Officer of Align Aerospace LLC, a global distributor of products to the aerospace and aviation industries, from January 2014 to September 2015. Mr. Roberts served as Chief Executive Officer of Permaswage Holding S.A.S., a designer and manufacturer of fluid fitting products, providing proprietary and standard components, tooling, and training to major aerospace companies, from 2009 until 2014. Mr. Roberts also developed significant experience in the management and operation of mainline and regional airlines from 1997 until 2008. During this time, Mr. Roberts served in multiple executive positions, including as Executive Vice President, Operations; Senior Vice President of Technical Operations; and Vice President of Materials Management Operations of Northwest Airlines, Inc.; and the Chairman of the Board and Chief Executive Officer of MCH, Inc., the holding company of Mesaba Airlines and Compass Airlines, two regional airlines. From 2000 until 2008, Mr. Roberts also served as Chairman of the Board of Aeroxchange Ltd., an aviation equipment purchasing portal established by 13 international airlines to create a global, neutral e-commerce platform designed to support the aviation supply chain. Mr. Roberts holds a bachelor of science degree (with Honors) in Engineering from the University of Birmingham and a post graduate diploma in Engineering from Coventry University.

Mr. Roberts’ nomination for service as a director by the Board is based, in part, on Mr. Roberts’ extensive background in the aviation maintenance and overhaul industry, as well as Mr. Roberts’ experience as the principal executive officer of two regional airlines and as a senior executive officer of a major airline. The Board also recognizes Mr. Roberts’ education and professional training in the fields of engineering and aviation manufacturing, which has allowed him to make valuable contributions to the Board in assessing the Company’s technical operations.

Keith E. Smith

Age:..... 57
Director Since:..... 2013
Committees: Chairman of the Compensation Committee; Member of the Audit Committee
Principal Occupation: President and Chief Executive Officer of Boyd Gaming Corporation (“Boyd Gaming”)

Experience:..... Mr. Smith is President, Chief Executive Officer and a director of Boyd Gaming, one of the nation’s leading casino entertainment companies, with 24 operations in eight states and more than 20,000 employees. Mr. Smith is an industry veteran with nearly 32 years of gaming experience. He joined Boyd Gaming in 1990 and held various executive positions before being promoted to Chief Operating Officer in 2001. In 2005, Mr. Smith was named President and elected as a director of Boyd Gaming and in 2008 he assumed the role of Chief Executive Officer. The common stock of Boyd Gaming is traded on the New York Stock Exchange.

Mr. Smith holds a bachelor’s degree in Accounting from Arizona State University. He served as Chairman of the Los Angeles Branch of the Federal Reserve Bank of San Francisco from 2012 to 2014. He also serves as Chairman of the American Gaming Association and the Nevada Resort Association. He served as Vice Chairman of the Las Vegas Convention and Visitors Authority from 2005 to 2011.

The Board recognizes Mr. Smith’s diverse experience in investing in, financing, and managing capital assets and real properties in various geographic regions. Mr. Smith also has extensive experience in leading and directing a large group of diverse employees. Mr. Smith’s accounting training and experience and his service as Chairman of the Los Angeles Branch of the Federal Reserve Bank of San Francisco also enable him to provide valuable service as the Chair of the Compensation Committee and to the Audit Committee.

Other Directorships: . . . Mr. Smith is a director of Boyd Gaming.

Steven F. Udvar-Hazy

Age:..... 72
Director Since:..... 1986
Committees: Lead Independent Director; Chairman of the Nominating and Corporate Governance Committee; Member of the Compensation Committee
Principal Occupation: . Executive Chairman of the Board of Air Lease Corporation

Experience: Mr. Udvar-Hazy has been engaged in aircraft leasing and finance for more than 47 years and has served as the Executive Chairman of the Board of Air Lease Corporation since July 2016, and as Chairman and Chief Executive Officer of Air Lease Corporation from its launch in February 2010. Prior to his current engagement with Air Lease Corporation, which leases and finances commercial jet aircraft worldwide, Mr. Udvar-Hazy founded and served as the Chairman of the Board and Chief Executive Officer of International Lease Finance Corporation, which leases and finances commercial jet aircraft.

Mr. Udvar-Hazy is recognized as one of the leading experts in the aviation industry, and contributes to the Board the wisdom and insight he has accumulated through a lengthy, distinguished career in aviation, aircraft leasing and finance. The Company has benefitted greatly from Mr. Udvar-Hazy’s recognized position in the aviation industry, including introductions to his vast industry contacts and networking opportunities. In addition to his extensive industry experience, Mr. Udvar-Hazy is extremely knowledgeable of the Company’s operations and opportunities, having served as a director of the Company for more than 31 years.

The Board believes that Mr. Udvar-Hazy’s even temperament and ability to encourage discussion, together with his experience as a chief executive officer and director of other successful organizations in the airline industry, make him an effective Lead Independent Director.

Other Directorships: . . Mr. Udvar-Hazy is Executive Chairman of the Board of Air Lease Corporation.

James L. Welch

Age:..... 63
Director Since:..... 2007
Committees: Member of the Audit Committee; Member of the Nominating and Corporate Governance Committee; Member of the Safety and Compliance Committee
Principal Occupation: . Chief Executive Officer of YRC Worldwide Inc. (“YRC Worldwide”).

Experience: Since July 2011, Mr. Welch has served as the Chief Executive Officer of YRC Worldwide, a provider of global, national and regional ground transportation services. From 2008 until July 2011, Mr. Welch served as the President and Chief Executive Officer of Dynamex, Inc., a provider of same-day transportation and logistics services in the United States and Canada. During 2007 and 2008 he served as Interim Chief Executive Officer of JHT Holdings, a holding company of multiple enterprises engaged in automotive transport and management services. From 2000 until 2007, Mr. Welch served as the President and Chief Executive Officer of Yellow Transportation, an international transportation services provider.

Mr. Welch has over 34 years of senior executive experience in the transportation sector, including valuable experience in the leadership of large and varied groups. That experience includes extensive experience working with organized labor groups, including labor unions. Mr. Welch’s insights have been particularly valuable to the Board as the Company has addressed labor and related issues arising in the operation of SkyWest Airlines and ExpressJet. Mr. Welch also contributes to the Board valuable practical experience in the operation of a large enterprise, as well as the perspective of a successful entrepreneur.

Other Directorships: . . Mr. Welch serves as a director for YRC Worldwide.

EXECUTIVE OFFICERS

In addition to Russell A. Childs, the Chief Executive Officer of the Company, whose biographical information is set forth above, the following individuals served as executive officers of the Company or its operating subsidiaries during 2016.

Robert J. Simmons, 55, is the Chief Financial Officer of Company, SkyWest Airlines and ExpressJet. He is responsible for the areas of finance, accounting, treasury and investor relations for the Company and its subsidiaries.

From 2009 until his appointment as Chief Financial Officer in March 2015, Mr. Simmons served as a Partner with Bendigo Partners, LLC. (“*Bendigo Partners*”), a privately held firm focused on technology-based financial services as private equity investors and operational consultants. In his role with Bendigo Partners, Mr. Simmons was responsible for portfolio management. He served as Chief Financial Officer for E*TRADE Financial Corporation from 2003 to 2008 and as Corporate Treasurer for E*TRADE Financial Corporation from 2001 to 2003. He has accumulated more than 30 years of finance and treasury experience in various leadership positions at companies including Oracle, Iomega, and Bank of America. Mr. Simmons holds a master’s degree in business administration, with an emphasis in finance from the Kellogg Graduate School of Management at Northwestern University, and graduated magna cum laude with a bachelor’s degree in international business from Brigham Young University.

Wade J. Steel, 42, is the Chief Commercial Officer of the Company, SkyWest Airlines and ExpressJet. He is responsible for the Company’s contractual relationships with American Airlines, Inc. (“*American*”), Delta Air Lines, Inc. (“*Delta*”), United Airlines, Inc. (“*United*”) and Alaska Airlines, Inc. (“*Alaska*”), development of new business opportunities with network airlines, fleet management and information technology. He also plays a vital role in the strategic planning and development opportunities of the Company.

Mr. Steel was initially employed with the Company in March 2007 as Director of Financial Planning and Analysis. He held this position until May 2011, when he was appointed to serve as Vice President – Controller for SkyWest Airlines. From May 2014 until Mr. Steel’s appointment as Chief Commercial Officer of the Company in March 2015, he served as the Executive Vice President and acting Chief Financial Officer of the Company, with responsibility for the areas of finance, treasury, investor relations and information technology for the Company and its subsidiaries. Mr. Steel is a certified public accountant.

Michael B. Thompson, 42, is the Chief Operating Officer of SkyWest Airlines. He is responsible for oversight of all aspects of SkyWest Airlines’ operations, including safety, quality, flight operations, maintenance and customer service. He also oversees SkyWest Airline’s operational relationships with American, Delta, United and Alaska.

Mr. Thompson was initially employed with the Company in April 2001 as Operations Analyst and was later named Director of Market Planning. In 2007 he was named Vice President of Market Development of SkyWest Airlines, in which position he served until May 2014, when he was appointed to serve as Chief Operating Officer of SkyWest Airlines.

Terry M. Vais, 50, is the Chief Operating Officer of ExpressJet. Mr. Vais is responsible for oversight of all aspects of ExpressJet’s operations, including safety, quality, flight operations, maintenance and customer service. He also oversees ExpressJet’s operational relationships with its major airline partners, including American, Delta and United.

Prior to his appointment as Chief Operating Officer of ExpressJet in September 2015, Mr. Vais served as Vice President of Operations, Planning and Support for ExpressJet since 2014 and served as Vice President of Customer Care for ExpressJet from 2008 to 2014. He has accumulated more than 26 years of airline experience in various leadership positions.

Eric J. Woodward, 46, is the Chief Accounting Officer of the Company, SkyWest Airlines and ExpressJet. He is responsible for the oversight of the Company's financial accounting practices, internal controls and reporting to the Securities and Exchange Commission.

Mr. Woodward was employed in various other capacities with the Company from April 2004 until April 2007 and served as the Company's Vice President – Controller from April 2007 until May 2011, when he was appointed to serve as Chief Accounting Officer of the Company. Mr. Woodward is a certified public accountant.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines and periodically reviews and ratifies those guidelines, including most recently on February 7, 2018. The Corporate Governance Guidelines can be accessed at the Company's website, *inc.skywest.com*. The Corporate Governance Guidelines supplement the Company's Bylaws and the charters of the Board's committees. Excerpts from the principal sections of the Company's Corporate Governance Guidelines are noted below.

Director Independence

At a minimum, the Board will have a majority of directors who meet the criteria for independence as required by The Nasdaq Global Select Market.

Director Qualifications

Criteria for Membership

The Company's Nominating and Corporate Governance Committee is responsible for annually reviewing with the Board the desired skills and characteristics of directors, as well as the composition of the Board as a whole.

Terms and Limitations

All directors currently stand for election each year. The Board does not believe it should establish a limit on the number of times that a director may stand for election.

Retirement

Directors are required to submit their resignation from the Board when their term expires upon reaching the age of 75 years old. The Board will accept the resignation unless the Nominating and Corporate Governance Committee recommends otherwise. Directors generally will not be nominated for election following their 75th birthday.

Ownership of Company Stock

Directors are encouraged to own shares of Common Stock having a value equal to three times the amount of their annual compensation base.

Director Responsibilities

General Responsibilities

The basic responsibility of directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders.

Oversight of Management

The Board is responsible for encouraging the Company's management to effectively implement policies and strategies developed by the Board, and to provide dynamic leadership of the Company.

Board Meetings and Materials

Frequency of Meetings

The Board has four regularly scheduled meetings per year. As determined necessary by the Board and in order to address the Company's needs, special meetings of the Board are convened from time to time.

Meeting Responsibilities

Absent extraordinary circumstances, directors of the Company should attend all Board meetings, meetings of the committee on which they serve and shareholder meetings. The Chairman of the Board is responsible for establishing the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting.

Executive Sessions of Independent Directors

The Company's independent directors meet in executive session regularly, generally quarterly. The independent directors may either choose one director annually to serve as the Lead Independent Director and to preside at all executive sessions or establish a procedure by which a Lead Independent Director will be selected. The independent directors of the Company have chosen Mr. Udvar-Hazy to serve as the Lead Independent Director.

Director Compensation

The form and amount of director compensation is determined by the Board based on general principles established on the Nominating and Corporate Governance Committee's recommendation. These principles are in accordance with the policies and principles set forth in the Nominating and Corporate Governance Committee's charter and are intended to be consistent with rules established by The Nasdaq Global Select Market, including those relating to director independence and to compensation of Audit Committee members.

Chief Executive Officer Evaluation and Management Succession

The Nominating and Corporate Governance Committee conducts an annual review to assess the performance of the Company's Chief Executive Officer. The Nominating and Corporate Governance Committee communicates the results of its review to the other directors in a meeting that is not attended by the Chief Executive Officer. The directors of the Company, excluding the Chief Executive Officer, review the Nominating and Corporate Governance Committee's report to assess the Chief Executive Officer's leadership in the long and short-term, as well as the Company's long-term succession plans.

Annual Evaluations

The Board conducts an annual evaluation to determine if the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee solicits comments from all of the Company's directors and reports annually to the Board with an assessment of the Board's performance. Each of the Board's standing committees conducts an annual evaluation to assess the performance of the applicable committee.

Review and Access to Guidelines

The Nominating and Corporate Governance Committee reviews the Company's Corporate Governance Guidelines at least annually, then, as it deems appropriate, recommends amendments to the Board.

Board Leadership Structure and Director Independence

Although the Board does not have a formal policy as to whether the roles of Chairman of the Board and Chief Executive Officer should be combined or separated, from 1991 until January 2016, Jerry C. Atkin served as both Chairman of the Board and Chief Executive Officer of the Company. In January 2016, the Board appointed Russell A. Childs to serve as the Chief Executive Officer of the Company, which resulted in the separation of the roles of Chairman of the Board and Chief Executive Officer. Currently, Mr. Atkin serves as Chairman of the Board and Mr. Childs serves as the Chief Executive Officer. The Board believes that such separation allows Mr. Childs to focus his time and energy on managing the Company's business on a day-to-day basis, while also leveraging Mr. Atkin's background with the Company, perspective and vast experience in the aviation industry as he devotes his time and attention to matters of Board oversight. Accordingly, the Board has determined that the Company's Board leadership structure is the most appropriate at this time, given the specific characteristics and circumstances of the Company, and the unique skills and experience of each of Mr. Atkin and Mr. Childs.

The Company is committed to independent Board oversight. Pursuant to the Company's Corporate Governance Guidelines, all of the Company's directors (other than Messrs. Atkin and Childs) meet the standards of independence applicable to the Company, and the Board has designated Steven F. Udvar-Hazy as Lead Independent Director. As Lead Independent Director, Mr. Udvar-Hazy is empowered to prepare agendas for and conduct meetings of the non-management directors, communicate with the Chairman of the Board, disseminate information to the Board, and raise issues with management on behalf of the independent directors when appropriate. The Board's independent oversight function is enhanced by the fact that the Audit, Compensation, Nominating and Corporate Governance and Safety and Compliance Committees are comprised entirely of independent directors.

The Board believes no single leadership model is right for all companies at all times. The Board recognizes that, depending on the circumstances, other leadership models may be appropriate. The independent directors and the Nominating and Corporate Governance Committee regularly review the Company's leadership structure and, depending on the Company's needs and the available resources, the Board may modify the Company's existing leadership structure.

Communications with the Board

Shareholders and other interested parties may communicate with one or more directors or the non-management directors as a group in writing by regular mail. The following address may be used by those who wish to send such communications by regular mail:

Board of Directors or Name of Individual Director(s)
c/o Chief Financial Officer
SkyWest, Inc.
444 South River Road
St. George, UT 84790

Code of Ethics

The Company has adopted a Code of Ethics for Directors and Senior Executive Officers (the “*Code of Ethics*”), which is available on the Company’s website, *inc.skywest.com*. The Code of Ethics includes the following principles related to the Company’s directors and executive officers:

- Act ethically with honesty and integrity;
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents filed with the Securities and Exchange Commission and other public communications;
- Comply in all material respects with laws, rules and regulations of governments and their agencies;
- Comply in all material respects with the listing standards of the stock exchange where the shares of Common Stock are traded;
- Respect the confidentiality of information acquired in the course of performing work for the Company, except when authorized or otherwise legally obligated to disclose the information; and
- Do not use confidential information of the Company for personal advantage or for the benefit of acquaintances, friends or relatives.

Corporate Sustainability

We understand the importance of ensuring the satisfaction and security of our customers, employees, investors and other stakeholders through an unwavering commitment to corporate integrity, no matter the environment. We also believe good governance is a source of competitive advantage. Our Board of Directors, which is responsible for the control and direction of the Company and governed by a Code of Ethics, represents and is accountable to our shareholders. Our corporate governance policies are designed both for compliance and to drive effective use of the collective skills and experience of our directors, officers and employees for ethical, responsible, and superior performance. In addition to our overall dedication to ethical and accountable business practices, our corporate sustainability efforts include the areas of environmental and social sustainability. We take social and environmental responsibility and sustainability seriously.

Environmental Sustainability

As the largest regional airline in the United States, we remain committed to lowering our environmental footprint while continuing to offer the best service to our customers and the communities we serve. Through the use of software and training, we heavily monitor and manage our fuel trends and fuel consumption which leads to better fuel conservation and reductions in emissions. When possible, we try to mitigate the use of fuel, including by taxiing with the use of a single engine, taking steps to improve the efficiency of aircraft routing and using ground power when the plane is parked at the gate. We participate with our major airline partners in recycling programs, and we have implemented recycling initiatives in our facilities to reduce the amount of paper, plastic and other recyclables going to landfills. We have worked aggressively to reduce our reliance on paper manuals and have converted, or are in the process of converting, our manuals and our maintenance logs into electronic form, further eliminating unnecessary waste while increasing efficiencies.

Social Sustainability

We are a dedicated people-first organization, providing various avenues to enhance the quality of life for our customers, employees and communities. We know that if we take good care of our employees, they will take good care of our customers, which will result in value returned to our shareholders. We maintain an employee scholarship program,

which awards annual scholarships to employees and their family members to help them in their pursuits of higher education. We are committed to creating a diverse and inclusive workforce, empowering professional growth and development and investing in our employees' health, emotional and financial wellness. Additionally, we are dedicated to protecting our customers by providing employee training programs focused on, among other topics, safety, fuel conservation, diversity, and procedures for identifying and reporting human trafficking. We continue to seek to increase diversity in the workplace, including by participating in and sponsoring several recruitment and industry events. During 2017, such events included those organized by such organizations as Women in Aviation, Girls in Aviation, National Gay Pilots Association, Organization of Black Aerospace Professionals, Military Organizations, among others.

Risk Oversight

The Board and its committees are involved in overseeing risk associated with the Company and its operations. The Board and the Audit Committee monitor the Company's credit risk, liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and internal and external auditors and other advisors. In its periodic meetings with the internal auditors and the Company's independent accountants, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks, legal and ethical compliance programs and related-party transactions. The Board and the Nominating and Corporate Governance Committee monitor the Company's governance and succession risk by regular review with management and outside advisors. The Board and the Compensation Committee monitor Chief Executive Officer succession and the Company's compensation policies and related risks by regular reviews with management and the Compensation Committee's outside advisors. The Board and the Safety and Compliance Committee monitor management's administration of airline flight operations safety and compliance with safety regulations.

Whistleblower Hotline

The Company has established a whistleblower hotline that enables employees, customers, suppliers and shareholders of the Company and its subsidiaries, as well as other interested parties, to submit confidential and anonymous reports of suspected or actual violations of the Code of Ethics.

MEETINGS AND COMMITTEES OF THE BOARD

The Board

Each director is expected to devote sufficient time, energy and attention to ensure diligent performance of his or her duties and to attend all Board, committee and shareholders' meetings. The Board met five times during 2017. Other than Mr. Mittelstaedt, each of the Company's directors attended at least 75% of the aggregate number of meetings of the Board and of the committees on which he or she served during the year ended December 31, 2017, as well as the Company's Annual Meeting of Shareholders held on May 9, 2017. Mr. Mittelstaedt met the 75% threshold after removing from consideration the Board meeting and two committee meetings held in early August 2017 that he could not attend to due to an unexpected family emergency. Based on assurances from Mr. Mittelstaedt regarding his commitment to the Board in 2018 and his ability to attend regular meetings of the Board and committees on which he serves in the future, as well as the other reasons described elsewhere in this Proxy Statement, our Nominating and Corporate Governance Committee has determined that Mr. Mittelstaedt should be nominated and re-elected as a director.

Committees of the Board

The Board has four standing committees to facilitate and assist the Board in the execution of its responsibilities: (1) Audit, (2) Compensation, (3) Nominating and Corporate Governance and (4) Safety and Compliance. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate. All the standing committees are comprised solely of non-employee, independent directors as defined by The Nasdaq Global Select Market listing standards. Charters for each committee are available on the Company’s website, *inc.skywest.com*.

The table below shows current membership for each of the standing Board committees.

<u>Audit</u>	<u>Compensation</u>	<u>Nominating & Corporate Governance</u>	<u>Safety and Compliance</u>
W. Steve Albrecht*	Keith E. Smith*	Steven F. Udvar-Hazy*	Andrew C. Roberts*
Henry J. Eyring	Henry J. Eyring	W. Steve Albrecht	Meredith S. Madden
Andrew C. Roberts	Meredith S. Madden	Ronald J. Mittelstaedt	Ronald J. Mittelstaedt
Keith E. Smith	Ronald J. Mittelstaedt	James L. Welch	James L. Welch
James L. Welch	Steven F. Udvar-Hazy		

* Committee Chairman

Audit Committee

The Audit Committee has five members and met eight times during the year ended December 31, 2017. The Board has determined that Mr. W. Steve Albrecht, Chairman of the Audit Committee, is an “audit committee financial expert” within the meaning established by the Securities and Exchange Commission.

The Audit Committee’s responsibilities, which are discussed in further detail in its charter, include the responsibility to:

- Establish and implement policies and procedures for review and approval of the appointment, compensation and termination of the independent registered public accounting firm;
- Review and discuss with management and the independent registered public accounting firm the audited financial statements of the Company and the Company’s financial disclosure practices;
- Pre-approve all audit and permissible non-audit fees;
- Provide oversight of the Company’s internal auditors;
- Hold meetings periodically with the Company’s independent registered public accounting firm, the Company’s internal auditors and management to review and monitor the adequacy and effectiveness of the Company’s financial reporting, internal controls and risk assessment and compliance with Company policies;
- Review the Company’s consolidated financial statements and related disclosures;
- Review with management and the Company’s independent registered public accounting firm and approve disclosure controls and procedures and accounting principles and practices; and
- Perform other functions or duties deemed appropriate by the Board.

Additional information regarding the Audit Committee's processes and procedures is addressed below under the heading "Audit Committee Disclosure." The Report of the Audit Committee is set forth on page 62 of this Proxy Statement.

Compensation Committee

The Compensation Committee has five members and met three times during the year ended December 31, 2017. The Compensation Committee's responsibilities, which are discussed in detail in its charter, include the responsibility to:

- In consultation with the Company's senior management, establish the Company's general compensation philosophy and oversee the development and implementation of the Company's compensation programs;
- Recommend to the Board the base salary, incentive compensation and any other compensation for the Company's Chief Executive Officer and review and approve the Chief Executive Officer's recommendations for the compensation of all other officers of the Company;
- Administer the Company's incentive and stock-based compensation plans, and discharge the duties imposed on the Compensation Committee by the terms of those plans;
- Review and approve any severance or termination payments proposed to be made to any current or former officer of the Company;
- Prepare and issue the report of the Compensation Committee required by the rules of the Securities and Exchange Commission; and
- Perform other functions or duties deemed appropriate by the Board.

Additional information regarding the Compensation Committee's processes and procedures for consideration of executive compensation are addressed below under the Heading "Compensation Discussion and Analysis." The report of the Compensation Committee is set forth on page 38 of this Proxy Statement.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee has four members and met twice during the year ended December 31, 2017. The Nominating and Corporate Governance Committee's responsibilities, which are discussed in detail in its charter, include the responsibility to:

- Develop qualifications and criteria for selecting and evaluating directors and nominees;
- Consider and propose director nominees;
- Make recommendations to the Board regarding Board compensation;
- Make recommendations to the Board regarding Board committee memberships;
- Develop and recommend to the Board corporate governance guidelines;
- Facilitate an annual assessment of the performance of the Board and each of its standing committees;

- Consider the independence of each director and nominee for director; and
- Perform other functions or duties deemed appropriate by the Board.

Safety and Compliance Committee

The Safety and Compliance Committee has four members and met twice during the year ended December 31, 2017. The responsibilities of the Safety and Compliance Committee, which are discussed in detail in its charter, include the responsibility to:

- Review and make recommendations to the Board addressing airline flight operations, safety and compliance with safety regulations;
- Periodically review with the Company's management, and such advisors as the Safety and Compliance Committee deems appropriate, aspects of flight operations, safety and compliance with safety regulations; and
- Monitor and provide input with respect to management's efforts to create and maintain a safety culture within the Company's operations.

Nomination Process

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted shareholder recommendations for candidates to serve as directors of the Company. In evaluating those recommendations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria described below. Any shareholder wishing to recommend a candidate for consideration by the Nominating and Corporate Governance Committee should submit a recommendation in writing indicating the candidate's qualifications and other relevant biographical information and provide confirmation of the candidate's consent to serve as a director. This information should be addressed to Jerry C. Atkin, Chairman of the Board of the Company, 444 South River Road, St. George, Utah 84790.

As contemplated by the Company's Corporate Governance Guidelines, the Nominating and Corporate Governance Committee reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board at least annually. There is currently no set of specific minimum qualifications that must be met by a nominee recommended by the Nominating and Corporate Governance Committee, as different factors may assume greater or lesser significance at particular times and the needs of the Board may vary in light of its composition and the Nominating and Corporate Governance Committee's perceptions about future issues and needs. Among the factors the Nominating and Corporate Governance Committee considers, which are outlined in the Corporate Governance Guidelines, are independence, diversity, age, skills, integrity and moral responsibility, policy-making experience, ability to work constructively with the Company's management and directors, capacity to evaluate strategy and reach sound conclusions, availability of time and awareness of the social, political and economic environment.

In addition, although the Board does not have a formal policy regarding diversity, it believes that ethnic, gender and cultural diversity among its members can provide value and is important. In considering a potential new candidate, the Board considers whether he or she would increase the Board's ethnic, gender or cultural diversity.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating director nominees. The Nominating and Corporate Governance Committee assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers various potential

candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through various means, including current directors, professional search firms, shareholder recommendations or other referrals. Candidates are evaluated at meetings of the Nominating and Corporate Governance Committee, and may be considered at any point during the year. All director-nominee recommendations which are properly submitted to the Nominating and Corporate Governance Committee are aggregated and considered by the Nominating and Corporate Governance Committee at a meeting prior to the issuance of the proxy statement for the next annual meeting of shareholders. Any materials provided by a shareholder in connection with the recommendation of a director candidate are forwarded to the Nominating and Corporate Governance Committee, which considers the recommended candidate in light of the director qualifications discussed above. The Nominating and Corporate Governance Committee also reviews materials provided by professional search firms, if applicable, or other parties in connection with a candidate who is not proposed by a shareholder. In evaluating such recommendations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board. The Nominating and Corporate Governance Committee has, on occasion, engaged professional search firms to assist in identifying qualified candidates for Board service. When such firms have been engaged, the Nominating and Corporate Governance Committee has utilized their services principally for the purpose of identifying and screening potential candidates and conducting background research; however, the members of the Nominating and Corporate Governance Committee, as well as other directors of the Company, have conducted interviews with prospective candidates and have performed other functions in completing the nomination process.

Compensation Committee Interlocks and Insider Participation

Keith E. Smith, Ronald J. Mittelstaedt, Henry J. Eyring, Steven F. Udvar-Hazy and Meredith S. Madden served as members of the Compensation Committee during the year ended December 31, 2017. None of the individuals who served on the Compensation Committee during the year ended December 31, 2017 was an officer or employee of the Company in 2017 or any time prior thereto. None of the members of the Compensation Committee during the year ended December 31, 2017 had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). None of the executive officers of the Company served as a member of the Compensation Committee or of any similar committee of any other company whose executive officer(s) served as a director of the Company.

COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis provides information regarding the Company's executive compensation objectives, principles, practices and decisions as they relate to the following named executive officers of the Company (the "*Named Executives*") for 2017:

- Russell A. Childs, Chief Executive Officer and President of the Company, SkyWest Airlines and ExpressJet (the "*Chief Executive*");
- Robert J. Simmons, Chief Financial Officer of the Company, SkyWest Airlines and ExpressJet;
- Wade J. Steel, Chief Commercial Officer of the Company, SkyWest Airlines and ExpressJet;
- Michael B. Thompson, Chief Operating Officer of SkyWest Airlines; and
- Terry M. Vais, Chief Operating Officer of ExpressJet.

This compensation discussion and analysis provides narrative perspective to the tables and disclosure in the tables following this section.

Compensation Objectives and Principles

The overall objective of the Company's executive compensation programs is to create long-term value for the Company's shareholders by attracting and retaining talented executives that effectively manage the Company in a manner that is consistent with the long-term interest of shareholders.

Accordingly, the executive compensation program incorporates the following principles:

- The overall compensation package should encourage long-term focus and shareholder value creation;
- A significant amount of total compensation should be incentive based, and should correlate rewards with the Company's financial performance, as well as the achievement of operational objectives;
- Compensation should be competitive with other airlines in order to attract and retain talented executives;
- Compensation should be based upon individual responsibility, leadership ability and experience; and
- Compensation should not encourage the taking of undue risk that could cause material harm to the Company.

The Chief Executive's total compensation reported in the Summary Compensation Table increased at a lower rate than the Company's one-year total shareholder return in 2017, and all of the Named Executives' total annual target compensation for 2017 was below the median of our peer group, as further described below.

Current Year Accomplishments

SkyWest made great strides operationally and structurally in 2017, positioning itself for changes in the industry and future profitability by adding new aircraft at improved economics under Mr. Childs' leadership.

The Company believes that 2017 was an excellent year for SkyWest in terms of its operations, its position for future growth, and for its shareholders as a result of the 45.7% increase in share price during the fiscal year. The Company's income before income taxes under generally accepted accounting principles in the United States ("GAAP") improved to \$288 million in 2017, from a GAAP loss before income taxes of \$249 million in 2016. GAAP operating income improved to \$388 million in 2017, from an operating loss of \$173 million in 2016. During 2017, the Company had an after-tax benefit of \$247 million from the revaluation of deferred taxes as a result of the Tax Cuts and Jobs Act of 2017. The Company's 2016 results included a \$482 million pre-tax special items operating expense primarily related to a write down of certain assets associated with the Company's 50-seat aircraft. The improvements in 2017 were driven, in part, by the following accomplishments:

- The continued improvement in aircraft fleet mix, which included reducing the number of aircraft available for service from 652 aircraft at December 31, 2016 to 595 at December 31, 2017, summarized as follows:
 - Took delivery of 21 new Embraer dual-class regional jet ("E175") aircraft under flying contracts that we believe will improve our profitability;
 - Removed 65 50-seat aircraft from unprofitable or less profitable flying contracts; and
 - Removed 13 CRJ700/CRJ900 aircraft from flying contracts.
- The Company had \$685 million in cash and marketable securities at December 31, 2017, up \$120 million from December 31, 2016; and
- The Company had a net income of \$429 million, or \$8.08 per diluted share for the 2017 year, compared to a net loss of \$162 million, or \$3.14 loss per diluted share for the 2016 year. Excluding special items in both periods, adjusted net income was \$182 million, or \$3.43 per diluted share for the 2017 year, compared to an adjusted net income of \$143 million, or \$2.73 per diluted share for the 2016 year. Appendix A to this Proxy Statement includes a reconciliation of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.

These accomplishments not only improved the Company's performance, but the Board believes these accomplishments will contribute to improved financial performance in future years.

Executive Compensation Procedures

Role of the Compensation Committee. The Compensation Committee has responsibility for establishing and monitoring the executive compensation programs and for making decisions regarding executive compensation. The Chief Executive regularly attends the Compensation Committee meetings, and the Compensation Committee also meets regularly in executive sessions. The Chief Executive is not present for deliberations by the Compensation Committee regarding his compensation. The Compensation Committee recommends the Chief Executive's compensation to the Board, which then reviews and approves the Committee's recommendation, unless the Committee is required to approve such compensation under applicable law. The Compensation Committee also considers the recommendations of the Chief Executive with respect to compensation of the other Named Executives, and after reviewing such recommendations, determines their compensation. The Compensation Committee also monitors, administers and approves awards under the various incentive compensation plans for all levels within the Company, including awards under the Company's annual cash incentive plan and 2010 Long-Term Incentive Plan (the "2010 Plan"). As permitted by the 2010 Plan, the Compensation Committee has delegated its authority to the Chief Executive to approve interim awards under the 2010 Plan to non-executives on a limited basis between meetings of the Compensation Committee.

Role of Consultants. During 2016 and 2017, the Company and the Compensation Committee received advice from Frederic W. Cook & Co., Inc. (“F.W. Cook”) with respect to executive compensation practices and trends generally and within the airline industry and the peer group listed below. The Company and the Compensation Committee retained F.W. Cook to advise on the amounts and forms of compensation awarded to Named Executives in 2016 and 2017. After conducting an evaluation using the factors established by the Securities and Exchange Commission and The Nasdaq Global Select Market, the Compensation Committee determined that F.W. Cook is independent and that there is no conflict of interest resulting from the engagement of F.W. Cook during 2017. The Compensation Committee has sole authority to hire and fire external compensation consultants.

Industry Compensation Data. The Compensation Committee also evaluates data regarding the executive compensation programs of other air carriers, as well as other transportation and logistics companies, in order to determine the competitiveness of the Company’s executive compensation programs. The Compensation Committee performed such a review in November 2016 and again in November 2017, which included a review of the executive compensation levels and practices at peer companies with revenue and enterprise value between approximately one-third times and three times SkyWest’s. The Company’s revenue and enterprise value were both above the peer group median at the time the study was conducted. The peer companies used in the November 2017 review were: Air Canada Inc., Alaska Air Group, Inc., Allegiant Travel Company, Atlas Air Worldwide Holdings, Inc., Genesee & Wyoming Inc., Hawaiian Holdings, Inc., Hub Group, Inc., J.B. Hunt Transport Services, Inc., JetBlue Airways Corporation, Kansas City Southern, Old Dominion Freight Line, Inc., Spirit Airlines, Inc., Werner Enterprises, Inc., WestJet Airlines Ltd., XPO Logistics, Inc., and YRC Worldwide Inc.

The peer group was modified slightly from 2016 to remove Virgin America Inc. following their acquisition by Alaska Air Group, Inc.

The Compensation Committee had the 2016 peer group data available when 2017 Named Executive compensation decisions were made at the start of the year and it had the 2017 compensation peer group data available when it approved cash incentive payouts for 2017.

Compensation Determination. The Compensation Committee relies on its judgment in making compensation decisions in addition to reviewing relevant information and results. When setting total compensation for each of the Named Executives, the Compensation Committee reviews tally sheets which show the Named Executive’s current compensation, including base pay, annual cash incentive objectives, long-term, equity-based compensation objectives, and deferred compensation retirement funding. The executive compensation procedures and the Compensation Committee assessment process take into account these tally sheets as well as the industry compensation data described above, individual performance and contributions, company performance, the results of the most recent say-on-pay vote, performance expected in the current and upcoming years, and such other factors as the Compensation Committee determines are appropriate. The Compensation Committee has the sole discretion to award compensation and make adjustments to awards based on its review of relevant information and other unusual or non-recurring items.

However, the Company does not believe that it is appropriate to establish compensation levels solely by benchmarking. The Company does not target specific pay levels and uses the peer company market data for context. The Company’s directors rely upon their judgment in making compensation decisions, after reviewing the factors described above. While competitive market compensation paid by other companies is one of the many factors that the Company considers in assessing the reasonableness of compensation, the Company does not attempt to maintain a certain target percentile within a peer group or otherwise rely entirely on that data to determine executive officer compensation. Instead, the Company’s compensation determination processes are designed to be flexible in an effort to respond to and adjust for the evolving business environment and individual circumstances. Nevertheless, the total direct compensation for all of SkyWest’s Named Executives in this proxy, as reported in the Summary Compensation Table, was below the median of similar positions in the peer group.

However, the review of peer data in November 2016 and then again in November 2017 showed that the total annual target compensation levels for the Named Executives generally approximated the 25th percentile of the Company's peer group of companies.

The Company strives to achieve an appropriate mix between long-term equity incentive awards and cash payments in order to meet its objectives. Any apportionment objective is not applied rigidly and does not control its compensation decisions. The Company's mix of compensation elements is designed to reward recent results, align compensation with shareholder interests and fairly compensate executives through a combination of cash and equity incentive awards.

Compensation Committee Consideration of Shareholder Advisory Vote. At the Company's Annual Meeting of Shareholders held in May 2017, the Company submitted the compensation of its named executive officers to the Company's shareholders in a non-binding vote. The Company's executive compensation program received the support of more than 95% of votes cast. The Compensation Committee considered the results of the 2017 vote and views the outcome as evidence of positive shareholder support of its executive compensation decisions and policies.

The Compensation Committee continued to refine the Company's executive compensation program for 2017 in an effort to better align the compensation packages of the Named Executives with the executive compensation programs of other regional carriers and major airlines and to recognize that the Chief Executive and much of the leadership team is relatively new in their roles. The Compensation Committee will continue to review peer group and future shareholder voting results, including the voting results with respect to "Proposal 2—Advisory Vote on Named Executive Compensation" described in this Proxy Statement, and determine whether to make any changes to the Company's executive compensation program in light of such data and voting results.

Elements of Compensation

The Company's executive compensation objectives and principles are implemented through the use of the following principal elements of compensation, each discussed more fully below:

- Salary
- Annual Cash Incentive
- Long-Term Incentive Awards
- Retirement and Other Benefits

The compensation components for each Named Executive for 2017 are more fully described in the following paragraphs.

Salary. Salary is provided with the objective of paying for the underlying role and responsibility associated with the Named Executive's position, which the Compensation Committee believes allows the Company to attract and retain qualified executives. The Named Executives' salaries are set at levels that the Compensation Committee believes are generally competitive with the compensation paid to officers in similar positions at other airlines. Salary adjustments are considered annually and influenced by growth of the Company's operations, individual performance, changes in responsibility, changes in cost of living, and other factors. Messrs. Childs and Steel were provided a \$20,000 increase to their base salaries for 2017 over their respective 2016 base salaries. Messrs. Simmons and Mr. Thompson were provided a \$15,000 increase to their base salaries for 2017 over their respective 2016 base salaries. Mr. Vais was provided a \$10,000 increase to his base salary for 2017 over his 2016 base salary. The salaries of the Named Executives are set forth

in the Summary Compensation Table immediately following this section. The salaries of all Named Executives in 2017 were below the median salary level of similar positions in our peer group.

Annual Cash Incentive. In an effort to encourage achievement of the Company's objectives, an annual performance-based cash incentive plan is maintained for the Named Executives. The combination of salary and annual cash incentives is intended to result in a cash compensation package for each Named Executive that, when performance objectives are met, falls within competitive market standards as determined by the Compensation Committee based on its review of the peer group company data, as well as its understanding of other regional and major air carrier executive compensation programs. The review of market data in November 2017 showed that the 2017 total cash opportunity of the Named Executives, consisting of salary plus target cash incentive, and approximated the 25th percentile for all Named Executives when compared to the peer group competitive market data.

The purpose of the annual cash incentive program is to reward the Named Executives with an annual cash incentive in an amount that correlates (i) in part, to one or more financial objectives achieved for the year; and (ii) in part, to the achievement of one or more specific operational objectives during the year. The 2017 annual target incentive opportunity was 110% of salary for Mr. Childs and 80% of salary for Messrs. Simmons, Steel, Thompson and Vais, and their potential annual incentive was allocated 75% based on the financial objective established by the Compensation Committee and 25% based on the operational objective targets established by the Compensation Committee. The Named Executives were eligible for a maximum cash incentive payout of 200% of their salaries. The differing percentages for the Named Executives are due to differing entity level responsibilities.

2017 Corporate Performance Objectives. For 2017 annual incentive determination purposes, the Compensation Committee determined that pre-tax earnings would be the financial objective and that controllable completion would be the operational objective. In the case of Messrs. Childs, Simmons and Steel, the applicable pre-tax earnings objective and controllable completion objective were based on the pre-tax earnings and controllable completion of the entire Company. This is because they are corporate level executives with Company-wide responsibility and accountability. Mr. Thompson's pre-tax earnings objective and controllable completion objective were set solely based on the SkyWest Airlines operating segment, since this is his area of responsibility and accountability. Similarly, Mr. Vais is principally engaged in running the operations of the ExpressJet operating segment, so his pre-tax earnings objective and controllable completion objective were set to reflect ExpressJet performance.

- *2017 Adjusted Financial Objective.* In setting the 2017 pre-tax earnings objective, the Compensation Committee considered both the planned 2017 budget, with other unusual or non-recurring items, including changes in prorate fuel prices, non-cash impairments, as well as considering the level of pre-tax earnings that would reflect strong performance and generate shareholder value. Evaluation of unusual or non-recurring items are considered to incentivize the Named Executives to make beneficial long-term business decisions. The pre-tax earnings objective was set to encourage continued focus on profitability and to facilitate the exchange of best practices between the Company's operating subsidiaries.
- *2017 Operational Objective.* A portion of the Named Executives' annual cash incentive is based on achievement of operating objectives established at the start of the year. The Compensation Committee believes the use of operating objectives allows for consideration of operating execution and achievements that may not be reflected by corporate financial performance. For 2017, the Compensation Committee determined that the operational objectives would be tied to controllable completion. Controllable completion is the percentage of completed scheduled flights over which the Company had control, excluding cancelled flights due to uncontrollable factors such as weather.

The Compensation Committee established threshold, target and maximum objectives for each of the financial and operational objectives. At threshold performance achievement, the Named Executives were able to earn 50% of their

target annual incentive, while the maximum performance allowed by the Named Executives to earn 200% of their target annual incentive.

At year-end, the Compensation Committee reviewed the actual pre-tax earnings and operating performance for the year and determined the extent to which the applicable objectives were met. The actual amount of the cash incentive payment for each Named Executive is determined by the Compensation Committee based on the Company's and/or applicable subsidiary's achievement of the foregoing objectives and the actual cash incentives paid for 2017 were based on the pre-established 2017 cash incentive formula, without application of discretion.

The table below includes the "threshold," "target" and "maximum" objectives assigned by the Compensation Committee for the corporate performance measures for 2017 and the Company's 2017 performance relative to those objectives for the Named Executives (dollars in millions).

	Weight	2017 Annual Cash Incentive Objectives			Achieved	Chief Executive Achieved Results (% of Salary)	Other Named Executives Achieved Results (% of Salary)
		Threshold	Target	Maximum			
<u>SkyWest, Inc.</u>							
Pre-tax Earnings (\$millions) . . .	75.0%	\$ 233.0	\$ 274.0	\$ 315.0	\$ 321.0	165.0%	120.0%
Operating Objective - Controllable completion	25.0%	99.2%	99.5%	99.7%	99.9%	55.0%	40.0%
<u>SkyWest Airlines</u>							
Pre-tax Earnings (\$millions) . . .	75.0%	\$ 190.0	\$ 224.0	\$ 258.0	\$ 278.0		120.0%
Operating Objective - Controllable completion	25.0%	99.2%	99.5%	99.7%	99.9%		40.0%
<u>ExpressJet</u>							
Pre-tax Earnings (\$millions) . . .	75.0%	\$ (14.0)	\$ (5.0)	\$ 4.0	\$ (11.0)		40.0%
Operating Objective - Controllable completion	25.0%	99.2%	99.5%	99.7%	99.8%		40.0%

The Company's achieved pre-tax earnings of \$321.0 million for purposes of the 2017 annual incentive plan payouts included certain adjustments to GAAP pre-tax earnings, including special items consisting of unusual or non-recurring items such as prorate fuel price changes and ExpressJet early contract wind down costs. The Compensation Committee believes these adjustments to GAAP pre-tax earnings lead to continued focus on long-term profitability and incentivize Named Executives to make beneficial long-term business decisions and will enhance the Company's long-term financial performance and ability to respond to its major airline partners' future needs.

The corresponding annual cash incentive payments earned for each Named Executive based on performance versus the annual cash incentive objectives during the year ended December 31, 2017, are set forth below as a percentage of the Named Executive's salary.

	Threshold Annual Cash Incentive	Target Annual Cash Incentive	Maximum Annual Cash Incentive	Pre-tax Earnings (% of Salary)		Operating Objective (% of Salary)		Total Annual Cash Incentive Results	Target Annual Cash Incentive	Total Annual Cash Incentive Results
	(% of Salary)	(% of Salary)	(% of Salary)	Weight at Target	Results	Weight at Target	Results	(% of Salary)	(\$)	(\$)
Russell A. Childs . . .	50.0%	110.0%	220.0%	82.5%	165.0%	27.5%	55.0%	220.0%	\$462,000	\$924,000
Robert J. Simmons . .	40.0%	80.0%	160.0%	60.0%	120.0%	20.0%	40.0%	160.0%	\$260,000	\$520,000
Wade J. Steel	40.0%	80.0%	160.0%	60.0%	120.0%	20.0%	40.0%	160.0%	\$240,000	\$480,000
Michael B. Thompson	40.0%	80.0%	160.0%	60.0%	120.0%	20.0%	40.0%	160.0%	\$188,000	\$376,000
Terry M. Vais	40.0%	80.0%	160.0%	60.0%	40.0%	20.0%	40.0%	80.0%	\$200,000	\$200,000

If the Company's pre-tax earnings or operating objective achieved results were between two achievement levels, "threshold," "target" and "maximum", the earned achievement was determined by linear interpolation between the applicable achievement levels.

Amount of 2017 Performance-Based Annual Cash Incentive. The total annual performance-based cash incentive amounts earned by the Named Executives for 2017 are included in the amounts shown in the Summary Compensation Table below under the caption heading "Non-Equity Incentive Plan Compensation."

Long-Term Incentive Awards. The Company grants discretionary long-term incentive awards, in the form of restricted stock units and performance shares to the Named Executives annually.

Long-term incentive awards are made to encourage the Named Executives to continue their engagement with the Company throughout the vesting periods of the awards and to align management and shareholder interests. In making awards to the Named Executives, the grant size and the appropriate mix of equity-based awards are considered. The Compensation Committee generally grants long-term incentive awards at its first meeting of each year. Long-term incentive awards generally vest only if the Named Executive remains employed by the Company for three years from the date of grant. The Compensation Committee believes the three-year cliff-vesting schedule for time-based restricted stock unit awards assists in retaining Named Executives and encourages the Named Executives to focus on the Company's long-term performance. Commencing with long-term incentive awards granted during 2018, long-term incentive awards granted to the Named Executives will accelerate under certain circumstances, as described below.

In granting restricted stock units and performance shares to the Named Executives, the Compensation Committee also considers the impact of the grant on the Company's financial performance, as determined in accordance with the requirements of FASB Accounting Standards Codification Topic 718 (ASC Topic 718). For long-term incentive awards, the Company records expense in accordance with ASC Topic 718. The amount of expense recorded pursuant to ASC Topic 718 may vary from the corresponding compensation value used in determining the amount of the awards.

Amount and allocation of grant—For 2017, the total annual targeted long-term incentive grant value was \$1,300,000 for Mr. Childs, \$650,000 for Mr. Simmons, \$600,000 for Mr. Steel and \$450,000 for both Messrs. Thompson

and Vais. The Compensation Committee established these annual targeted amounts to provide a competitive pay package and ensure that a large portion of each Named Executive’s compensation was based on continuing long-term service and correlated to the creation of shareholder value. This has been the Compensation Committee’s policy for several years, but is subject to review and continuation or modification each year by the Compensation Committee. Each Named Executive’s 2017 long-term incentive award was allocated among the two types of long-term incentive awards as follows: restricted stock units and performance shares. The target value of 2017 equity compensation was below the median of the 2016 and the 2017 peer data reviewed by the Compensation Committee for all Named Executive Officer positions.

Restricted stock unit and performance share grants in 2017 were made pursuant to the Company’s 2010 Plan, as shown in greater detail below and in the table labeled “Grants of Plan Based Awards.”

The following table summarizes the number and nature of long-term incentive awards granted to the Named Executives by the Company in 2017 under the 2010 Plan.

	<u>Time Vesting Awards</u>	<u>Performance Vesting Awards</u>
	<u>Number of Restricted Stock Units</u>	<u>“Target” Performance Shares (1)</u>
Russell A. Childs	14,521	21,782
Robert J. Simmons	7,261	10,891
Wade J. Steel	6,702	10,053
Michael B. Thompson	5,027	7,540
Terry M. Vais	5,027	7,540

(1) Number of performance shares if 100% of target is achieved, although the threshold earnout is 50% of target and the maximum earnout is 200% of target.

Restricted Stock Units—The Company granted restricted stock units to the Named Executives in 2017 under the 2010 Plan. Restricted stock units comprised 40% of each Named Executive’s 2017 long-term incentive compensation. The restricted stock units awarded to a Named Executive entitle the Named Executive to receive a designated number of shares of Common Stock upon completion of a three-year vesting period, measured from the date of grant, subject to the achievement of a threshold performance objective included in such restricted stock unit awards for Section 162(m) purposes. The threshold performance objective for purposes of the 2017 restricted stock units was the Company’s achievement of pre-tax earnings of at least \$54.9 million during 2017, 2018 or 2019. If the threshold goal was not achieved, none of the restricted stock units would be eligible to vest. If the threshold goal is achieved, then the restricted stock units will be eligible to vest on the third anniversary of the grant date, subject to the Named Executive’s continued employment through such date. In February 2018, the Compensation Committee determined that the Company’s 2017 pre-tax earnings of \$288 million satisfied the threshold goal for purposes of the 2017 restricted stock unit awards, and such awards will be eligible to vest based on the time-based vesting schedule described above. Until the vesting date, the shares underlying the restricted stock units are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his restricted stock units unless and until those restricted stock units vest. The purpose of the restricted stock unit component is to support continued employment through volatile economic and stock market conditions, to manage dilution overhang, and to align officers’ interests with maintaining shareholder value already created as well as future value creation. The Compensation Committee believes this approach mitigates the incentive for Named Executives to take unnecessary risks and helps retain the Named Executives’ expertise through continued employment. Restricted stock unit awards deliver significantly greater share-for-share compensation value at grant than do stock options, and the Company can offer what it anticipates will be comparable grant date compensation value with approximately 65% fewer shares than if the grant were made solely with stock options.

Performance Shares.

2017-2019 Performance Share Awards. The remaining component of each Named Executive's 2017 annual long-term incentive compensation was performance shares payable in Common Stock under the 2010 Plan. Performance share value comprised 60% of each Named Executive's 2017 long-term incentive compensation (target performance share value is stock price at grant multiplied by the shares earned if the objectives are achieved). The purpose of the performance share awards is to reward achievement of the three-year financial plan, which the Company believes will also support shareholder value achievement. Under each Named Executive's performance shares award, a number of performance shares will vest upon completion of a three-year performance period from the date of the grant (subject to the Named Executive's continued employment through the vesting date), based on the achievement of certain corporate performance objectives.

For purposes of the performance share awards granted in 2017, which will be eligible to vest based on corporate performance during the three-year performance period ending December 31, 2019 (the "*2017-2019 PSU Awards*"), the Compensation Committee set three-year performance share objectives, based on cumulative three-year adjusted pre-tax earnings and three-year average return on capital objectives. Under each Named Executive's performance share award, the performance shares are eligible to vest (and be settled in shares of Common Stock) upon completion of the three-year performance period (subject to the Named Executive's continued employment through the last day of the performance period), based on the level of adjusted pre-tax earnings and adjusted return on invested capital actually attained in aggregate over the 2017 to 2019 calendar years. Until the vesting date, the shares underlying the performance shares are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest.

The Compensation Committee's philosophy for setting performance share targets is to set maximum targets that will be difficult for the Named Executives to achieve on a consistent basis. For the 2017-2019 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the two corporate performance objectives, with the actual number of performance shares that will vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares are allocated 60% to the cumulative three-year adjusted pre-tax earnings objective and 40% to the three-year average return on invested capital objective in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee will be earned ranging from 50% (for threshold performance) to 100% (for target performance) to 200% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance is below the threshold level for one or more of the objectives, no performance shares will be earned with respect to such objective(s).

The corporate objectives for the 2017-2019 PSU Awards for each Named Executive were based on the Company-wide performance, with no individual component or subsidiary-level objectives, in order to encourage teamwork and a collective focus on the creation of long-term value for the Company's shareholders. In determining the degree to which the corporate objectives have been attained, the Company's performance will be automatically adjusted for unusual or non-recurring items.

Actual results for 2017-2019 PSU Awards are measured over the three-year performance period. Therefore, the degree to which performance shares granted in 2017 ultimately earned will not be determined until the conclusion of the 2019 calendar year.

2015-2017 Performance Shares.

For purposes of the performance share awards granted in 2015, which were eligible to vest based on corporate performance during the three-year performance period ending December 31, 2017 (the "*2015-2017 PSU Awards*"), the

Compensation Committee set three-year performance share objectives, based on cumulative three-year adjusted pre-tax earnings, three-year adjusted cash flow from operations, and pre-tax return on equity. Under each Named Executive's performance share award, the performance shares were eligible to vest (and be settled in shares of Common Stock) upon completion of the three-year performance period (subject to the Named Executive's continued employment through the last day of the performance period), based on the level of adjusted pre-tax earnings, adjusted cash flow from operations and pre-tax return on equity actually attained in aggregate over the 2015 to 2017 calendar years. Until the vesting date, the shares underlying the performance shares were not issued and outstanding. Accordingly, the Named Executive was not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest.

The Compensation Committee's philosophy for setting performance share targets is to set maximum targets that will be difficult for the Named Executives to achieve on a consistent basis. For the 2015-2017 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the three corporate performance objectives, with the actual number of performance shares that vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares were allocated equally between each of the three metrics in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee were earned ranging from 50% (for threshold performance) to 100% (for target performance) to 150% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance was below the threshold level for one or more of the objectives, no performance shares would be earned with respect to such objective(s).

The corporate objectives for the 2015-2017 PSU Awards for each Named Executive were based on the Company-wide performance, with no individual component or subsidiary-level objectives, in order to encourage teamwork and a collective focus on the creation of long-term value for the Company's shareholders. In determining the degree to which the corporate objectives have been attained, the Company's performance was adjusted for unusual or non-recurring items.

In February 2018, the Compensation Committee determined the Company's achievement relative to the objectives previously established for the 2015-2017 PSU Awards as follows:

	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>Achieved Performance</u>
Adjusted Pre-tax Income (\$ millions) (1)	\$ 249	\$ 318	\$ 382	\$ 675
Adjusted Cash Flow from Operations (\$ millions) (2) . .	\$ 642	\$ 803	\$ 963	\$ 1,406
Pre-tax Return on Equity (3)	5.46%	6.96%	8.37%	14.5%

- (1) Adjusted pre-tax income over the 2015 to 2017 calendar years was adjusted in 2015 for the gain on the early extinguishment of debt of \$25 million and in 2016 for \$466 million of special items primarily associated with the Company's 50-seat aircraft.
- (2) Adjusted cash flow from operations over the 2015 to 2017 calendar years was measured using cash flow from operations adjusting for capital expenditures not including aircraft.
- (3) Average of each of the 2015 to 2017 calendar years adjusted pre-tax income over adjusted equity.

As a result of the foregoing, in February 2017, the Named Executives vested in the following number of performance shares relative to the 2015-2017 PSU Awards, representing 150% (for maximum performance) of their

target awards: Mr. Childs, 36,639 shares; Mr. Simmons, 23,982 shares; Mr. Steel, 19,187 shares; Mr. Thompson, 17,211 shares; and Mr. Vais, 11,984 shares.

Long-Term Incentive Awards for 2018. The Compensation Committee did not make any significant changes for the 2018 long-term incentive awards from that of the 2017 long-term incentive awards.

No Employment and Severance Agreements

The Named Executives do not have employment, severance or change-in-control agreements, although the vesting of long-term equity incentive awards may accelerate under certain circumstances, as described below under “Elements of Compensation – Long-Term Incentive Awards.” The Named Executives serve at the will of the Board, which enables the Board to terminate the employment of any Named Executive with discretion as to the terms of any severance. This is consistent with the Company’s performance-based employment and compensation philosophy.

Acceleration of Long-Term Incentive Awards. With respect to long-term incentive awards granted to the Named Executives commencing in 2017, such awards will vest on an accelerated basis under certain circumstances.

Specifically, restricted stock unit awards granted to the Named Executives will vest on an accelerated basis (i) in the event of the Named Executive’s involuntary termination without cause or resignation for good reason, or (ii) in the event of the Named Executive’s death.

Performance share awards granted to the Named Executives will vest on an accelerated basis (i) in the event of the Named Executive’s death prior to a change in control, as to the “target” number of performance shares subject to the award on the date of death and as to any incremental performance shares above “target” based on the Company’s actual performance relative to the corporate performance objectives under such award at the end of the three-year performance period (or, if earlier, a change in control of the Company), (ii) in the event of the Named Executive’s death following a change in control, any “vesting eligible shares” (as described below) will vest upon the date of death, (iii) in the event of the Named Executive’s involuntary termination without cause or resignation for good reason, in each case prior to a change in control, the Named Executive will remain eligible to vest in such number of performance shares as ultimately vest based on the Company’s actual performance relative to the corporate performance objectives under such award at the end of the three-year performance period (or, if earlier, a change in control of the Company), which vesting will be prorated for the portion of the performance period that has elapsed prior to the date of termination, or (iv) in the event of the Named Executive’s involuntary termination without cause or resignation for good reason, in each case following a change in control, any vesting eligible shares will vest upon the date of such termination. For purposes of the performance shares, in the event of a change in control of the Company, the performance shares will be converted into a number of “vesting eligible shares” that will vest at the end of the three-year performance period based on the greater of (i) the “target” number of performance shares subject to the award, or (ii) the number of performance shares that would vest if performance had been measured against the corporate performance objectives as of the date of the change in control.

For a description of the accelerated vesting terms that apply to awards granted prior to 2017, see “Potential Payments upon Termination or Change in Control” below.

Retirement and Other Benefits.

The Company and SkyWest Airlines sponsor a 401(k) retirement plan for their eligible employees, including the Named Executives other than Mr. Vais. ExpressJet also maintains a substantially equivalent 401(k) plan for its eligible employees, including Mr. Vais. Both plans are broad based, tax-qualified retirement plans under which eligible employees, including the Named Executives, may make annual pre-tax salary reduction contributions subject to the various limits imposed under the Code. The sponsoring employers make matching contributions under the plans on

behalf of eligible participants; however, the right of Named Executives and other officers to such matching contributions is limited. The Compensation Committee believes that maintaining the 401(k) retirement plans and providing a means to save for retirement is an essential part of a competitive compensation package necessary to attract and retain talented executives.

The Company also maintains the SkyWest, Inc. 2002 Deferred Compensation Plan, a non-qualified deferred compensation plan for the benefit of officers and other highly compensated employees. All of the Named Executives other than Mr. Vais participate in the SkyWest, Inc. 2002 Deferred Compensation Plan. ExpressJet also maintains a separate but similar non-qualified deferred compensation plan, the ExpressJet Executive Deferred Compensation Plan, for its highly compensated management employees, including Mr. Vais. Under both such deferred compensation plans (the “*Deferred Compensation Plans*”), the employer credits each Named Executive’s account with a discretionary employer contribution equal to 15% of salary and annual cash incentive. These amounts are included in the Summary Compensation Table under the column “All Other Compensation”. Additional information on the Deferred Compensation Plans is found in the section “Non-Qualified Deferred Compensation for 2017” below. The purpose of the Deferred Compensation Plans is to attract and retain executive talent by assisting with building retirement assets over the course of their career with the Company.

The SkyWest Inc. 2002 Deferred Compensation Plan (but not the ExpressJet Executive Deferred Compensation Plan) also permits eligible executives, including the Named Executives, to elect in advance of each calendar year to defer up to 100% of their cash salary and annual cash incentive compensation for the year. Only Mr. Simmons elected to defer any portion of his salary or annual cash incentive for 2017.

The Company and its subsidiaries do not maintain any defined benefit pension plans for the Named Executives.

Other Benefits. In addition to the benefits described above, the Company provides certain other benefits to the Named Executives that the Compensation Committee believes are generally consistent with the benefits provided to senior executives of other airlines. The Compensation Committee believes that those benefits, which are detailed in the footnotes to the Summary Compensation Table applicable to the heading “All Other Compensation” below, are reasonable, competitive and consistent with overall executive compensation objectives. Those benefits consist primarily of employer-paid premiums on health, dental and eye insurance, a personal automobile allowance, and use of Company owned recreational equipment.

The Company and its subsidiaries also maintain a non-discriminatory, broad based program under which all full-time employees and their dependents, including the Named Executives and their dependents, may fly without charge on a space available basis on regularly scheduled flights of aircraft operated by the Company’s operating airline subsidiaries.

The Company has not agreed to provide its Named Executives with any gross-up or reimbursement for taxes.

Share Ownership Guidelines

The Company maintains ownership guidelines for the Named Executives to encourage the alignment of their interests with the long-term interests of the Company’s shareholders. Each Named Executive is strongly encouraged to maintain a minimum ownership interest in the Company. The guideline ownership level is a number of shares of Common Stock having a value equal to a multiple of the annual base salary for each Named Executive. The Chief Executive’s guideline ownership level is five times salary while the remaining Named Executives’ guideline ownership level is three times salary.

The guidelines also include an expectation that the Named Executives will hold 50% of their net after-tax profit shares held after vesting or option exercise if the applicable guideline ownership level is not met. The Named Executives are limited in their ability to sell shares under long-term incentive awards until their applicable guideline ownership level

is reached. Any Named Executive that did not meet the guidelines at December 31, 2017 is encouraged to make progress towards the ownership guideline. The holdings of the Named Executives are summarized in the table entitled “Security Ownership of Certain Beneficial Owners” below.

Deductibility of Executive Compensation

Section 162(m) of the Code imposes a \$1 million annual limit on the amount that a publicly traded company may deduct for compensation paid to the company’s principal executive officer during a tax year or to any of the company’s three other most highly compensated executive officers who are still employed at the end of the tax year (other than the Company’s principal financial officer). Historically, the limit did not apply to compensation that met the requirements of Section 162(m) of the Code for “qualified performance-based compensation” (i.e., compensation paid only if the executive meets pre-established, objective goals based upon performance criteria approved by the Company’s shareholders). The Tax Cuts and Jobs Act of 2017 eliminated the “qualified performance-based compensation” exception to Section 162(m) of the Code and the expanded the limitation on deductibility to generally include all named executive officers. The Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code, and has reserved, and continues to reserve, the right to approve compensation that may not be deductible under Code Section 162(m) in order to ensure competitive levels of total compensation for its executive officers.

Effect of Compensation on Risk

The Compensation Committee believes the Company’s compensation policies and practices are designed to create appropriate and meaningful incentives for the Company’s employees without encouraging excessive or inappropriate risk taking. Among other factors, the Compensation Committee considered the following:

- The Company’s compensation policies and practices are designed to include a significant level of long-term compensation, which discourages short-term risk taking;
- The base salaries and target cash incentive opportunities the Company provides to its employees are generally consistent with salaries paid for comparable positions in the Company’s industry, and provide the Company’s employees with steady income while reducing the incentive for employees to take risks in pursuit of short-term benefits;
- The Company’s cash incentive and performance equity incentive compensation is capped at levels established by the Compensation Committee, consistent with peer data, and at which the Compensation Committee believes reduces the incentive for excessive risk-taking;
- The Company has established internal controls and adopted codes of ethics and business conduct, which are designed to reinforce the balanced compensation objectives established by the Compensation Committee; and
- The Company has adopted equity ownership guidelines for its executive officers, which the Compensation Committee believes discourages excessive risk-taking.

Based on the review outlined above, the Company has concluded that the risks arising from its compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the Company.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed the foregoing compensation discussion and analysis and discussed with the Company's management the information set forth herein. Based on such review and discussions with management, the Compensation Committee recommended to the Board that the foregoing compensation discussion and analysis be included in this proxy statement.

The Compensation Committee

Keith E. Smith, Chair
Henry J. Eyring
Meredith S. Madden
Ronald J. Mittelstaedt
Steven F. Udvar-Hazy

The information contained in this Compensation Committee Report shall not be deemed to be "soliciting material," to be "filed" with the Securities and Exchange Commission or be subject to Regulation 14A or Regulation 14C or to the liabilities of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing of SkyWest, Inc., except to the extent that SkyWest, Inc. specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Exchange Act.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of the Named Executives for the years indicated.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Stock Awards		Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation (\$)	Total (\$)
				Restricted Stock Units \$(2)	Performance Shares \$(2)				
Russell A. Childs	2017	\$420,000	\$ —	\$ 520,000	\$ 780,000	\$ —	\$ 924,000	\$ 213,395 (4)	\$ 2,857,395
CEO & President	2016	\$400,000	\$ —	\$ 400,000	\$ 400,000	\$ 200,000	\$ 796,364	\$ 161,745	\$ 2,358,109
	2015	\$330,000	\$ —	\$ 330,000	\$ 330,000	\$ 165,000	\$ 464,277	\$ 111,563	\$ 1,730,840
Robert J. Simmons	2017	\$325,000	\$ —	\$ 260,000	\$ 390,000	\$ —	\$ 520,000	\$ 147,148 (5)	\$ 1,642,148
Chief Financial Officer	2016	\$310,000	\$ —	\$ 223,200	\$ 223,200	\$ 111,600	\$ 463,027	\$ 126,103	\$ 1,457,130
	2015	\$225,000	\$ —	\$ 251,014	\$ 251,014	\$ 125,507	\$ 337,656	\$ 56,308	\$ 1,246,499
Wade J. Steel	2017	\$300,000	\$ —	\$ 240,000	\$ 360,000	\$ —	\$ 480,000	\$ 134,287 (6)	\$ 1,514,287
Chief Commercial Officer	2016	\$280,000	\$ —	\$ 201,600	\$ 201,600	\$ 100,800	\$ 418,218	\$ 110,424	\$ 1,312,642
	2015	\$240,000	\$ —	\$ 172,800	\$ 172,800	\$ 86,400	\$ 270,125	\$ 85,299	\$ 1,027,424
Michael B. Thompson	2017	\$235,000	\$ —	\$ 180,000	\$ 270,000	\$ —	\$ 376,000	\$ 106,010 (7)	\$ 1,167,010
Chief Operating Officer	2016	\$220,000	\$ —	\$ 158,400	\$ 158,400	\$ 79,200	\$ 294,965	\$ 96,159	\$ 1,007,124
—SkyWest Airlines	2015	\$215,300	\$ —	\$ 155,016	\$ 155,016	\$ 77,508	\$ 235,624	\$ 78,770	\$ 917,234
Terry M. Vais	2017	\$250,000	\$ —	\$ 180,000	\$ 270,000	\$ —	\$ 200,000	\$ 110,436 (8)	\$ 1,010,436
Chief Operating Officer	2016	\$240,000	\$ —	\$ 172,800	\$ 172,800	\$ 86,400	\$ 360,000	\$ 69,841	\$ 1,101,841
—ExpressJet	2015	\$165,200	\$ —	\$ 101,205	\$ 101,205	\$ 51,883	\$ 163,371	\$ 51,412	\$ 634,276

- (1) No discretionary annual performance bonuses were awarded to the Named Executives in 2015, 2016 or 2017.
- (2) These columns show the grant date fair value of the options and stock awards granted as computed under ASC Topic 718 (excluding estimates for forfeitures in case of awards with service-based vesting). With respect to the performance share awards, the grant date fair value is reported based on the probable outcome of the performance conditions as of the grant date. The restricted stock units granted during 2017 that entitle the Named Executive to receive a designated number of shares of Common Stock upon completion of a three-year vesting period, measured from the date of grant, subject to the achievement of a threshold performance objective included in such restricted stock unit awards for Section 162(m) purposes, were deemed probable of achievement at target levels and the full grant date fair value of such awards is reflected in the table above. The maximum potential value of the performance share awards, assuming the highest level of performance achievement, is as follows: Mr. Childs, \$495,000 (2015), \$600,000 (2016), \$1,560,000 (2017); Mr. Simmons, \$376,521 (2015), \$334,800 (2016), \$780,000 (2017); Mr. Steel, \$259,200 (2015), \$302,400 (2016), \$720,000 (2017); Mr. Thompson, \$232,524 (2015), \$237,600 (2016), \$540,000 (2017); and Mr. Vais, \$151,808 (2015), \$259,200 (2016), \$540,000 (2017). These amounts do not reflect the extent to which the Named Executive realized or will realize an actual financial benefit from the awards. Assumptions and methodologies used in the calculation of these amounts are included in footnotes to the Company’s audited financial statements for the year ended December 31, 2017 which are included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission.
- (3) The amounts in this column reflect the annual performance cash incentive amounts earned in the year indicated based on performance in that year and paid in the subsequent year. As described in the section entitled “Compensation Discussion and Analysis” above, annual performance cash incentives payable to the Named Executives are calculated based upon the financial and operational performance of the Company or its subsidiaries. The threshold, target and maximum amount of each Executive’s annual performance cash incentive opportunity for 2017 is reported in the “Grants of Plan-Based Awards for 2017” table below.
- (4) All other compensation for Mr. Childs for 2017 included \$183,402 of employer credits under the SkyWest Deferred Compensation Plan attributable to compensation earned for 2017. The remaining other compensation relates to

employer-paid health insurance premiums, a personal vehicle lease, personal use of the Company's recreational equipment, and discretionary matching contributions under the SkyWest 401(k) Plan.

- (5) All other compensation for Mr. Simmons for 2017 included \$119,182 of employer credits under the SkyWest Deferred Compensation Plan attributable to compensation earned for 2017. The remaining other compensation relates to employer-paid health insurance premiums, a personal vehicle lease, personal use of the Company's recreational equipment, and discretionary matching contributions under the SkyWest 401(k) Plan.
- (6) All other compensation for Mr. Steel for 2017 included \$110,411 of employer credits under the SkyWest Deferred Compensation Plan attributable to compensation earned for 2017. The remaining other compensation relates to employer-paid health insurance premiums, a personal vehicle lease, personal use of the Company's recreational equipment, and discretionary matching contributions under the SkyWest 401(k) Plan.
- (7) All other compensation for Mr. Thompson for 2017 included \$82,134 of employer credits under the SkyWest Deferred Compensation Plan attributable to compensation earned for 2017. The remaining other compensation relates to employer-paid health insurance premiums, a personal vehicle lease, personal use of the Company's recreational equipment, and discretionary matching contributions under the SkyWest 401(k) Plan.
- (8) All other compensation for Mr. Vais for 2017 included \$92,248 of employer credits under the SkyWest Deferred Compensation Plan attributable to compensation earned for 2017. The remaining other compensation relates to employer-paid health insurance premiums and a personal vehicle lease.

Grants of Plan-Based Awards For 2017

The following table provides information about non-equity based and equity-based plan awards granted to the Named Executives for the year ended December 31, 2017:

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards Number of Units (#)	All Other Stock Awards Number of Options (#)	Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value of Stock and Option Awards(\$)(f)
		Threshold (\$)(l)	Target (\$)(l)	Maximum (\$)(l)	Threshold (#)	Target (#)	Maximum (#)				
Russell A. Childs	9-Feb-2017(2)	\$ 231,000	\$ 462,000	\$ 924,000	10,891	21,782	43,564			\$ 462,000	
	9-Feb-2017(3)					14,521				\$ 780,000	
Robert J. Simmons	9-Feb-2017(2)	\$ 130,000	\$ 260,000	\$ 520,000	5,446	10,891	21,782			\$ 520,000	
	9-Feb-2017(3)					7,261				\$ 260,000	
Wade J. Steel	9-Feb-2017(2)	\$ 120,000	\$ 240,000	\$ 480,000	5,027	10,053	20,106			\$ 240,000	
	9-Feb-2017(3)					6,702				\$ 360,000	
Michael B. Thompson	9-Feb-2017(2)	\$ 94,000	\$ 188,000	\$ 376,000	3,770	7,540	15,080			\$ 240,000	
	9-Feb-2017(3)					5,027				\$ 188,000	
Terry M. Vais	9-Feb-2017(2)	\$ 100,000	\$ 200,000	\$ 400,000	3,770	7,540	15,080			\$ 270,000	
	9-Feb-2017(3)					5,027				\$ 180,000	

- (1) The amounts in these columns reflect the threshold, target and maximum amount of each Named Executive's annual cash incentive opportunity for 2017. As described in the section entitled "Compensation Discussion and Analysis" above, annual cash incentives payable to the Named Executives are calculated based upon the financial and operational performance of the Company or its subsidiaries.
- (2) Represents the 2017-2019 PSU Awards granted in 2017 which will be eligible to vest based on corporate performance during the three-year performance period ending December 31, 2019. The Compensation Committee determined that the corporate objectives for purposes of such awards would be pre-tax earnings and return on invested capital actually attained over the three-year performance period. Until the vesting date, the shares underlying the performance shares are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest. For the 2017-2019 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the two corporate performance objectives, with the actual number of

performance shares that will vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares are allocated 60% to the cumulative three-year adjusted pre-tax earnings and 40% to the three-year average return on invested capital in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee will be earned ranging from 50% (for threshold performance) to 100% (for target performance) to 200% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance is below the threshold level for one or more of the objectives, no performance shares will be earned with respect to such objective(s).

- (3) Represents restricted stock unit awards that entitle the Named Executive to receive a designated number of shares of Common Stock upon completion of a three-year vesting period, measured from the date of grant, subject to the achievement of a threshold performance objective included in such restricted stock unit awards for Section 162(m) purposes. The threshold performance objective for purposes of the 2017 restricted stock units was the Company's achievement of pre-tax earnings of at least \$54.9 million during 2017, 2018 or 2019. If the threshold goal was not achieved, none of the restricted stock units would be eligible to vest. If the threshold goal is achieved, then the restricted stock units will be eligible to vest on the third anniversary of the grant date, subject to the Named Executive's continued employment through such date. In February 2018, the Compensation Committee determined that the Company's 2017 pre-tax earnings of \$288 million satisfied the threshold goal for purposes of the 2017 restricted stock unit awards, and such awards will be eligible to vest based on the time-based vesting schedule described above.
- (4) This column shows the grant date fair value of the stock awards granted as computed under ASC Topic 718 (excluding estimates for forfeitures in case of awards with service-based vesting). With respect to the performance share awards, the grant date fair value is reported based on the probable outcome of the performance conditions as of the grant date. These amounts do not reflect the extent to which the Named Executive realized or will realize an actual financial benefit from the awards. Assumptions and methodologies used in the calculation of these amounts are included in footnotes to the Company's audited financial statements for the year ended December 31, 2017 which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Outstanding Equity Awards at Year-End

The following table provides information on the year-end 2017 holdings of stock options and other stock awards (restricted stock units and performance shares) by the Named Executives.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date(1)	Number of Share Units That Have Not Vested (#)	Market Value of Share Units That Have Not Vested(9)(\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights That Have Not Vested(9)(\$)
Russell A. Childs	16,389		\$ 13.24	13-Feb-20				
	18,054		\$ 12.10	18-Feb-21				
	4,687		\$ 11.36	15-May-21				
	24,435	12,588 (3)	\$ 13.51	17-Feb-22	36,639 (2)	\$ 1,945,531		
	13,536	27,484 (4)	\$ 14.78	10-Feb-23	24,426 (3)	\$ 1,297,021		
					27,064 (4)	\$ 1,437,098	27,064 (5)	\$ 1,437,098
Robert J. Simmons					14,521 (7)	\$ 771,065	21,782 (8)	\$ 1,156,624
					23,982 (2)	\$ 1,273,444		
	15,994	8,239 (3)	\$ 14.12	17-Feb-22	15,988 (3)	\$ 848,963		
	7,553	15,336 (4)	\$ 14.78	10-Feb-23	15,101 (4)	\$ 801,863	15,101 (5)	\$ 801,863
Wade J. Steel					7,261 (7)	\$ 385,559	10,891 (8)	\$ 578,312
					19,187 (2)	\$ 1,018,829		
		6,592 (3)	\$ 13.51	17-Feb-22	12,791 (3)	\$ 679,202		
		13,852 (4)	\$ 14.78	10-Feb-23	13,640 (4)	\$ 724,284	13,640 (5)	\$ 724,284
Michael B. Thompson					6,702 (7)	\$ 355,876	10,053 (8)	\$ 533,814
					17,211 (2)	\$ 913,904		
		5,913 (3)	\$ 13.51	17-Feb-22	11,474 (3)	\$ 609,269		
		10,884 (4)	\$ 14.78	10-Feb-23	10,717 (4)	\$ 569,073	10,717 (5)	\$ 569,073
Terry M. Vais					5,027 (7)	\$ 266,934	7,540 (8)	\$ 400,374
					6,963 (2)	\$ 369,735		
					5,021 (2)	\$ 266,615		
		2,393 (3)	\$ 13.51	17-Feb-22	4,642 (3)	\$ 246,490		
		1,149 (6)	\$ 17.25	9-Sep-22	2,231 (6)	\$ 118,466		
	11,874 (4)	\$ 14.78	10-Feb-23	11,691 (4)	\$ 620,792	11,691 (5)	\$ 620,792	
				5,027 (7)	\$ 266,934	7,540 (8)	\$ 400,374	

(1) All stock option awards have a term of seven years from the date of grant.

- (2) Represents performance share awards granted in 2015 which were eligible to vest based on corporate performance during the three-year performance period ending December 31, 2017. The Compensation Committee determined that the corporate objectives for purposes of such awards would be based on cumulative three-year adjusted pre-tax earnings, three-year adjusted cash flow from operations, and pre-tax return on equity actually attained over the three-year performance period. Until the vesting date, the shares underlying the performance shares are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest. For the 2015-2017 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the three corporate performance objectives, with the actual number of performance shares that will vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares were allocated equally between each of the three metrics in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee will be earned ranging from 50% (for threshold performance) to 100% (for target performance) to 150% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance was below the threshold level for one or more of the objectives, no performance shares will be earned with respect to such objective(s). The actual number of shares of Common Stock issued to our Named Executives following the conclusion of the performance period was based on our performance relative to the corporate performance objectives for that performance period. As of December 31, 2017, the Company's performance relative to the objectives was at "maximum" performance levels and as such the "maximum" number of performance shares subject to these awards are reported in the table above and, as of December 31, 2017, such awards were no longer subject to performance conditions. The Named Executives were obligated to remain employed through the date of the Compensation Committee's certification of the results for the performance period in order to be eligible to vest in such awards. In February 2018, the Compensation Committee determined that the Company had satisfied the maximum performance level, and such awards vested February 17, 2018.
- (3) Restricted stock unit awards scheduled to vest on February 17, 2018. One third of the shares subject to the options vest on each anniversary of the date of grant over a three-year period.
- (4) Restricted stock unit awards scheduled to vest on February 10, 2019. One third of the shares subject to the options vest on each anniversary of the date of grant over a three-year period.

- (5) Represents the 2016-2018 PSU Awards granted in 2016 which will be eligible to vest based on corporate performance during the three-year performance period ending December 31, 2018 (“2016-2018 PSU Awards”). The Compensation Committee determined that the corporate objectives for purposes of such awards would be pre-tax earnings, earnings per share and return on invested capital actually attained over the three-year performance period. Until the vesting date, the shares underlying the performance shares are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest. For the 2016-2018 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the three corporate performance objectives, with the actual number of performance shares that will vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares are allocated equally between each of the three metrics in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee will be earned ranging from 50% (for threshold performance) to 100% (for target performance) to 150% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance is below the threshold level for one or more of the objectives, no performance shares will be earned with respect to such objective(s). The actual number of shares of Common Stock issued to our Named Executives following the conclusion of a performance period will be based on our performance relative to the corporate performance objectives for that performance period and our stock price on the applicable vesting date. The Company has reported the number and market value of the performance shares subject to the awards based on “target” performance.
- (6) Restricted stock unit awards scheduled to vest September 9, 2018. One third of the shares subject to the options vest on each anniversary of the date of grant over a three-year period.
- (7) Restricted stock unit awards that entitle the Named Executive to receive a designated number of shares of Common Stock on February 9, 2020, subject to the achievement of a threshold performance objective included in such restricted stock unit awards for Section 162(m) purposes. The threshold performance objective for purposes of the 2017 restricted stock units was the Company’s achievement of pre-tax earnings of at least \$54.9 million during 2017, 2018 or 2019. If the threshold goal was not achieved, none of the restricted stock units would be eligible to vest. If the threshold goal is achieved, then the restricted stock units will be eligible to vest on the third anniversary of the grant date, subject to the Named Executive’s continued employment through such date. In February 2018, the Compensation Committee determined that the Company’s 2017 pre-tax earnings of \$288 million satisfied the threshold goal for purposes of the 2017 restricted stock unit awards, and such awards will be eligible to vest based on the time-based vesting schedule described above.

- (8) Represents the 2017-2019 PSU Awards granted in 2017 which will be eligible to vest based on corporate performance during the three-year performance period ending December 31, 2019. The Compensation Committee determined that the corporate objectives for purposes of such awards would be adjusted pre-tax earnings and average return on invested capital actually attained over the three-year performance period. Until the vesting date, the shares underlying the performance shares are not issued and outstanding. Accordingly, the Named Executive is not entitled to vote or receive dividends on the shares underlying his performance shares unless and until those performance shares vest. For the 2017-2019 PSU Awards, the Compensation Committee established threshold, target and maximum performance levels for each of the two corporate performance objectives, with the actual number of performance shares that will vest to be adjusted in proportion to the extent to which the combined actual results varied from the target levels of performance. The performance shares are allocated 60% to the cumulative three-year adjusted pre-tax earnings objectives and 40% to the three-year average return on invested capital objectives in determining the actual awarded performance shares payable in Common Stock. Specifically, a number of performance shares attributable to each objective according to the weightings assigned by the Compensation Committee will be earned ranging from 50% (for threshold performance) to 100% (for target performance) to 200% (for maximum performance), with performance in between such levels determined by linear interpolation. If performance is below the threshold level for one or more of the objectives, no performance shares will be earned with respect to such objective(s). The actual number of shares of Common Stock issued to our Named Executives following the conclusion of a performance period will be based on our performance relative to the corporate performance objectives for that performance period and our stock price on the applicable vesting date. The Company has reported the number and market value of the performance shares subject to the awards based on “target” performance.
- (9) Based on market closing price per share of Common Stock of \$53.10 on December 29, 2017, the last trading day of 2017.

Option Exercises and Stock Vested

Stock options exercised and restricted stock units that vested for the Named Executives during the year ended December 31, 2017 are outlined below.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired On Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Russell A. Childs	32,908	\$ 1,193,004	17,504	\$ 624,171
Robert J. Simmons	—	\$ —	—	\$ —
Wade J. Steel	24,707	\$ 841,926	8,843	\$ 314,762
Michael B. Thompson	22,018	\$ 567,480	8,404	\$ 299,120
Terry M. Vais	15,916	\$ 596,425	4,245	\$ 151,547

Non-Qualified Deferred Compensation for 2017

Pursuant to the SkyWest Deferred Compensation Plan and the ExpressJet Deferred Compensation Plan, covered Named Executives may elect prior to the beginning of each calendar year to defer the receipt of base salary and annual performance cash incentives earned for the ensuing calendar year. Amounts deferred are credited to an unfunded liability account maintained by the Company on behalf of the applicable Named Executive, which account is deemed invested in and earns a rate of return based upon certain notational, self-directed investment options offered under the applicable plan.

Each Named Executive's account under the SkyWest Deferred Compensation Plan and ExpressJet Deferred Compensation Plan, as applicable, is also credited with a discretionary employer contribution monthly, whether or not the Named Executive contributes. For 2017 that discretionary employer contribution was 15% of the Named Executive's salary and annual cash incentive. Participant account balances under the SkyWest and ExpressJet Deferred Compensation Plans are fully vested and will be paid by the Company to each Named Executive upon retirement or separation from employment, or on other specified dates, in a lump sum form or in installments according to a schedule elected in advance by the Named Executive.

The following table provides information regarding the SkyWest Deferred Compensation Plan for Messrs. Childs, Simmons, Steel and Thompson for the year ended December 31, 2017:

Name	Executive Contributions in Last Year (\$)(1)	Registrant Contributions in Last Year (\$)(2)	Aggregate Earnings in Last Year (\$)(3)	Aggregate Withdrawals/ Distributions in Last Year (\$)	Aggregate Balance at Last Year End (\$)(4)
Russell A. Childs	\$ —	\$ 183,402	\$ 137,979	\$ —	\$1,525,218
Robert J. Simmons	\$ 23,164	\$ 119,182	\$ 40,640	\$ —	\$ 331,169
Wade J Steel	\$ —	\$ 110,411	\$ 43,931	\$ —	\$ 460,087
Michael B. Thompson	\$ —	\$ 82,134	\$ 79,423	\$ —	\$ 628,188

- (1) The amount in this column represents deferral of base salary for 2017 and annual performance cash incentives earned for the ensuing calendar year, which deferred amounts are reported in the Summary Compensation Table above.
- (2) The amounts in this column reflect the amounts of employer contributions credited under the applicable deferred compensation plan for 2017 at the rate of 15% of each Executive's 2017 base salary and annual cash incentive which was paid in 2017. The amounts reported in this column are also included in the amounts reported in the "Other Compensation" column of the Summary Compensation Table appearing above.
- (3) The amounts in this column reflect the notational earnings during 2017 credited to each Executive's account under the SkyWest Deferred Compensation Plan. These amounts are not reported in the Summary Compensation Table because they are based on market rates determined by reference to mutual funds that are available to participants in the SkyWest 401(k) Plan or otherwise broadly available.
- (4) All Named Executive and Company contributions in prior years to the SkyWest Deferred Compensation Plan have been reported in the Summary Compensation Tables in the company's previously filed proxy statements, to the extent that an executive was a named executive officer in that fiscal year. These amounts are as follows: Mr. Childs, \$183,402 (2017), \$132,490 (2016) and \$88,793 (2015); Mr. Simmons, \$142,346 (2017), \$100,745 (2016) and \$34,452 (2015); Mr. Steel, \$110,411 (2017), \$84,897 (2016) and \$60,422 (2015); and Mr. Thompson, \$82,134 (2017), \$70,790 (2016), and \$56,025 (2015).

At the election of the executive, deferred amounts are invested in a selection of third party investment funds and each executive receives the rates of return under those funds on such deferred amounts.

The following table provides information regarding the ExpressJet Deferred Compensation Plan for Mr. Vais for 2017.

Name	Executive Contributions in Last Year (\$)(1)	Registrant Contributions in Last Year (\$)(2)	Aggregate Earnings in Last Year (\$)(3)	Aggregate Withdrawals/ Distributions in Last Year (\$)	Aggregate Balance at Last Year End (\$)(4)
Terry M. Vais.	—	\$ 92,248	\$ 64,159	—	539,512

- (1) The amount in this column represents deferral of base salary for 2017 and annual performance cash incentives earned for the ensuing calendar year, which deferred amounts are reported in the Summary Compensation Table above.
- (2) The amount in this column reflects the employer contributions credited under the applicable deferred compensation plan for 2017 at the rate of 15% of Mr. Vais’s 2017 base salary and annual cash incentive which was paid in 2017. The amount reported in this column is also included in the amount reported in the “Other Compensation” column of the Summary Compensation Table appearing above.
- (3) The amounts in this column reflect the notational earnings during 2017 credited to Mr. Vais’s account under the ExpressJet Deferred Compensation Plan. This amount is not reported in the Summary Compensation Table because it is based on market rates determined by reference to mutual funds that are available to participants in the ExpressJet 401(k) Plan or, in certain cases, otherwise broadly available.
- (4) All Named Executive and Company contributions in prior years to the ExpressJet Deferred Compensation Plan have been reported in the Summary Compensation Tables in the company’s previously filed proxy statements, to the extent that Mr. Vais was a named executive officer in that fiscal year. These amounts are as follows: \$92,248 (2017), \$50,601 (2016), and \$42,972 (2015).

At the election of the executive, deferred amounts are invested in a selection of third party investment funds and each executive receives the rates of return under those funds on such deferred amounts.

Potential Payments upon Termination or Change in Control

The information below describes and quantifies certain payments or benefits that would be payable under the existing plans and programs of the Company and its subsidiaries if a Named Executive’s employment had terminated on December 31, 2017, or the Company had undergone a change in control on December 31, 2017. These benefits are in addition to benefits generally available to all salaried employees of the Company in connection with a termination of employment, such as distributions from the 401(k) plan and accrued vacation pay. Except as noted below, the Named Executives do not have any other severance benefits, severance agreements or change-in-control agreements.

Accelerated Vesting of Long-Term Incentive Awards. Under the Company’s long-term incentive plans, all outstanding stock options, restricted stock units, performance shares and performance units held by a Named Executive granted prior to 2017 would have become fully vested upon a “change in control” occurring on that date without regard to whether the Named Executive terminated employment in connection with or following the change in control if such awards were not assumed by the acquirer. The Company’s long-term incentive plans generally define a “change in control” as any of the following events: (i) the acquisition by any person of 50% or more of the Company’s voting shares, (ii) replacement of a majority of the Company’s directors within a two-year period under certain conditions, or

(iii) shareholder approval of a merger in which the Company is not the surviving entity, sale of substantially all of the Company's assets or liquidation.

With respect to long-term incentive awards granted to the Named Executives commencing in 2017, such awards will vest on an accelerated basis under certain circumstances. Specifically, restricted stock unit awards granted to the Named Executives will vest on an accelerated basis (i) in the event of the Named Executive's involuntary termination without cause or resignation for good reason, or (ii) in the event of the Named Executive's death. Performance share awards granted to the Named Executives will vest on an accelerated basis (i) in the event of the Named Executive's death prior to a change in control, as to the "target" number of performance shares subject to the award on the date of death and as to any incremental performance shares above "target" based on the Company's actual performance relative to the corporate performance objectives under such award at the end of the three-year performance period (or, if earlier, a change in control of the Company), (ii) in the event of the Named Executive's death following a change in control, any "vesting eligible shares" (as described below) will vest upon the date of death, (iii) in the event of the Named Executive's involuntary termination without cause or resignation for good reason, in each case prior to a change in control, the Named Executive will remain eligible to vest in such number of performance shares as ultimately vest based on the Company's actual performance relative to the corporate performance objectives under such award at the end of the three-year performance period (or, if earlier, a change in control of the Company), which vesting will be prorated for the portion of the performance period that has elapsed prior to the date of termination, or (iv) in the event of the Named Executive's involuntary termination without cause or resignation for good reason, in each case following a change in control, any vesting eligible shares will vest upon the date of such termination. For purposes of the performance shares, in the event of a change in control of the Company, the performance shares will be converted into a number of "vesting eligible shares" that will vest at the end of the three-year performance period based on the greater of (i) the "target" number of performance shares subject to the award, or (ii) the number of performance shares that would vest if performance had been measured against the corporate performance objectives as of the date of the change in control.

The following table shows for each Named Executive the intrinsic value of his unvested stock options, unvested restricted stock units and performance shares, as of December 31, 2017, that would have been accelerated had a change in control of the Company occurred on that date and/or a termination under one of the circumstances identified below had occurred on that date and the vesting of such awards accelerated, calculated in the case of restricted stock units, performance shares and stock options, by multiplying the number of underlying shares by the closing price of the

Common Stock on December 29, 2017, the last trading day of 2017 (\$53.10 per share), and, in the case of stock options, by then subtracting the applicable option exercise price:

<u>Name</u>	<u>Change in Control</u>	<u>Involuntary Termination Following a Change in Control or Death</u>	<u>Involuntary Termination Prior to a Change in Control</u>
Russell A. Childs			
<i>Stock Options Acceleration</i>	\$ 1,551,546	\$ 1,551,546	\$ 1,551,546
<i>RSU Acceleration</i>	\$ 2,734,119	\$ 3,505,184	\$ 3,505,184
<i>PSU Acceleration (1)</i>	\$ 3,382,629	\$ 4,539,253	\$ 3,768,247
Robert J. Simmons			
<i>Stock Options Acceleration</i>	\$ 908,832	\$ 908,832	\$ 908,832
<i>RSU Acceleration</i>	\$ 1,625,826	\$ 2,036,385	\$ 2,036,385
<i>PSU Acceleration (1)</i>	\$ 2,075,307	\$ 2,653,619	\$ 2,268,116
Wade J. Steel			
<i>Stock Options Acceleration</i>	\$ 791,786	\$ 791,786	\$ 791,786
<i>RSU Acceleration</i>	\$ 1,403,486	\$ 1,759,362	\$ 1,759,362
<i>PSU Acceleration (1)</i>	\$ 1,743,113	\$ 2,276,927	\$ 1,921,087
Michael B. Thompson			
<i>Stock Options Acceleration</i>	\$ 651,171	\$ 651,171	\$ 651,171
<i>RSU Acceleration</i>	\$ 1,178,342	\$ 1,445,276	\$ 1,445,276
<i>PSU Acceleration (1)</i>	\$ 1,482,977	\$ 1,883,351	\$ 1,616,462
Terry M. Vais			
<i>Stock Options Acceleration</i>	\$ 590,942	\$ 590,942	\$ 590,942
<i>RSU Acceleration</i>	\$ 985,748	\$ 1,252,682	\$ 1,252,682
<i>PSU Acceleration (1)</i>	\$ 1,257,142	\$ 1,657,516	\$ 1,390,627

(1) Reflects the value of the performance shares granted in 2015 at “maximum” performance levels and the value of the performance shares granted in 2016 and 2017 at “target” performance levels.

Deferred Compensation. If the employment of a Named Executive were terminated on December 31, 2017, the Named Executive would have become entitled to receive the balance in his account under the applicable deferred compensation plan. Distribution would be made in the form of a lump sum or in installments, and in accordance with the distributions schedule elected by the Named Executive under the applicable plan. The 2017 year-end account balances under those plans are shown in the applicable Non-Qualified Deferred Compensation Tables included herein. A Named Executive’s account balance would continue to be credited with notational investment earnings or losses through the date of actual distribution.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information regarding the relationship of the annual total compensation of our employees and the annual total compensation of Russell A. Childs, the Chief Executive (the “CEO”). The pay ratio included in this information is a reasonable estimate calculated in a manner that is intended to be consistent with Item 402(u) of Regulation S-K.

For 2017, our last completed fiscal year:

- the median of the annual total compensation of all employees of the Company (other than the CEO) was \$37,250; and

- the annual total compensation of the CEO, as reported in the Summary Compensation Table included elsewhere in this Proxy Statement, was \$2,857,395.

Based on this information, for 2017, the ratio of the median of the total compensation of all employees of the Company to the annual total compensation of Mr. Childs, the CEO, was 1 to 77.

Determining the Median Employee. The Company determined that, as of December 31, 2017, the employee population consisted of approximately 18,000 individuals. The employee workforce consists of full and part time employees. For purposes of measuring the compensation of the employees, the Company selected total annual cash compensation for 2017 as the most appropriate measure of compensation, which was consistently applied to all the employees included in the calculation. With respect to the total annual compensation of the “median employee,” the Company identified and calculated the elements of such employee’s compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in the annual total compensation reflected above.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transaction with Related Party

During the year ended December 31, 2017, the Company purchased \$198,000 of spare aircraft parts from NORDAM, an entity affiliated with Meredith S. Madden, a director of the Company.

Review and Approval of Transactions with Related Parties

The Company believes that transactions between the Company and its directors and executive officers, or between the Company and persons related to directors and executive officers of the Company, present a heightened risk of creating or appearing to create a conflict of interest. Accordingly, the Company has adopted a policy regarding related-party transactions that has been approved by the Board and incorporated into the Charter of the Audit Committee. The policy provides that the Audit Committee will review all transactions between the Company and related persons (as defined in Item 404 of Regulation S-K promulgated by the Securities and Exchange Commission) for potential conflicts of interest. Under the Company's policy, all transactions between the Company and related persons are required to be submitted to the Audit Committee for approval prior to the Company's entry or participation in such transactions.

DIRECTOR COMPENSATION

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve as directors. In setting director compensation, the Company considers the significant amount of time that directors expend in fulfilling their duties to the Company, as well as the skill level required by the Company of its directors.

Cash Compensation Paid to Directors

For the year ended December 31, 2017, all directors who were not employees of the Company received an annual cash retainer of \$80,000. The Chairman of the Audit Committee was paid an annual fee of \$20,000, the Chairman of the Compensation Committee was paid an annual fee of \$10,000, the Chairman of Nominating and Corporate Governance Committee was paid an annual fee of \$5,000, the Chairman of the Safety and Compliance Committee was paid an annual fee of \$5,000 and the Lead Independent Director was paid an annual fee of \$20,000. The members of the Audit Committee were paid an annual fee of \$4,000. The Chairman of the Board was paid an annual fee of \$280,000. Russell A. Childs, who is a director and an employee of the Company, received no compensation for his service on the Board.

Stock Awards

Each non-employee director receives a stock award annually. On February 9, 2017, each of the non-employee directors received an award of 2,513 vested shares of Common Stock, representing approximately \$90,000 of value based on the trailing 20-day average stock price as of the date of award. The Company did not grant stock options to its non-employee directors in 2017.

Share Ownership Guidelines

The Company maintains ownership guidelines for the directors to encourage the alignment of their interests with the long-term interests of the Company's shareholders. Each director is strongly encouraged to maintain a minimum ownership interest in the Company. The guideline ownership level is a number of shares of Common Stock having a value equal to a multiple of the annual compensation base for each director. The director guideline ownership level is three times the annual compensation base. Any director who did not meet the guidelines at December 31, 2017 is encouraged to make progress towards the ownership guideline. The holdings of the directors are summarized in the table entitled "Security Ownership of Certain Beneficial Owners" below.

DIRECTOR SUMMARY COMPENSATION TABLE

The table below summarizes the compensation paid by the Company to its non-employee directors for the year ended December 31, 2017.

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(3)	Option Awards (\$)	Change in Pension Value and Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Jerry C. Atkin (2).	\$ 280,000	\$ 90,000	—	—	—	\$ 370,000
Steven F. Udvar-Hazy	\$ 105,000	\$ 90,000	—	—	—	\$ 195,000
W. Steve Albrecht	\$ 100,000	\$ 90,000	—	—	—	\$ 190,000
Henry J. Eyring	\$ 84,000	\$ 90,000	—	—	—	\$ 174,000
Meredith S. Madden	\$ 80,000	\$ 90,000	—	—	—	\$ 170,000
Ronald J. Mittelstaedt	\$ 80,000	\$ 90,000	—	—	—	\$ 170,000
Andrew C. Roberts	\$ 89,000	\$ 90,000	—	—	—	\$ 179,000
Keith E. Smith	\$ 94,000	\$ 90,000	—	—	—	\$ 184,000
James L. Welch	\$ 84,000	\$ 90,000	—	—	—	\$ 174,000

- (1) Russell A. Childs, the Chief Executive Officer, President and a director of the Company, is not included in the foregoing table as he was an employee of the Company during 2017 and received no financial remuneration for his service as a director.
- (2) As of December 31, 2017, Jerry C. Atkin has 131,157 stock options, 31,887 restricted stock units and 47,831 performance shares (assuming “maximum” performance levels) outstanding from the Company related to grants occurring prior to his retirement as a Named Executive.
- (3) Represents the aggregate grant date fair market values of awards as computed under ASC Topic 718. Assumptions and methodologies used in the calculation of these amounts are included in footnotes to the Company’s audited financial statements for the year ended December 31, 2017 which are included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission. All such shares of Common Stock are fully vested.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Security Ownership of Directors and Executive Officers

The following table sets forth the beneficial ownership of the Common Stock as of March 5, 2018, for each director and nominee for director, each Named Executive, and by all directors (including nominees) and executive officers of the Company as a group.

<u>Name</u>	<u>Common Stock</u>	<u>Options Exercisable (1)</u>	<u>Total</u>	<u>Beneficial Ownership(2)</u>
Russell A. Childs	67,372	103,226	170,598	(3)
Robert J. Simmons	24,577	39,339	63,916	(3)
Wade J. Steel	28,194	13,414	41,608	(3)
Michael B. Thompson.....	31,827	11,274	43,101	(3)
Terry M. Vais	20,114	8,241	28,355	(3)
Eric J. Woodward	17,218	5,879	23,097	(3)
W. Steve Albrecht	36,497	—	36,497	(3)
Jerry C. Atkin	1,139,271	131,157	1,270,428	2.4%
Henry J. Eyring	38,047	—	38,047	(3)
Meredith S. Madden	11,865	—	11,865	(3)
Ronald J. Mittelstaedt	19,316	—	19,316	(3)
Andrew C. Roberts	11,865	—	11,865	(3)
Keith E. Smith	29,316	—	29,316	(3)
Steven F. Udvar-Hazy	48,717	—	48,717	(3)
James L. Welch	39,100	—	39,100	(3)
All officers and directors as a group (15 persons)	1,563,296	312,530	1,875,826	3.6%

(1) Represents shares that the beneficial owner has the right to acquire within 60 days of March 5, 2018 pursuant to the exercise of such stock options.

(2) Based on 52,165,090 shares outstanding as of March 5, 2018.

(3) Less than one percent of the total shares outstanding as of March 5, 2018.

Security Ownership of Other Beneficial Owners

As of March 5, 2018, the Company's records and other information available from outside sources indicated that the following shareholders were beneficial owners of more than five percent of the outstanding shares of Common Stock. The information following is as reported in filings with the Securities and Exchange Commission. The Company is not aware of any other beneficial owner of more than five percent of the Common Stock.

Name	Amount of Beneficial Ownership Common Stock	
	Shares	Percent of Class
Black Rock, Inc. 55 East 52 nd Street New York, NY 10055	6,459,519 (1)	12.38%
The Vanguard Group, Inc. 100 Vanguard Blvd Malvern, PA 19355	6,075,763 (2)	11.65%
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, TX 78746	4,341,733 (3)	8.32%

(1) Based on a Schedule 13G/A filed on January 19, 2018 by BlackRock, Inc., which stated therein that it has sole voting power over 6,379,014 shares and sole dispositive power over 6,459,519 shares.

(2) Based on a Schedule 13G/A filed on February 12, 2018 by The Vanguard Group, Inc., which stated therein that it has sole voting power over 53,246 shares, shared voting power over 700 shares, sole dispositive power over 6,023,245 shares and shared dispositive power over 52,518 shares.

(3) Based on a Schedule 13G/A filed by Dimensional Fund Advisors LP on February 9, 2018, which stated therein that it has sole voting power over 4,215,445 shares and sole dispositive power over 4,341,733 shares.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table contains information regarding the Company's equity compensation plans as of December 31, 2017.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
<i>Equity compensation plans approved by security holders(1).</i>	458,103	\$ 13.73	3,739,853

(1) Consists of the Company's SkyWest Inc. Long Term Incentive Plan, and its Employee Stock Purchase Plan.

PROPOSAL 2
ADVISORY VOTE ON NAMED EXECUTIVE COMPENSATION

Background

Section 14A of the Exchange Act, which was enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires that the Company provide its shareholders with the opportunity to vote on an advisory (non-binding) resolution to approve the compensation of the Named Executives (referred to as a “Say-on-Pay” proposal) as disclosed in this Proxy Statement.

Accordingly, the following resolution will be submitted to the Company’s shareholders for approval at the Meeting:

“RESOLVED, that the Company’s shareholders approve, on an advisory basis, the compensation of the Named Executives, as disclosed in the Company’s Proxy Statement for the 2018 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2017 Executive Compensation table and the other related tables and disclosure.”

As described in detail under the heading “Compensation Discussion and Analysis,” the Board believes the Company’s compensation of the Named Executives achieves the primary goals of (i) attracting and retaining experienced, well-qualified executives capable of implementing the Company’s strategic and operational objectives, (ii) aligning management compensation with the creation of shareholder value on an annual and long-term basis, and (iii) linking a substantial portion of the Named Executives’ compensation with long-term Company performance and the achievement of pre-determined goals, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. The Board encourages you to review in detail the Compensation Discussion and Analysis beginning on page 25 of this Proxy Statement and the executive compensation tables beginning on page 39 of this Proxy Statement. In light of the information set forth in such sections of this Proxy Statement, the Board believes the compensation of the Named Executives for the fiscal year ended December 31, 2017 was fair and reasonable and that the Company’s compensation programs and practices are in the best interests of the Company and its shareholders.

The vote on this Say-on-Pay resolution is not intended to address any specific element of compensation; rather, the vote relates to all aspects of the compensation of the Named Executives, as described in this Proxy Statement. While this vote is only advisory in nature, which means that the vote is not binding on the Company, the Board and the Compensation Committee (which is composed solely of independent directors), value the opinion of the Company’s shareholders and will consider the outcome of the vote when addressing future compensation arrangements.

Voting

Approval of the resolution above (on a non-binding, advisory basis) requires that the number of votes cast at the Meeting, in person or by proxy, in favor of the resolution exceeds the number of votes cast in opposition to the resolution.

The Board and the Compensation Committee Recommend that Shareholders Vote *FOR* Approval of the Compensation of the Named Executives, as disclosed in this Proxy Statement.

PROPOSAL 3
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has recommended and approved the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm to examine the consolidated financial statements of the Company for the year ending December 31, 2018. The Company is seeking shareholder ratification of such action.

It is expected that representatives of Ernst & Young LLP will attend the Meeting and be available to make a statement or respond to appropriate questions.

The Board and the Audit Committee Recommend that Shareholders Vote *FOR* the Ratification of Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for the year ending December 31, 2018.

AUDIT COMMITTEE DISCLOSURE

Who served on the Audit Committee?

The members of the Audit Committee as of December 31, 2017, were W. Steve Albrecht (Chairman), Henry J. Eyring, Andrew C. Roberts, Keith E. Smith and James Welch. Each member of the Audit Committee has been determined by the Board to be independent under the rules of the Securities and Exchange Commission and The Nasdaq Global Select Market. The Board has determined that W. Steve Albrecht, who served on the Audit Committee during the year ended December 31, 2017, is an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Exchange Act.

What document governs the activities of the Audit Committee?

The Audit Committee acts under a written charter, which sets forth its responsibilities and duties, as well as requirements for the Audit Committee’s composition and meetings. The Audit Committee charter is available on the Company’s website at inc.skywest.com, and is also available in print, free of charge, upon request. Requests for a printed copy of the Audit Committee charter should be submitted to Eric J. Woodward, Chief Accounting Officer of the Company, at 444 South River Road, St. George, Utah 84790.

How does the Audit Committee conduct its meetings?

During the year ended December 31, 2017, the Audit Committee met with the senior members of the Company’s financial management team at each of its regularly scheduled meetings (two meetings per quarter). The Audit Committee also met with representatives of Ernst & Young LLP (“EY”), the Company’s independent registered public accounting firm, at each of its in-person meetings and met with representatives of Protiviti, Inc. (“Protiviti”), the Company’s principal internal auditor, at several of its meetings. Agendas for the Audit Committee’s meetings are established by the Chairman of the Audit Committee, after consultation with the Company’s Chief Financial Officer and Chief Accounting Officer. At those meetings, the Audit Committee reviewed and discussed the Company’s financial performance, financial reporting practices, various financial and regulatory issues, accounting and financial management issues, developments in the accounting profession, as well as the Company’s industry, risk management and a summary of calls received on the Company’s anonymous reporting line. The Audit Committee also had separate, executive sessions regularly with representatives of EY, Protiviti and the Company’s legal counsel, at which meetings candid discussions of financial management, accounting, internal controls and legal and compliance issues took place. Additionally, the Chairman of the Audit Committee had separate discussions regularly with the Company’s Chief Financial Officer and representatives of EY, Protiviti and the Company’s legal counsel.

Does the Audit Committee review the periodic reports and other public financial disclosures of the Company?

The Audit Committee reviews each of the Company’s quarterly and annual reports, including Management’s Discussion and Analysis of Financial Condition and Results of Operations. As part of its review, the Audit Committee discusses the reports with the Company’s management and independent registered public accounting firm and considers the audit and review reports prepared by the independent registered public accounting firm about the Company’s quarterly and annual reports, as well as related matters such as the quality (and not just the acceptability) of the Company’s accounting practices, alternative methods of accounting under GAAP and the preferences of the independent registered public accounting firm in this regard, the Company’s critical accounting policies and the clarity and completeness of the Company’s financial and other disclosures.

Did the Audit Committee play any role in connection with the Company’s report on internal controls?

The Audit Committee reviewed management’s report on internal control over financial reporting, required under Section 404 of the Sarbanes Oxley Act of 2002 and related rules. As part of this review, the Audit Committee

reviewed the bases for management's conclusions in that report, and also reviewed the report of the independent registered public accounting firm on internal control over financial reporting. Throughout the year ended December 31, 2017, the Audit Committee reviewed management's plan for documenting and testing controls, the results of their documentation and testing, any deficiencies discovered and the resulting remediation of any such deficiencies.

What is the role of the Audit Committee in connection with the financial statements and controls of the Company?

Management of the Company has primary responsibility for the Company's financial statements and internal control over the Company's financial reporting. The Company's independent registered public accounting firm has responsibility for the integrated audit of the Company's financial statements and internal control over financial reporting. It is the responsibility of the Audit Committee to oversee financial and control matters, among other responsibilities fulfilled by the Audit Committee under its charter. The Audit Committee meets regularly with representatives of EY and Protiviti, without the presence of management, to ensure candid and constructive discussions about the Company's compliance with accounting standards and best practices among public companies comparable in size and scope to the Company. The Audit Committee also regularly reviews with its outside advisors material developments in the law and accounting literature that may be pertinent to the Company's accounting financial reporting practices.

Does the Audit Committee have any policy-making responsibility?

From time to time, the Audit Committee establishes certain policies as required by the rules of the Securities and Exchange Commission and the listing standards of The Nasdaq Global Select Market. For example, the Audit Committee has established a policy for the receipt and retention (including on an anonymous basis) of complaints about financial and control matters. The Audit Committee also has implemented a policy that addresses when the Company may recruit personnel who formerly were employed by the Company's independent registered public accounting firm. In other cases, the Audit Committee is responsible for overseeing the efficacy of management policies, including compliance with the Company's Code of Ethics and the availability of perquisites.

What matters have members of the Audit Committee discussed with the independent registered public accounting firm?

In its meetings with representatives of EY, the Audit Committee asked EY to address and discuss their responses to several questions that they believed were particularly relevant to its oversight. These questions included:

- Are there any significant judgments made by management in preparing the financial statements that would have been made differently had EY prepared and been responsible for the financial statements?
- Based on EY's experience, and their knowledge of the Company, do the Company's financial statements fairly present to investors, with clarity and completeness, the Company's financial position and performance for the reporting period in accordance with GAAP and Securities and Exchange Commission disclosure requirements?
- Based on EY's experience, and their knowledge of the Company, has the Company implemented internal controls and internal audit procedures that are appropriate for the Company?
- During the course of the applicable year, has EY received any communication or discovered any information indicating any improprieties with respect to the Company's accounting and reporting procedures or reports?

The Audit Committee has also discussed with EY that they are retained by the Audit Committee and that they must raise any concerns about the Company's financial reporting and procedures directly with the Audit Committee. Based on these discussions and its discussions with management, the Audit Committee believes it has a basis for its oversight judgments and for recommending that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

What has the Audit Committee done with regard to the Company's audited financial statements for the year ended December 31, 2017?

The Audit Committee has:

- Reviewed and discussed the Company's audited financial statements with the Company's management; and
- Discussed with EY the matters required to be discussed by applicable standards of the Public Company Accounting Oversight Board ("PCAOB").

Has the Audit Committee considered the independence of the Company's independent registered public accounting firm?

The Audit Committee has received from EY the written disclosures regarding EY's independence required by applicable requirements of the PCAOB, and has discussed with EY their independence. The Audit Committee has concluded that EY is independent from the Company and its management.

Has the Audit Committee made a recommendation regarding the audited financial statements for the year ended December 31, 2017?

Based upon its review and the discussions with management and the Company's independent registered public accounting firm, the Audit Committee recommended to the Board that the audited consolidated financial statements for the Company be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Does the Audit Committee provide a periodic report of its activities to the Board?

The Audit Committee provides reports of its activities at each regularly scheduled Board meeting.

Has the Audit Committee reviewed the fees paid to the Company's independent registered public accounting firm during the year ended December 31, 2017?

The Audit Committee has reviewed and discussed the fees paid to EY during the year ended December 31, 2017, for the annual audit of the Company's financial statements, including the integrated audit of internal control over financial reporting and the quarterly reviews of the Company's financial statements included in its Quarterly Reports on Form 10-Q, which are set forth below under "Fees Paid to Independent Registered Public Accounting Firm." The Audit Committee has concluded that EY's delivery of non-audit services is compatible with EY's independence.

What is the Company's policy regarding the retention of the Company's independent registered public accounting firm?

The Audit Committee has adopted a policy regarding the retention of the independent registered public accounting firm that requires pre-approval of all services by the Audit Committee or the Chairman of the Audit Committee. When services are pre-approved by the Chairman of the Audit Committee, notice of such approval is given to the other members of the Audit Committee and presented to the full Audit Committee at its next scheduled meeting.

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Fees

During the years ended December 31, 2017 and 2016, the Company paid EY fees and related expenses in the aggregate amount of \$1,329,000 and \$1,397,000, respectively, for the annual audit of the Company's financial statements, including the integrated audit of internal control over financial reporting and the quarterly reviews of the Company's financial statements included in its Quarterly Reports on Form 10-Q.

Audit-Related Fees, Tax Fees and All Other Fees

The Company did not pay EY for audit-related fees, tax fees or any other fees during the years ended December 31, 2017 and 2016.

REPORT OF THE AUDIT COMMITTEE

In connection with the financial statements for the year ended December 31, 2017, the Audit Committee has:

- (1) reviewed and discussed the audited financial statements with management;
- (2) discussed with EY, the Company's independent registered public accounting firm, the matters required to be discussed by applicable standards of the PCAOB; and
- (3) received the written disclosures and letter from EY regarding the auditors' independence required by applicable requirements of the PCAOB, and has discussed with the independent auditors the independent auditor's independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board at the February 7, 2018 meeting of the Board that the Company's audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission. The Board approved this inclusion.

The Audit Committee

W. Steve Albrecht, Chair
Henry J. Eyring
Andrew C. Roberts
Keith E. Smith
James L. Welch

The information contained in this Audit Committee Report shall not be deemed to be "soliciting material," to be "filed" with the Securities and Exchange Commission or be subject to Regulation 14A or Regulation 14C or to the liabilities of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing of SkyWest, Inc., except to the extent that SkyWest, Inc. specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Exchange Act.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's executive officers, directors and 10% shareholders are required under Section 16 of the Exchange Act to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Copies of these reports must also be furnished to the Company.

Based solely on a review of copies of reports furnished to the Company, or written representations that no reports were required, the Company believes that during 2017 its executive officers, directors and 10% holders complied with all filing requirements of Section 16 of the Exchange Act, except that one Form 4 was filed late for Mr. Eyring with respect to a single transaction and one Form 5 was filed late for Mr. Childs with respect to a single transaction.

SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING OF SHAREHOLDERS

If any shareholder intends to present a proposal to be considered for inclusion in the Company's proxy material in connection with the Company's 2019 Annual Meeting of Shareholders, the proposal must be in proper form (per Securities and Exchange Commission Regulation 14A, Rule 14a-8—Shareholder Proposals) and received by the Chief Financial Officer of the Company on or before November 22, 2018. Shareholder proposals to be presented at the 2019 Annual Meeting of Shareholders which are not to be included in the Company's proxy materials must be received by the Company no earlier than February 7, 2019, and no later than February 27, 2019, in accordance with the procedures set forth in the Company's Bylaws.

DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

In instances in which multiple holders of the Common Stock share a common address and are the beneficial owners, but not the record holders, of those shares of Common Stock, the holders' banks, brokers or other nominees may only deliver one copy of this Proxy Statement and the Company's 2017 Annual Report to Shareholders, unless the applicable bank, broker or nominee has received contrary instructions from one or more of the shareholders. The Company will deliver promptly, upon written request, a separate copy of this Proxy Statement and the Company's 2017 Annual Report to Shareholders to any shareholder at a shared address to which a single copy of the documents was delivered. A shareholder who wishes to receive a separate copy of this Proxy Statement and the Company's 2017 Annual Report to Shareholders should submit a request in writing to Robert J. Simmons, Chief Financial Officer of the Company, 444 South River Road, St. George, Utah 84790, Telephone: (435) 634-3200. Beneficial owners sharing an address who are receiving multiple copies of proxy materials and annual reports and who wish to receive a single copy of such materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all shareholders at the shared address in the future.

OTHER BUSINESS

The Company's management does not know of any other matter to be presented for action at the Meeting. However, if any other matters should be properly presented at the Meeting, it is the intention of the persons named in the accompanying proxy to vote said proxy in accordance with their best judgment.

Robert J. Simmons

Chief Financial Officer

St. George, Utah

March 22, 2018

**APPENDIX A
TO
PROXY STATEMENT**

Reconciliation of non-GAAP financial measures

Although SkyWest's financial statements are prepared in accordance with GAAP, SkyWest management believes that certain non-GAAP financial measures may provide investors with useful information regarding the underlying business trends and performance of SkyWest's ongoing operations and may be useful for period-over-period comparisons of such operations. The following table sets forth supplemental financial data and corresponding reconciliations to GAAP financial statements for the twelve months ended December 31, 2017 and 2016. Readers should consider these non-GAAP measures in addition to, not a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures exclude some, but not all, items that may affect SkyWest's net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies.

Reconciliation to Adjusted Net Income and Diluted Earnings per Share (unaudited)

(Dollars in thousands, except per diluted share)

	For the year ended December 31, 2017			
	Pre-tax income	Income tax benefit (expense)	Net income	Net income per Diluted Share
GAAP income	\$ 288,183	\$ 140,724	\$ 428,907	\$ 8.08
2017 year adjustments (1).....	-	(246,845)	(246,845)	
Adjusted income	\$ 288,183	\$ (106,121)	\$ 182,062	\$ 3.43
	For the year ended December 31, 2016			
	Pre-tax income (loss)	Income tax benefit (expense)	Net income (loss)	Net income (loss) per Diluted Share
GAAP income (loss)	\$ (248,812)	\$ 87,226	\$ (161,586)	\$ (3.14)
2016 year adjustments (2).....	465,649	(171,047)	294,602	
2016 year adjustments (3).....	16,101	(6,023)	10,078	
Adjusted income (4)	\$ 32,938	\$ (89,844)	\$ 143,094	\$ 2.73

These adjustments allow investors to better understand and analyze our recurring core performance in the periods presented.

- (1) Adjusts for tax benefit resulting from the Tax Cuts and Jobs Act enacted during Q4 2017 that resulted in a revaluation of SkyWest's deferred tax assets and liabilities.
- (2) Adjusts for a non-cash impairment charge on 50-seat aircraft and related long-lived assets and spare aircraft parts net of a \$90 million early settlement of residual value guarantees with Bombardier received in Q4 2016.
- (3) Adjusts for early lease return charges on eight CRJ700s.
- (4) Pro forma diluted shares outstanding were 52,369,000 for adjusted income for the twelve months ended December 31, 2016.