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DELTA REPORT

10-Q

SKYW - SKYWEST INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1679
CHANGES	714
DELETIONS	755
ADDITIONS	210

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-14719

SKYWEST, INC.

Incorporated under the laws of Utah **87-0292166**
(I.R.S. Employer ID No.)

444 South River Road
St. George, Utah 84790
(435) 634-3000
(Address of principal executive offices and telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock, No Par Value	**SKYW**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 19, 2024 October 25, 2024
Common stock, no par value	40,103,688 40,327,811

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SKYWEST, INC.

QUARTERLY REPORT ON FORM 10-Q

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Exhibit 31.2 Certification of Chief Financial Officer
Exhibit 32.1 Certification of Chief Executive Officer
Exhibit 32.2 Certification of Chief Financial Officer

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SKYWEST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

ASSETS

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
CURRENT ASSETS:				
Cash and cash equivalents	$ 141,760	$ 148,277	$ 177,609	$ 148,277
Marketable securities	692,509	686,946	658,433	686,946
Receivables, net	102,772	82,854	111,199	82,854
Inventories, net	134,382	127,114	136,480	127,114
Other current assets	43,733	86,705	50,496	86,705
Total current assets	1,115,156	1,131,896	1,134,217	1,131,896
PROPERTY AND EQUIPMENT:				
Aircraft and rotable spares	8,407,450	8,323,107	8,462,449	8,323,107
Deposits on aircraft	77,282	77,282	71,457	77,282
Buildings and ground equipment	319,512	282,398	343,870	282,398
Total property and equipment, gross	8,804,244	8,682,787	8,877,776	8,682,787
Less-accumulated depreciation and amortization	(3,369,494)	(3,199,820)	(3,460,508)	(3,199,820)
Total property and equipment, net	5,434,750	5,482,967	5,417,268	5,482,967
OTHER ASSETS:				
Operating lease right-of-use assets	82,359	86,727	85,303	86,727
Long-term receivables and other assets	330,174	324,703	319,812	324,703
Total other assets	412,533	411,430	405,115	411,430
Total assets	$ 6,962,439	$ 7,026,293	$ 6,956,600	$ 7,026,293

See accompanying notes to condensed consolidated financial statements.

SKYWEST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
CURRENT LIABILITIES:				
Current maturities of long-term debt	$ 497,744	$ 443,869	$ 496,789	$ 443,869
Accounts payable	479,627	470,251	460,276	470,251
Accrued salaries, wages and benefits	197,975	194,881	211,149	194,881
Current maturities of operating lease liabilities	18,805	19,335	18,496	19,335
Taxes other than income taxes	24,659	26,077	26,660	26,077
Other current liabilities	105,118	99,879	100,804	99,879
Total current liabilities	1,323,928	1,254,292	1,314,174	1,254,292
LONG-TERM DEBT, net of current maturities	2,284,375	2,562,183	2,196,548	2,562,183
DEFERRED INCOME TAXES PAYABLE	725,430	687,600	751,983	687,600
NONCURRENT OPERATING LEASE LIABILITIES	63,554	67,392	66,807	67,392
OTHER LONG-TERM LIABILITIES	333,972	341,324	315,591	341,324
COMMITMENTS AND CONTINGENCIES (Note 7)				
STOCKHOLDERS' EQUITY:				
Preferred stock, 5,000,000 shares authorized; none issued	—	—	—	—
Common stock, no par value, 120,000,000 shares authorized; 83,139,289 and 82,840,372 shares issued as of June 30, 2024, and December 31, 2023, respectively	766,130	754,362		
Common stock, no par value, 120,000,000 shares authorized; 83,601,235 and 82,840,372 shares issued as of September 30, 2024, and December 31, 2023, respectively			772,320	754,362
Retained earnings	2,407,087	2,271,211	2,496,796	2,271,211
Treasury stock, at cost, 43,045,566 and 42,615,347 shares as of June 30, 2024, and December 31, 2023, respectively	(941,529)	(912,396)		
Accumulated other comprehensive income (loss)	(508)	325		
Treasury stock, at cost, 43,262,997 and 42,615,347 shares as of September 30, 2024, and December 31, 2023, respectively			(957,994)	(912,396)
Accumulated other comprehensive income			375	325
Total stockholders' equity	2,231,180	2,113,502	2,311,497	2,113,502
Total liabilities and stockholders' equity	$ 6,962,439	$ 7,026,293	$6,956,600	$7,026,293

See accompanying notes to condensed consolidated financial statements.

SKYWEST, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(Dollars and Shares in Thousands, Except per Share Amounts)

	Three months ended June 30,		Six months ended June 30,		Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
OPERATING REVENUES:								
Flying agreements	$ 838,170	$ 700,394	$ 1,616,459	$ 1,364,232	$883,494	$741,898	$2,499,953	$2,106,130
Lease, airport services and other	28,948	25,249	54,273	53,242	29,292	24,273	83,565	77,515
Total operating revenues	867,118	725,643	1,670,732	1,417,474	912,786	766,171	2,583,518	2,183,645
OPERATING EXPENSES:								
Salaries, wages and benefits	355,005	322,441	706,004	657,642	377,435	333,017	1,083,439	990,659
Aircraft maintenance, materials and repairs	183,267	162,491	328,682	304,717	181,652	178,465	510,334	483,182
Depreciation and amortization	96,814	97,169	192,684	191,318	96,662	96,560	289,346	287,878
Aircraft fuel	21,328	18,279	42,492	39,243	22,724	23,330	65,216	62,573
Airport-related expenses	17,535	16,955	38,423	35,250	22,642	18,398	61,065	53,648
Aircraft rentals	1,310	2,428	2,586	21,956	1,339	2,099	3,925	24,055
Other operating expenses	72,219	74,020	140,715	140,192	78,897	65,011	219,612	205,203
Total operating expenses	747,478	693,783	1,451,586	1,390,318	781,351	716,880	2,232,937	2,107,198
OPERATING INCOME	119,640	31,860	219,146	27,156	131,435	49,291	350,581	76,447
OTHER INCOME (EXPENSE):								
Interest income	12,040	10,494	23,666	20,527	12,460	11,234	36,126	31,761
Interest expense	(28,966)	(33,718)	(58,795)	(67,338)	(27,808)	(32,543)	(86,603)	(99,881)
Other income (loss), net	(548)	9,001	(1,676)	11,175	109	(3,631)	(1,567)	7,544
Total other expense, net	(17,474)	(14,223)	(36,805)	(35,636)	(15,239)	(24,940)	(52,044)	(60,576)
INCOME (LOSS) BEFORE INCOME TAXES	102,166	17,637	182,341	(8,480)				
INCOME BEFORE INCOME TAXES					116,196	24,351	298,537	15,871
PROVISION (BENEFIT) FOR INCOME TAXES	26,588	2,218	46,465	(1,828)	26,487	873	72,952	(955)
NET INCOME (LOSS)	$ 75,578	$ 15,419	$ 135,876	$ (6,652)				
NET INCOME					$ 89,709	$ 23,478	$ 225,585	$ 16,826
BASIC EARNINGS (LOSS) PER SHARE	$ 1.88	$ 0.35	$ 3.38	$ (0.14)				
DILUTED EARNINGS (LOSS) PER SHARE	$ 1.82	$ 0.35	$ 3.28	$ (0.14)				

BASIC EARNINGS PER SHARE					$ 2.23	$ 0.56	$ 5.61	$ 0.37
DILUTED EARNINGS PER SHARE					$ 2.16	$ 0.55	$ 5.44	$ 0.37
Weighted average common shares:								
Basic	40,179	43,837	40,239	46,614	40,253	41,826	40,244	45,018
Diluted	41,431	44,219	41,462	46,614	41,561	42,580	41,495	45,540
COMPREHENSIVE INCOME (LOSS):								
Net income (loss)	$ 75,578	$ 15,419	$ 135,876	$ (6,652)				
Net unrealized appreciation (depreciation) on marketable securities, net of taxes	(660)	1,514	(833)	2,994				
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 74,918	$ 16,933	$ 135,043	$ (3,658)				
COMPREHENSIVE INCOME:								
Net income					$ 89,709	$ 23,478	$ 225,585	$ 16,826
Net unrealized appreciation on marketable securities, net of taxes					883	624	50	3,618
TOTAL COMPREHENSIVE INCOME					$ 90,592	$ 24,102	$ 225,635	$ 20,444

See accompanying notes to condensed consolidated financial statements

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SKYWEST, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(UNAUDITED)

(In Thousands)

	Common Stock		Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Earnings	Shares	Amount	Income (Loss)	Total
Balance at December 31, 2023	82,840	$ 754,362	$ 2,271,211	(42,615)	$ (912,396)	$ 325	$ 2,113,502
Net income	—	—	60,298	—	—	—	60,298
Stock awards	269	—	—	—	—	—	—

Employee income tax paid on stock awards	—	—	—	(117)	(6,930)	—	(6,930)
Sale of common stock under employee stock purchase plan	29	1,446	—	—	—	—	1,446
Stock based compensation expense	—	5,510	—	—	—	—	5,510
Treasury stock purchases	—	—	—	(136)	(8,750)	—	(8,750)
Net unrealized depreciation on marketable securities, net of tax of $56	—	—	—	—	—	(173)	(173)
Balance at March 31, 2024	83,138	$ 761,318	$ 2,331,509	(42,868)	$ (928,076)	$ 152	$ 2,164,903
Net income	—	—	75,578	—	—	—	75,578
Stock awards	1	—	—	—	—	—	—
Stock based compensation expense	—	4,812	—	—	—	—	4,812
Treasury stock purchases	—	—	—	(177)	(13,453)	—	(13,453)
Net unrealized depreciation on marketable securities, net of tax of $212	—	—	—	—	—	(660)	(660)
Balance at June 30, 2024	83,139	$ 766,130	$ 2,407,087	(43,045)	$ (941,529)	$ (508)	$ 2,231,180

	Common Stock		Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Earnings	Shares	Amount	Income (Loss)	Total
Balance at December 31, 2023	82,840	$ 754,362	$ 2,271,211	(42,615)	$ (912,396)	$ 325	$ 2,113,502
Net income	—	—	60,298	—	—	—	60,298
Stock awards	269	—	—	—	—	—	—
Employee income tax paid on stock awards	—	—	—	(117)	(6,930)	—	(6,930)
Sale of common stock under employee stock purchase plan	29	1,446	—	—	—	—	1,446
Stock based compensation expense	—	5,510	—	—	—	—	5,510
Treasury stock purchases	—	—	—	(136)	(8,750)	—	(8,750)
Net unrealized depreciation on marketable securities, net of tax of $56	—	—	—	—	—	(173)	(173)
Balance at March 31, 2024	83,138	$ 761,318	$ 2,331,509	(42,868)	$ (928,076)	$ 152	$ 2,164,903
Net income	—	—	75,578	—	—	—	75,578
Stock awards	1	—	—	—	—	—	—
Stock based compensation expense	—	4,812	—	—	—	—	4,812
Treasury stock purchases	—	—	—	(177)	(13,453)	—	(13,453)
Net unrealized depreciation on marketable securities, net of tax of $212	—	—	—	—	—	(660)	(660)
Balance at June 30, 2024	83,139	$ 766,130	$ 2,407,087	(43,045)	$ (941,529)	$ (508)	$ 2,231,180
Net income	—	—	89,709	—	—	—	89,709
Sale of common stock under employee stock purchase plan	18	1,418	—	—	—	—	1,418
Issuance of common stock upon warrant exercise, net	444	—	—	—	—	—	—
Stock based compensation expense	—	4,772	—	—	—	—	4,772
Treasury stock purchases	—	—	—	(218)	(16,465)	—	(16,465)
Net unrealized appreciation on marketable securities, net of tax of $283	—	—	—	—	—	883	883
Balance at September 30, 2024	83,601	$ 772,320	$ 2,496,796	(43,263)	$ (957,994)	$ 375	$ 2,311,497

See accompanying notes to condensed consolidated financial statements.

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SKYWEST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(UNAUDITED)
(In Thousands)

	Common Stock		Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Earnings	Shares	Amount	Loss	Total
Balance at December 31, 2022	82,593	$ 734,426	$ 2,236,869	(31,994)	$ (619,862)	$ (3,802)	$ 2,347,631
Net loss	—	—	(22,071)	—	—	—	(22,071)
Stock awards	130	57	—	—	—	—	57
Employee income tax paid on stock awards	—	—	—	(32)	(585)	—	(585)
Sale of common stock under employee stock purchase plan	78	1,218	—	—	—	—	1,218
Stock based compensation expense	—	4,329	—	—	—	—	4,329
Treasury stock purchases	—	—	—	(5,067)	(100,001)	—	(100,001)
Net unrealized appreciation on marketable securities, net of tax of $476	—	—	—	—	—	1,480	1,480
Balance at March 31, 2023	82,801	$ 740,030	$ 2,214,798	(37,093)	$ (720,448)	$ (2,322)	$ 2,232,058
Net income	—	—	15,419	—	—	—	15,419
Stock based compensation expense	—	4,246	—	—	—	—	4,246
Treasury stock purchases	—	—	—	(3,335)	(95,998)	—	(95,998)
Net unrealized appreciation on marketable securities, net of tax of $488	—	—	—	—	—	1,514	1,514
Balance at June 30, 2023	82,801	$ 744,276	$ 2,230,217	(40,428)	$ (816,446)	$ (808)	$ 2,157,239

	Common Stock		Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Earnings	Shares	Amount	Loss	Total
Balance at December 31, 2022	82,593	$ 734,426	$ 2,236,869	(31,994)	$ (619,862)	$ (3,802)	$ 2,347,631
Net loss	—	—	(22,071)	—	—	—	(22,071)
Stock awards	130	57	—	—	—	—	57
Employee income tax paid on stock awards	—	—	—	(32)	(585)	—	(585)
Sale of common stock under employee stock purchase plan	78	1,218	—	—	—	—	1,218
Stock based compensation expense	—	4,329	—	—	—	—	4,329
Treasury stock purchases	—	—	—	(5,067)	(100,001)	—	(100,001)

Net unrealized appreciation on marketable securities, net of tax of $476	—	—	—	—	—	1,480	1,480
Balance at March 31, 2023	82,801	$ 740,030	$ 2,214,798	(37,093)	$ (720,448)	$ (2,322)	$ 2,232,058
Net income	—	—	15,419	—	—	—	15,419
Stock based compensation expense	—	4,246	—	—	—	—	4,246
Treasury stock purchases	—	—	—	(3,335)	(95,998)	—	(95,998)
Net unrealized appreciation on marketable securities, net of tax of $488	—	—	—	—	—	1,514	1,514
Balance at June 30, 2023	82,801	$ 744,276	$ 2,230,217	(40,428)	$ (816,446)	$ (808)	$ 2,157,239
Net income	—	—	23,478	—	—	—	23,478
Sale of common stock under employee stock purchase plan	39	1,536	—	—	—	—	1,536
Stock based compensation expense	—	4,321	—	—	—	—	4,321
Treasury stock purchases	—	—	—	(1,192)	(50,500)	—	(50,500)
Net unrealized appreciation on marketable securities, net of tax of $201	—	—	—	—	—	624	624
Balance at September 30, 2023	82,840	$ 750,133	$ 2,253,695	(41,620)	$ (866,946)	$ (184)	$ 2,136,698

See accompanying notes to condensed consolidated financial statements.

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SKYWEST, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In Thousands)

	Six months ended June 30,	
	2024	**2023**
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 322,962	$ 333,023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(722,347)	(533,465)
Sales of marketable securities	715,951	732,774
Acquisition of property and equipment:		
Aircraft and rotable spare parts	(46,833)	(122,529)
Buildings and ground equipment	(10,180)	(11,338)
Proceeds from the sale of property and equipment	2,958	3,815
Decrease (increase) in other assets	(15,542)	734
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(75,993)	69,991
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	—	25,000

Principal payments on long-term debt	(225,799)	(221,148)
Payment of debt issuance cost	—	(108)
Net proceeds from issuance of common stock	1,446	1,275
Employee income tax paid on vested equity awards	(6,930)	(585)
Purchase of treasury stock and excise tax	(22,203)	(195,999)
NET CASH USED IN FINANCING ACTIVITIES	(253,486)	(391,565)
Increase (decrease) in cash and cash equivalents	(6,517)	11,449
Cash and cash equivalents at beginning of period	148,277	102,984
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 141,760	$ 114,433
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash investing and financing activities:		
Acquisition of property and equipment	$ 28,244	$ 73
Derecognition of right of use assets	$ —	$ (35,062)
Derecognition of operating lease liabilities	$ —	$ 35,062
Cash paid during the period for:		
Interest, net of capitalized amounts	$ 58,801	$ 66,131
Income taxes	$ 14,268	$ 2,902

	Nine months ended September 30,	
	2024	2023
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 506,565	$ 511,907
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(1,212,208)	(982,331)
Sales of marketable securities	1,240,771	1,236,009
Acquisition of property and equipment:		
Aircraft and rotable spare parts	(131,880)	(151,600)
Buildings and ground equipment	(21,685)	(13,978)
Proceeds from the sale of property and equipment	4,117	6,574
Deposits on aircraft	—	(55,528)
Aircraft deposits applied towards acquired aircraft	5,825	—
Decrease (increase) in other assets	(3,941)	21,857
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(119,001)	61,003
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	23,059	25,000
Principal payments on long-term debt	(338,221)	(331,183)
Payment of debt issuance cost	(336)	(108)
Net proceeds from issuance of common stock	2,864	2,811
Employee income tax paid on vested equity awards	(6,930)	(585)
Purchase of treasury stock and excise tax	(38,668)	(246,499)
NET CASH USED IN FINANCING ACTIVITIES	(358,232)	(550,564)
Increase in cash and cash equivalents	29,332	22,346
Cash and cash equivalents at beginning of period	148,277	102,984
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 177,609	$ 125,330
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash investing and financing activities:		
Acquisition of property and equipment	$ 15,979	$ 16,614
Derecognition of right of use assets	$ —	$ (39,247)
Derecognition of operating lease liabilities	$ —	$ 39,247
Cash paid during the period for:		

Interest, net of capitalized amounts	$	87,072	$	98,196
Income taxes	$	14,930	$	9,184

See accompanying notes to condensed consolidated financial statements.

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SKYWEST, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(**1) Condensed Consolidated Financial Statements**

Basis of Presentation

The condensed consolidated financial statements of SkyWest, Inc. ("SkyWest" or the "Company"), its operating subsidiary SkyWest Airlines, Inc. ("SkyWest Airlines"), its leasing subsidiary SkyWest Leasing, Inc. ("SkyWest Leasing") and its charter service subsidiary SkyWest Charter, LLC ("SWC") included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the following disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the interim periods presented. All adjustments are of a normal recurring nature, unless otherwise disclosed. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The results of operations for the three and six nine months ended June 30, 2024 September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Accounting Standard Codification ("ASC") Topic 280) – Improvements to Reportable Segment Disclosures," which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU also expands disclosure requirements to enable users of financial statements to better understand the entity's measurement and assessment of segment performance and resource allocation. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (ASC Topic 740) – Improvements to Income Tax Disclosures", which enhances the transparency, effectiveness and comparability of income tax disclosures by requiring consistent categories and greater disaggregation of information related to income tax rate reconciliations and the jurisdictions in which income taxes are paid. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

(2) Operating Revenues

The Company recognizes revenue under its flying agreements and under its lease, airport services and other service agreements when the service is provided under the applicable agreement. Under the Company's fixed-fee arrangements (referred to as "capacity purchase" agreements) with United Airlines, Inc. ("United"), Delta Air Lines, Inc. ("Delta"), American Airlines, Inc. ("American") and Alaska Airlines, Inc. ("Alaska") (each, a "major airline partner"), the major airline partner generally pays the Company a fixed-fee for each departure, flight hour (measured from takeoff to landing, excluding taxi time) or block hour (measured from takeoff to landing, including taxi time) incurred, and an

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amount per aircraft in service each month, with additional incentives based on flight completion, on-time performance or other performance metrics. The major airline partner also directly pays for or reimburses the Company for certain direct expenses incurred under the capacity purchase agreement, such as fuel, airport landing fees and airport rents. Under the capacity purchase agreements, the Company's performance obligation is met when each flight is completed, measured in completed block hours, and is reflected in flying agreements revenue. The transaction price for the capacity purchase agreements is determined from the fixed-fee consideration, incentive consideration and directly reimbursed expenses earned as flights are completed over the agreement term. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, capacity purchase agreements represented approximately 87.1% 86.8% and 88.3% 87.2% of the Company's flying agreements revenue, respectively.

Under the Company's "prorate" agreements, the major airline partner and the Company negotiate a passenger fare proration formula, pursuant to which the Company receives a percentage of the ticket revenues for those passengers traveling for one portion of their trip on a Company airline and the other portion of their trip on the major airline partner. Under the Company's prorate flying agreements, the performance obligation is met and revenue is recognized when each flight is completed based upon the portion of the prorate passenger fare the Company determines that it will receive for each completed flight. The transaction price for the prorate agreements is determined from the proration formula derived from each passenger ticket amount on each completed flight over the agreement term. Certain routes under the Company's prorate agreements are subsidized by the U.S. Department of Transportation under the Essential Air Service ("EAS") program, a program created to ensure small communities in the United States maintain a minimum level of scheduled air service. The EAS contracts are generally two years in duration and the Company recognizes EAS revenue on a per-completed-flight basis pursuant to the terms of each contract. Under the Company's charter operations, SWC, the Company negotiates a fare for the charter flight with the customer. The performance obligation is met and revenue is recognized upon completion of the flight. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, prorate flying agreements and SWC revenue represented approximately 12.9% 13.2% and 11.7% 12.8% of the Company's flying agreements revenue, respectively.

The following table represents the Company's flying agreements revenue by type for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,		For the three months ended September 30		For the nine months ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Capacity purchase agreements flight operations revenue (non-lease component)	$ 595,127	$ 499,142	$ 1,139,287	$ 968,058	$ 624,342	$ 511,929	$ 1,763,629	$ 1,479,987

Capacity purchase agreements fixed aircraft lease revenue	75,131	74,042	150,290	148,522	75,084	73,794	225,374	222,316
Capacity purchase agreements variable aircraft lease revenue	60,841	44,984	118,727	88,089	61,308	46,495	180,035	134,584
Prorate agreements and SWC revenue	107,071	82,226	208,155	159,563	122,760	109,680	330,915	269,243
Flying agreements revenue	$ 838,170	$ 700,394	$ 1,616,459	$ 1,364,232	$ 883,494	$ 741,898	$ 2,499,953	$ 2,106,130

The Company allocates the total consideration received under its capacity purchase agreements between lease and non-lease components based on stand-alone selling prices. A portion of the Company's compensation under its capacity purchase agreements relates to operating the aircraft, identified as the non-lease component of the capacity purchase agreement. The Company recognizes revenue attributed to the non-lease component received as fixed-fees for each departure, flight hour or block hour on an as-completed basis for each reporting period. The Company recognizes revenue attributed to the non-lease component received as fixed monthly payments per aircraft proportionate to the number of block hours completed during each reporting period, relative to the estimated number of block hours the Company anticipates completing over the remaining contract term. Accordingly, the Company's revenue recognition will likely vary from the timing of cash receipts under the Company's capacity purchase agreements. The Company refers to cash received under its capacity purchase agreements prior to recognizing revenue as "deferred revenue," and the Company refers to revenue recognized prior to billing its major airline partners under its capacity purchase agreements as "unbilled revenue" for each reporting period. During the six nine months ended June 30, 2024 September 30, 2024, the Company recognized $6.0 million $24.5 million of previously deferred revenue associated with the non-lease fixed monthly payments under certain agreements and decreased unbilled revenue by $0.6 million $0.9 million under certain other agreements, compared to

compared to deferring revenue of $77.4 million $111.9 million and decreasing unbilled revenue by $6.0 million $8.7 million during the six nine months ended June 30, 2023 September 30, 2023.

A portion of the Company's compensation under its capacity purchase agreements is designed to reimburse the Company for certain aircraft ownership costs. The consideration for aircraft ownership costs varies by agreement but is intended to cover either the Company's aircraft principal and interest debt service costs, its aircraft depreciation and interest expense or its aircraft lease expense costs while the aircraft is under contract. The consideration received for the use of the aircraft under the Company's capacity purchase agreements is accounted for as lease revenue, inasmuch as the agreements identify the "right of use" of a specific type and number of aircraft over a stated period of time. The lease revenue associated with the Company's capacity purchase agreements is accounted for as an operating lease and is reflected as flying agreements revenue on the Company's consolidated statements of comprehensive income. The Company recognizes fixed monthly lease payments as lease revenue using the straight-line basis over the capacity purchase agreement term and variable lease payments in the period when the block hours are completed. The Company recognized $1.0 million $1.5 million of previously deferred lease revenue during the six nine months ended June 30, 2024 September 30, 2024, whereas the Company deferred recognizing lease revenue of $40.0 million $59.3 million during the six nine months ended June 30, 2023 September 30, 2023, under the straight-line basis. The Company has not separately stated aircraft rental income and aircraft rental expense in the consolidated statement of comprehensive income because the use of the aircraft is not a separate activity of the total service provided under the capacity purchase agreements.

The Company's total deferred revenue balance as of June 30, 2024 September 30, 2024 was $367.6 million $348.6 million, including $64.2 million $59.6 million in other current liabilities and $303.4 million $289.0 million in other long-term liabilities. The Company's unbilled revenue balance was $6.7 million $6.4 million as of June 30, 2024 September 30, 2024, including $1.1 million in other current assets and $5.6 million $5.3 million in other long-term assets. The Company's total deferred revenue balance was $374.6 million as of December 31, 2023, including $61.0 million in other current liabilities and $313.6 million in other long-term liabilities. The Company's unbilled revenue balance was $7.3 million as of December 31, 2023, including $1.2 million in other current assets and $6.1 million in other long-term assets.

The Company's capacity purchase and prorate agreements include weekly provisional cash payments from the respective major airline partner based on a projected level of flying each month. The Company and each major airline partner subsequently reconcile these payments to the actual completed flight activity on a monthly or quarterly basis.

In several of the Company's agreements, the Company is eligible to receive incentive compensation upon the achievement of certain performance criteria. The incentives are defined in the agreements and are measured and determined on a monthly, quarterly or semi-annual basis. At the end of each period during the term of an agreement, the Company calculates the incentives achieved during that period and recognizes revenue attributable to that agreement accordingly, subject to the variable constraint guidance under ASC Topic 606.

As of June 30, 2024 September 30, 2024, the Company had 475 484 aircraft in scheduled service or under contract pursuant to code-share agreements. The following table summarizes the significant provisions of each code-share agreement the Company has with each major airline partner through SkyWest Airlines:

United Express Agreements

Agreement	Aircraft type	Number of Aircraft	Term / Termination Dates
United Express Agreements	• E175	101 110	Individual aircraft have scheduled
(capacity purchase agreement)	• CRJ	19	removal expiration dates from 2024 to 2029
	700 CRJ700	68 61	
	• CRJ		
	200 CRJ200		
	• CRJ		
United Express Prorate Agreement	200 CRJ200	19* 20*	Terminable with 120-days' notice
Total under United Express Agreements		207 210	

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Delta Connection Agreements

Agreement	Aircraft type	Number of Aircraft	Term / Termination Dates

Delta Connection Agreement (capacity purchase agreement)	• E175 • CRJ 900 CRJ900 • CRJ 700 CRJ700	85 86 35 5	Individual aircraft have scheduled removal expiration dates from 2025 to 2034
Delta Connection Prorate Agreement	• CRJ 900 CRJ900 • CRJ 700 CRJ700**	6* 1* 4* 14*	Terminable with 30-days' notice
Total under Delta Connection Agreements		135 141	

American Capacity Purchase Agreement

Agreement	Aircraft type	Number of Aircraft	Term / Termination Dates
American Agreement (capacity purchase agreement)	• E175 • CRJ 700 CRJ700	20 71	Individual aircraft have scheduled removal expiration dates from 2025 to 2032
Total under American Agreement		91	

Alaska Capacity Purchase Agreement

Agreement	Aircraft type	Number of Aircraft	Term / Termination Dates
Alaska Agreement (capacity purchase agreement)	• E175	42	Individual aircraft have scheduled removal expiration dates from 2030 to 2034

* The Company's prorate agreements are based on specific routes, not a specific aircraft count. The number of aircraft listed above for each prorate agreement approximates the number of aircraft the Company uses to serve the prorate routes.

** Includes CRJ550 aircraft, a 50-seat configuration of the CRJ700 aircraft.

In addition to the contractual arrangements described above, as of June 30, 2024 September 30, 2024, SkyWest Airlines reached agreements to place the following E175 aircraft under a capacity purchase agreement with the respective major airline partners:

	Q3 and Q4 2024	2025	2026	Total
Delta Air Lines	1	—	—	1
United Airlines(1)	13	7	8	28
Alaska Airlines	—	1	—	1
Total	14	8	8	30

(1) Nine of the E175 deliveries scheduled for the second half of 2024 are partner-financed, meaning the major airline partner will provide the aircraft for SkyWest Airlines to operate.

	Q4 2024	2025	2026	Total
United Airlines	4	7	8	19
Alaska Airlines	—	1	—	1
Total	4	8	8	20

The Company also entered into multiple agreements with United in September and October 2024 to place a total of 40 used CRJ550s under multi-year contracts. Pursuant to these agreements, the Company is in the process of acquiring 11 used CRJ550s and will convert 29 of its CRJ700s to CRJ550s. The aircraft are anticipated to be placed into service between the fourth quarter of 2024 and the end of 2026. One of such CRJ550 aircraft was acquired during the three months ended September 30, 2024.

Final delivery and in-service dates for aircraft to be placed under contract are subject to change and may be adjusted based on various factors.

When an aircraft is scheduled to be removed for expiration from a capacity purchase agreement, the Company may, as practical under the circumstances, negotiate an extension with the respective major airline partner, negotiate the placement of the aircraft with another major airline partner, return the aircraft to the major airline partner when the aircraft is provided by the major airline partner, place owned aircraft for sale or pursue other uses for the aircraft. Other uses for the aircraft may include placing the aircraft in a prorate agreement, leasing the aircraft to a third party or disassembling aircraft components such as the engines and parts to be used as spare inventory.

Lease, airport services and other revenues primarily consist of revenue generated from aircraft and spare engines leased to third parties and from airport customer service agreements, such as gate and ramp agent services at various airports where the Company has been contracted by third parties to provide such services. The following table

various airports where the Company has been contracted by third parties to provide such services. The following table represents the Company's lease, airport services and other revenues for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating lease revenue	$ 22,116	$ 16,791	$ 38,784	$ 33,351	$ 22,134	$ 16,091	$ 60,918	$ 49,442
Airport customer service and other revenue	6,832	8,458	15,489	19,891	7,158	8,182	22,647	28,073
Lease, airport services and other	$ 28,948	$ 25,249	$ 54,273	$ 53,242	$ 29,292	$ 24,273	$ 83,565	$ 77,515

The following table summarizes future minimum rental income under operating leases primarily related to leased aircraft and engines that had remaining non-cancelable lease terms as of June 30, 2024 September 30, 2024 (in thousands):

July 2024 through December 2024	$ 23,417	
October 2024 through December 2024		$ 11,711
2025	42,017	42,248
2026	36,410	36,641
2027	36,395	36,626
2028	35,508	35,739
Thereafter	54,377	54,543
Total future minimum rental income under operating leases	$ 228,124	$217,508

Of the Company's $5.4 billion of net property and equipment as of June 30, 2024 September 30, 2024, $207.6 million $202.4 million of regional jet aircraft and spare engines were leased to third parties under operating leases. The Company's mitigation strategy for the residual asset risks of these assets includes leasing aircraft and engine types that can be operated by the Company in the event of a default.

Additionally, the operating leases typically have specified lease return condition requirements paid by the lessee to the Company and the Company typically maintains inspection rights under the leases.

The transaction price for airport customer service agreements is determined from an agreed-upon rate by location applied to the applicable number of flights handled by the Company over the agreement term.

The Company's operating revenues could be impacted by several factors, including changes to the Company's code-share agreements with its major airline partners, changes in flight schedules, contract modifications resulting from contract renegotiations, the Company's ability to earn incentive payments contemplated under the Company's code-share agreements and resolution of unresolved items with the Company's major airline partners.

Other ancillary revenues commonly associated with airlines, such as baggage fee revenue, ticket change fee revenue and the marketing component of the sale of mileage credits, are retained by the Company's major airline partners on flights that the Company operates under its code-share agreements.

Allowance for Credit Losses

The Company monitors publicly available credit ratings for entities for which the Company has a significant receivable balance. As of June 30, 2024September 30, 2024, the Company had gross receivables of $106.9 million$112.9 million in current assets and gross receivables of $206.0 million$202.4 million in other long-term assets. The Company has established credit loss reserves based on publicly available historic default rates issued by a third party for companies with similar credit ratings, factoring in the term of the respective accounts receivable, notes receivable or guarantees. During the sixnine months ended June 30, 2024September 30, 2024, there were no significant changes in the outstanding accounts receivable, notes receivable, guarantees or credit ratings of the entities.

The following table summarizes the changes in allowance for credit losses:

		Allowance for Credit Losses
Balance at December 31, 2023	$	18,699
Adjustments to credit loss reserves		974
Write-offs charged against allowance		—
Balance at June 30, 2024	$	19,673

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The following table summarizes the changes in allowance for credit losses:

		Allowance for Credit Losses
Balance at December 31, 2023	$	18,699
Adjustments to credit loss reserves		(1,379)
Write-offs charged against allowance		—
Balance at September 30, 2024	$	17,320

(3) Capital Transactions

Stock-Based Compensation

During the sixnine months ended June 30, 2024September 30, 2024, the Company granted 50,577 restricted stock units and 118,021 performance shares to certain employees of the Company under the SkyWest, Inc. 2019 Long-Term Incentive Plan. Both the restricted stock units and performance shares have a three-year vesting period, during which the recipient must remain employed with the Company. The number of performance shares awardable from the 2024 grants can range from 0% to 200% of the original amount granted depending on the

Company's performance over three one-year measurement periods against the pre-established targets. Upon vesting, each restricted stock unit and performance share will be replaced with one share of common stock. The weighted average fair value of these restricted stock units and performance shares on their date of grant was $59.57 per share. share. Additionally, during the six nine months ended June 30, 2024 September 30, 2024, the Company granted 14,179 fully vested shares of common stock and 2,632 fully vested restricted stock units to the Company's directors at a weighted average grant date fair value of $61.13. During the six nine months ended June 30, 2024 September 30, 2024, the Company did not grant any options to purchase shares of common stock to employees.

The Company accounts for forfeitures of restricted stock units and performance shares when forfeitures occur. The estimated fair value of the restricted stock units and performance shares is amortized over the applicable vesting periods. Stock-based compensation expense for the performance shares is based on the Company's anticipated outcome of achieving the performance metrics. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded pre-tax stock-based compensation expense of $10.3 million $15.1 million and $8.6 million $12.9 million, respectively.

Warrants

In 2020 and 2021, the Company issued to U.S. Department of the Treasury ("U.S. Treasury") warrants to purchase shares of the Company's common stock pursuant to the three Payroll Support Program Agreements and a loan agreement with U.S. Treasury.The warrants have a five-year term from the date of issuance. The weighted average grant-date fair value of these warrants was estimated using the Black-Scholes option pricing model. The current holder of the warrants exercised 706,909 warrants in August 2024. The Company settled the exercise through a net share issuance of 443,756 shares of common stock to the holder. As of September 30, 2024, the Company had an aggregate of 78,317 warrants issued and outstanding, each with an exercise price of $57.47, under the Payroll Support Program Agreements.

(4) Stock Repurchase

The Company's Board of Directors adopted a stock repurchase program in May 2023, which authorizes the Company to repurchase shares of the Company's common stock in the public market or in private transactions, from time to time, at prevailing prices. Under the May 2023 repurchase program, the Company's Board of Directors authorized up to $250.0 million for the repurchase of the Company's common stock, superseding a prior Board authorization. At June 30, 2024 September 30, 2024, $68.8 million $52.5 million remains available under the May 2023 authorization.

During the six nine months ended June 30, 2024 September 30, 2024, the Company repurchased 313,381 0.5 million shares of common stock for $22.1 million $38.4 million at a weighted average price per share of $70.44. $72.30. The Company also recorded $0.1 $0.3 million of excise tax related to the stock repurchases as Treasury Stock in the Company's Stockholders Equity for the six nine months ended June 30, 2024 September 30, 2024. During the six nine months ended June 30, 2023 September 30, 2023, the Company repurchased 8.4 million 9.6 million shares of common stock for $194.1 million $244.1 million at a weighted average price per share of $23.10 $25.44 and recorded $1.9 $2.4 million of excise tax related to the stock repurchases as Treasury Stock in the Company's Stockholders Equity.

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(5) Net Income Per Common Share

Basic net income per common share ("Basic EPS") excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per common share ("Diluted EPS") reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted into common stock. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net income per common share. Securities that could potentially dilute Basic EPS in the future, and which were excluded from the calculation of Diluted EPS because inclusion of such share would be anti-dilutive, are as follows (in thousands):

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	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Treasury Warrants(1)	—	203	—	785	—	78	—	355
Employee Stock Awards	—	—	—	676	—	—	—	20
Total antidilutive securities	—	203	—	1,461	—	78	—	375

(1) Warrants originally issued to U.S. Department of the Treasury (“U.S. Treasury”) to purchase shares of SkyWest common stock issued pursuant to the three Payroll Support Program Agreements and a loan agreement with the U.S. Treasury.

Additionally, during the six nine months ended June 30, 2024 September 30, 2024 and 2023, 400,000 336,000 and 538,000 422,000 performance shares (at target performance) were excluded from the computation of Diluted EPS because the Company had not achieved the minimum target thresholds for these shares for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

The calculation of the weighted average number of shares of common stock outstanding for Basic EPS and Diluted EPS are as follows for the periods indicated (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Numerator:								
Net income (loss)	$ 75,578	$ 15,419	$ 135,876	$ (6,652)				
Net income					$89,709	$23,478	$225,585	$16,826
Denominator:								
Basic earnings per share weighted average shares	40,179	43,837	40,239	46,614	40,253	41,826	40,244	45,018
Dilutive effect of employee stock awards and warrants	1,252	382	1,223	—	1,308	754	1,251	522
Diluted earnings per share weighted average shares	41,431	44,219	41,462	46,614	41,561	42,580	41,495	45,540
Basic earnings per share	$ 1.88	$ 0.35	$ 3.38	$ (0.14)	$ 2.23	$ 0.56	$ 5.61	$ 0.37
Diluted earnings per share	$ 1.82	$ 0.35	$ 3.28	$ (0.14)	$ 2.16	$ 0.55	$ 5.44	$ 0.37

(6) Segment Reporting

The Company’s two reportable segments consist of (1) the operations of SkyWest Airlines and SWC (collectively, “SkyWest Airlines and SWC”) and (2) SkyWest Leasing activities.

The Company’s chief operating decision maker analyzes the profitability of operating new aircraft financed through the issuance of debt, including the Company’s E175 fleet, separately from the profitability of the Company’s capital deployed for ownership and financing of such aircraft. The SkyWest Airlines and SWC segment includes revenue earned under the applicable capacity purchase agreements attributed to operating such aircraft and the respective operating costs. The SkyWest Airlines and SWC segment also includes revenue and operating expenses attributed to

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other flying agreements and airport services agreements. The SkyWest Leasing segment includes applicable revenue earned under the applicable capacity purchase agreements attributed to the ownership of new aircraft acquired through the issuance of debt and the respective depreciation and interest expense of such aircraft. The SkyWest Leasing segment also includes the activity of leasing regional jet aircraft and spare engines to third parties and other activities. The SkyWest Leasing segment's total assets and capital expenditures include new aircraft acquired through the issuance of debt and assets leased to third parties. Additionally, aircraft removed from SkyWest Airlines' operations and held for sale are included in the SkyWest Leasing segment.

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The following represents the Company's segment data for the three-month periods ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

	Three months ended June 30, 2024			Three months ended September 30, 2024		
	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated
Operating revenues (1)	$ 711,784	$ 155,334	$ 867,118	$ 758,425	$ 154,361	$ 912,786
Operating expense	678,102	69,376	747,478	712,650	68,701	781,351
Depreciation and amortization expense	37,004	59,810	96,814	37,105	59,557	96,662
Interest expense	3,255	25,711	28,966	2,864	24,944	27,808
Segment profit (2)	30,427	60,247	90,674	42,911	60,716	103,627
Total assets (as of June 30, 2024)	2,644,446	4,317,993	6,962,439			
Total assets (as of September 30, 2024)				2,673,084	4,283,516	6,956,600
Capital expenditures (including non-cash)	40,907	—	40,907	59,331	24,956	84,287

	Three months ended June 30, 2023			Three months ended September 30, 2023		
	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated
Operating revenues (1)	$ 586,476	$ 139,167	$ 725,643	$ 626,780	$ 139,391	$ 766,171
Operating expense	624,490	69,293	693,783	652,599	64,281	716,880

Depreciation and amortization expense	37,966	59,203	97,169	37,320	59,240	96,560
Interest expense	4,695	29,023	33,718	4,450	28,093	32,543
Segment profit (loss) (2)	(42,709)	40,851	(1,858)	(30,269)	47,017	16,748
Total assets (as of June 30, 2023)	2,570,050	4,545,724	7,115,774			
Total assets (as of September 30, 2023)				2,557,850	4,501,268	7,059,118
Capital expenditures (including non-cash)	25,609	410	26,019	33,436	14,816	48,252

(1) Prorate revenue and airport customer service revenue are reflected in the SkyWest Airlines and SWC segment.
(2) Segment profit (loss) is equal to operating income less interest expense.

The following represents the Company's segment data for the six-month nine-month periods ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

	Six months ended June 30, 2024			Nine months ended September 30, 2024		
	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated
Operating revenues (1)	$ 1,358,593	$ 312,139	$ 1,670,732	$ 2,117,018	$ 466,500	$ 2,583,518
Operating expense	1,319,465	132,121	1,451,586	2,032,115	200,822	2,232,937
Depreciation and amortization expense	73,112	119,572	192,684	110,217	179,129	289,346
Interest expense	6,731	52,064	58,795	9,595	77,008	86,603
Segment profit (2)	32,397	127,954	160,351	75,308	188,670	263,978
Total assets (as of June 30, 2024)	2,644,446	4,317,993	6,962,439			
Total assets (as of September 30, 2024)				2,673,084	4,283,516	6,956,600
Capital expenditures (including non-cash)	85,257	—	85,257	144,588	24,956	169,544

	Six months ended June 30, 2023		
	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated
Operating revenues (1)	$ 1,154,649	$ 262,825	$ 1,417,474
Operating expense	1,257,882	132,436	1,390,318
Depreciation and amortization expense	76,224	115,094	191,318
Interest expense	8,757	58,581	67,338
Segment profit (loss) (2)	(111,990)	71,808	(40,182)
Total assets (as of June 30, 2023)	2,570,050	4,545,724	7,115,774
Capital expenditures (including non-cash)	46,720	87,220	133,940

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	Nine months ended September 30, 2023		
	SkyWest Airlines and SWC	SkyWest Leasing	Consolidated
Operating revenues (1)	$ 1,781,429	$ 402,216	$ 2,183,645
Operating expense	1,910,481	196,717	2,107,198
Depreciation and amortization expense	113,544	174,334	287,878
Interest expense	13,207	86,674	99,881
Segment profit (loss) (2)	(142,259)	118,825	(23,434)
Total assets (as of September 30, 2023)	2,557,850	4,501,268	7,059,118
Capital expenditures (including non-cash)	80,156	102,036	182,192

(1) Prorate revenue and airport customer service revenue are reflected in the SkyWest Airlines and SWC segment.
(2) Segment profit (loss) is equal to operating income less interest expense.

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(7) Leases, Commitments, Guarantees and Contingencies

The Company leases property and equipment under operating leases. For leases with durations longer than 12 months, the Company recorded the related operating lease right-of-use asset and operating lease liability at the present value of lease payments over the term. The Company used its incremental borrowing rate to discount the lease payments based on information available at lease commencement.

Aircraft

As of June 30, 2024 September 30, 2024, excluding aircraft financed by the Company's major airline partners that the Company operates for them under contract, the Company leased eight aircraft under long-term lease agreements with remaining terms ranging from five to six years.

Airport facilities

The Company has operating leases for facility space including airport terminals, office space, cargo warehouses and maintenance facilities. The Company generally leases this space from government agencies that control the use of the various airports. The remaining lease terms for facility space vary from one month to 32 years. The Company's operating leases with lease rates that are variable based on airport operating costs, use of the facilities or other variable factors are excluded from the Company's right-of-use assets and operating lease liabilities in accordance with accounting guidance.

Leases

As of June 30, 2024 September 30, 2024, the Company's right-of-use assets were $82.4 million $85.3 million, the Company's current maturities of operating lease liabilities were $18.8 million $18.5 million, and the Company's noncurrent lease liabilities were $63.6 million $66.8 million. During the six nine months ended June 30, 2024 September 30, 2024, the Company paid $10.7 million $16.7 million under operating leases reflected as a reduction from operating cash flows.

The table below presents lease related terms and discount rates as of June 30, 2024 September 30, 2024:

Weighted-average remaining lease term for operating leases	11.5 11.4 years
Weighted-average discount rate for operating leases	6.2% 6.3%

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The Company’s lease costs for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023 included the following components (in thousands):

	For the three months ended June 30,		For the six months ended June 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating lease cost	$ 6,658	$ 7,857	$ 13,917	$ 32,805	$ 6,583	$ 7,959	$ 20,500	$ 40,764
Variable and short-term lease cost	543	534	1,576	1,337	453	868	2,029	2,205
Sublease income	(1,268)	(1,351)	(2,514)	(2,701)	(1,268)	(1,350)	(3,782)	(4,051)
Total lease cost	$ 5,933	$ 7,040	$ 12,979	$ 31,441	$ 5,768	$ 7,477	$ 18,747	$ 38,918

As of June 30, 2024 September 30, 2024, the Company leased aircraft, airport facilities, office space and other property and equipment under non-cancelable operating leases, which are generally on a long-term, triple-net lease basis pursuant to which the Company pays taxes, maintenance, insurance and certain other operating expenses applicable to the leased property. The Company expects that, in the normal course of business, such operating leases that expire will be renewed or replaced by other leases. The following table summarizes future minimum rental payments required under operating leases that had initial or remaining non-cancelable lease terms as of June 30, 2024 September 30, 2024 (in thousands):

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July 2024 through December 2024	$ 10,419	
October 2024 through December 2024		$ 5,272
2025	17,895	18,356
2026	15,427	16,545
2027	13,052	14,002

2028	9,976	11,012
Thereafter	56,617	62,392
Total future minimum operating lease payments	$ 123,386	$127,579

As of June 30, 2024 September 30, 2024, the Company had a firm purchase commitment for 21 20 E175 aircraft from Embraer with anticipated delivery dates through 2026. Additionally, the Company has a purchase agreement to acquire 11 used CRJ550 aircraft with anticipated closing dates into 2025. One of such CRJ550 aircraft was acquired during the three months ended September 30, 2024.

The following table summarizes the Company's commitments and obligations as noted for each of the next five years and thereafter (in thousands):

	Total	Jul- Dec 2024	2025	2026	2027	2028	Thereafter	Total	Oct- Dec 2024	2025	
Operating lease payments for aircraft and facility obligations	$ 123,386	$ 10,419	$ 17,895	$ 15,427	$ 13,052	$ 9,976	$ 56,617	$ 127,579	$ 5,272	$ 18,356	$
Firm aircraft and spare engine commitments	610,945	143,810	230,725	236,410	—	—	—	610,752	135,217	239,125	2
Interest commitments (1)	414,657	56,799	97,933	78,149	56,289	40,947	84,540	389,176	26,093	98,184	
Principal maturities on long-term debt	2,804,058	224,243	532,255	510,598	464,289	292,862	779,811	2,714,421	114,907	534,315	5
Total commitments and obligations	$3,953,046	$ 435,271	$878,808	$840,584	$533,630	$343,785	$920,968	$3,841,928	$ 281,489	$889,980	$8

(1) At June 30, 2024 September 30, 2024, the Company's long-term debt had fixed interest rates.

In addition to the table above, in September 2024, the Company entered into a master equipment purchase agreement with another airline to acquire certain airframes and engines from the airline and lease the assets back to the airline under a five-year term. At September 30, 2024, the Company had not acquired any airframes or engines under the master equipment purchase agreement. The Company estimates the purchase obligation will be between $90.0 million and $100.0 million and anticipates closing on individual airframes and engines between the fourth quarter of 2024 and the end of 2025.

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Guarantees

In 2022, the Company agreed to guarantee $19.8 million of debt for a 14 CFR Part 135 air carrier. The debt is secured by the Part 135 air carrier's aircraft and engines and has a five-year term. In exchange for providing the guarantee, the Company received 6.5% of the guaranteed amount as consideration, payable in the estimated value of common stock of the Part 135 air carrier, all of which was sold in 2023. The balance of the debt under the guarantee was $14.7 $14.4 million as of June 30, 2024 September 30, 2024.

In 2023, the Company agreed to guarantee up to $12.0 million of debt for an aviation school. The debt is secured by the school's aircraft and engines and has a five-year term. In exchange for providing the guarantee, the Company receives 2.0% of the guaranteed amount annually as consideration in cash. The balance of the debt under the guarantee was $11.5 $11.2 million as of June 30, 2024 September 30, 2024.

The purpose of these guarantees is to help reduce the financing costs of aircraft for the third-parties in an effort to increase the potential number of commercial pilots in the Company's hiring pipeline. The Company also recorded the estimated credit loss associated with the guarantees based on publicly available historical default rates issued by a third party for companies with similar credit ratings, factoring the collateral and guarantee term.

(8) Fair Value Measurements

The Company holds certain assets that are required to be measured at fair value in accordance with GAAP. The Company determined the fair value of these assets based on the following three levels of inputs:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable

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or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Some of the Company's marketable securities primarily utilize broker quotes in a non-active market for valuation of these securities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, therefore requiring an entity to develop its own assumptions.

As of June 30, 2024 September 30, 2024, and December 31, 2023, the Company held certain assets that are required to be measured at fair value on a recurring basis. Assets measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements as of June 30, 2024				Fair Value Measurements as of September 30, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Marketable Securities								
Bonds and bond funds	$ 662,797	$ —	$ 662,797	$ —	$578,812	$ —	$578,812	$ —
Commercial paper	29,712	—	29,712	—	79,621	—	79,621	—
	692,509	—	692,509	—	658,433	—	658,433	—

Investments in Other Companies	6,075	—	—	6,075	4,860	—	—	4,860
Cash and Cash Equivalents	141,760	141,760	—	—	177,609	177,609	—	—
Total Assets Measured at Fair Value	$ 840,344	$ 141,760	$ 692,509	$ 6,075	$840,902	$177,609	$658,433	$4,860

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	Fair Value Measurements as of December 31, 2023			
	Total	Level 1	Level 2	Level 3
Marketable Securities				
Bonds and bond funds	$ 677,074	$ —	$ 677,074	$ —
Commercial paper	9,872	—	9,872	—
	686,946	—	686,946	—
Investments in Other Companies	15,402	2,925	—	12,477
Cash and Cash Equivalents	148,277	148,277	—	—
Total Assets Measured at Fair Value	$ 850,625	$ 151,202	$ 686,946	$ 12,477

The Company's "Marketable Securities" classified as Level 2 securities primarily utilize broker quotes in a non-active market for valuation of these securities. See Note 11 "Investments in Other Companies" regarding the Company's investments in other companies, for the six nine months ended June 30, 2024 September 30, 2024.

The Company did not make any significant transfers of securities between Level 1, Level 2 and Level 3 during the six nine months ended June 30, 2024 September 30, 2024. The Company's policy regarding the recording of transfers between levels is to record any such transfers at the end of the reporting period.

As of June 30, 2024 September 30, 2024, and December 31, 2023, the Company classified $692.5 million $658.4 million and $686.9 million of marketable securities, respectively, as short-term because it had the intent to maintain a liquid portfolio and the ability to redeem the securities within one year. At the time of sale, any realized appreciation or depreciation, calculated by the specific identification method, is recognized in other income (loss), net. As of June 30, 2024 September 30, 2024, and December 31, 2023, the cost of the Company's marketable securities was $693.2 million $657.9 million and $686.5 million, respectively.

(9) Assets Held for Sale

In 2022, the Company committed to a formal plan to sell 14 CRJ700 aircraft and determined the aircraft met the criteria to be classified as assets held for sale. At December 31, 2023, the Company presented the $54.3 million of assets held for sale at their fair market value less costs to sell and included the amount in "Other current assets" on the Company's consolidated balance sheet. In March 2024, the Company changed its plan to sell the 14 CRJ700 aircraft and reclassified them as held for use assets in "Aircraft and rotable spares" on the Company's consolidated balance sheet. The Company remeasured the fair value of the held for use assets at the time of the reclassification and, as a result, for

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the six nine months ended June 30, 2024 September 30, 2024, the Company recorded a $4.2 million gain (pre-tax) as an offset to other operating expenses primarily due to the elimination of the estimated costs to sell the assets.

(10) Long-term Debt

Long-term debt consisted of the following as of June 30, 2024 September 30, 2024, and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Current portion of long-term debt	$ 501,265	$ 447,534	$ 500,279	$ 447,534
Current portion of unamortized debt issue cost, net	(3,521)	(3,665)	(3,490)	(3,665)
Current portion of long-term debt, net of debt issue costs	$ 497,744	$ 443,869	$ 496,789	$ 443,869
Long-term debt, net of current maturities	$ 2,302,793	$ 2,582,776	$ 2,214,142	$ 2,582,776
Long-term portion of unamortized debt issue cost, net	(18,418)	(20,593)	(17,594)	(20,593)
Long-term debt, net of current maturities and debt issue costs	$ 2,284,375	$ 2,562,183	$ 2,196,548	$ 2,562,183
Total long-term debt (including current portion)	$ 2,804,058	$ 3,030,310	$ 2,714,421	$ 3,030,310
Total unamortized debt issue cost, net	(21,939)	(24,258)	(21,084)	(24,258)
Total long-term debt, net of debt issue costs	$ 2,782,119	$ 3,006,052	$ 2,693,337	$ 3,006,052

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As of June 30, 2024 September 30, 2024, the Company had $2.8 $2.7 billion of total long-term debt, which consisted of $2.6 billion $2.5 billion of debt used to finance aircraft and spare engines and $200.6 million of unsecured debt payable to U.S. Treasury. The average effective interest rate on the Company's debt was approximately 4.1% at June 30, 2024 September 30, 2024.

As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company had $45.0 million $47.1 million and $49.1 million, respectively, in letters of credit and surety bonds outstanding with various banks and surety institutions.

As of June 30, 2024 September 30, 2024, SkyWest Airlines had a $100.0 million line of credit. The line of credit includes minimum liquidity and profitability covenants and is secured by certain assets. As of June 30, 2024 September 30, 2024, SkyWest Airlines had no amounts outstanding under the facility. However, at June 30, 2024 September 30, 2024, SkyWest Airlines had $24.9 million in letters of credit issued under the facility, which reduced the amount available under the facility to $75.1 million. The line of credit expires March 25, 2025 and has a variable interest rate of 3.5% plus the one month SOFR rate.

The Company's debt agreements are not traded on an active market and are recorded at carrying value on the Company's consolidated balance sheet. The fair value of the Company's long-term debt is estimated based on current rates offered to the Company for similar debt. Debt is primarily classified as Level 2 within the fair value hierarchy. The carrying value and fair value of the Company's long-term debt as of June 30, 2024 September 30, 2024 and December 31, 2023, were as follows (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Carrying value	$ 2,804,058	$ 3,030,310	$ 2,714,421	$ 3,030,310
Fair value	$ 2,716,310	$ 2,918,012	$ 2,660,160	$ 2,918,012

(11) Investments in Other Companies

Equity Method Investments

During 2019, the Company created a joint venture with Regional One, Inc. and, as of June 30, 2024 September 30, 2024, has invested a total of $26.6 million for an ownership interest in Aero Engines, LLC. ("Aero Engines"). The primary purpose of Aero Engines is to lease engines to third parties. The Company accounts for its investment in Aero Engines under the equity method. The Company's exposure in its investment in Aero Engines primarily consists of the Company's portion of income or loss from Aero Engines' engine lease agreements with third parties and the Company's ownership percentage in Aero Engines' engines book value. Aero Engines had no debt outstanding as of June 30, 2024 September 30, 2024. As of June 30, 2024 September 30, 2024, the Company's investment balance in Aero Engines was $22.6 million $23.2 million and has been recorded in "Other

Assets" on the Company's consolidated balance sheet. The Company's portion of income generated by Aero Engines for the six nine months ended June 30, 2024 September 30, 2024, was $0.9 million $1.5 million, which is recorded in "Other income (loss), net" on the Company's consolidated statements of comprehensive income.

In December 2023, the Company invested $9.9 million for a 9.9% ownership interest in Corporate Flight Management, Inc. d/b/a Contour Airlines ("Contour"), a 14 CFR Part 135 air carrier. In January 2024, the Company invested an additional $15.1 million in Contour. The Company has a 25% ownership interest in Contour at June 30, 2024 September 30, 2024 and holds one of five seats, or 20%, on Contour's board of directors. The Contour arrangement also includes an asset provisioning agreement under which the Company will provide CRJ airframes, engines and rotable parts to Contour. The Company accounts for its investment in Contour under the equity method where the investment is reported at cost and adjusted each period for the Company's share of Contour's income or loss, recorded on a one quarter lag. For the six nine months ended June 30, 2024 September 30, 2024, the Company recorded a loss of $0.3 million $0.6 million, its portion of loss generated by Contour, which was recorded in "Other income (loss), net" on the Company's consolidated statements of comprehensive income. As of June 30, 2024 September 30, 2024, the Company's investment balance in Contour of $24.7 $24.4 million was recorded in "Other Assets" on the Company's consolidated balance sheet. At June 30, 2024 September 30, 2024, the Company had $12.7 million $12.2 million in notes receivable from Contour related to the sale of aircraft under the asset provisioning agreement. The notes are secured by aircraft and collectible within four years.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

Fair Value Method Investments

In 2021, the Company entered into a strategic partnership with Eve UAM, LLC ("Eve UAM"), to develop a network of deployment for Eve UAM's electric vertical takeoff and landing ("eVTOL") aircraft.

In 2022, the Company acquired 1,000,000 shares of common stock of Eve Holding, Inc. ("Eve") and a warrant giving the Company the right to acquire 1,500,000 shares of common stock of Eve at an exercise price of $0.01 per share. The Company also received a put option from an Eve shareholder for the 1,000,000 shares of common stock of Eve payable in aircraft parts credits. The intent of the put option was to reduce the Company's investment risk in Eve, and the put option expires in December 2031. Eve. The Company is restricted from selling the shares underlying the warrant until May 2025, and the warrant expires in May 2032. The Company acquired the shares of common stock, warrant and put option (collectively the "Eve Investments") for $10.0 million. The Company evaluated the Eve Investments under ASC Topic 321, "Investments – Equity Securities" and ASC Topic 815, "Derivatives and Hedging," and recorded the Eve Investments based on their pro rata share of the consideration paid using the fair value of the Eve Investments on the acquisition date, with subsequent changes in the fair value reported in earnings. During the year ended December 31, 2023, the Company sold 600,411 shares of common stock of Eve, which concurrently forfeited 600,411 shares subject to the put option from the Eve shareholder. During the three nine months ended June 30, 2024 September 30, 2024, the Company exercised the remainder of the put option and received aircraft parts credits in exchange for the 399,589 shares of common stock. At June 30, 2024 September 30, 2024, the Company's only remaining investment in Eve was the warrant to acquire 1.5 million 1,500,000 shares of Eve common stock. stock of Eve.

The shares of common stock of Eve were classified as Level 1 within the fair value hierarchy as Eve common stock is actively traded on the New York Stock Exchange, and the value is determined using quoted market prices for the equity security. The warrant and put option (prior to the exercise of the put option) were classified as Level 3 within the fair value hierarchy ("Eve Level 3 Investments"), and the. The Company used the Black Scholes Option Pricing Model to determine the estimated fair market value of the Eve Level 3 Investments, including an expected volatility of 52%, which is a significant unobservable input that was derived from historical volatility of comparable companies.. The table below shows the reconciliation of the Eve Level 3 Investments (in thousands):

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Eve Level 3 Investments:	Eve Level 3 Investments:	Eve Level 3 Investments:
Balance at December 31, 2023	$12,477	$12,477
Purchases	—	—
Exercise of put option for aircraft parts credits	(3,996)	(3,996)
Realized gain on exercise of put option	3,446	3,446
Unrealized loss	(5,852)	(7,067)
Balance at June 30, 2024	$ 6,075	
Balance at September 30, 2024		$ 4,860

The During the nine months ended September 30, 2024, the Company recognized recorded a net loss of $6.6 million in "Other income (loss), net" on the Company's consolidated statements of comprehensive income, including a realized gain of $3.4 million from the exercise of the put option, a realized loss of $1.4 million from the forfeited shares of Eve common stock and unrealized losses of $7.4 million $8.6 million related to the Eve Investments that were recognized in "Other income (loss), net" on the Company's consolidated statements of comprehensive income for the six months ended June 30, 2024. Investments. As of June 30, 2024 September 30, 2024, the fair value of the Eve Investments, which only consisted of the warrant, was $6.1 million $4.9 million and was recorded in "Other Assets" on the Company's consolidated balance sheet.

(12) Income Taxes

The Company's effective tax rate for the six nine months ended June 30, 2024 September 30, 2024 was 25.5% 24.4%. The Company's effective tax rate for the six nine months ended June 30, 2024 September 30, 2024 varied from the federal statutory rate of 21.0% primarily due to the provision for state income taxes and the impact of non-deductible expenses, expenses. This was partially offset by a discrete tax benefit from excess tax deductions generated from employee equity transactions that occurred during the six nine months ended June 30, 2024. September 30, 2024, a discrete tax benefit from the release of previously recorded uncertain tax position liability and a discrete tax benefit from a release of the valuation allowance on state net operating losses anticipated to be utilized prior to expiration.

The Company's effective tax rate for the six nine months ended June 30, 2023 September 30, 2023 was 21.6% (6.0)%. The Company's effective tax rate for the six nine months ended June 30, 2023 September 30, 2023 varied from the federal statutory rate of 21.0% primarily primarily due to a benefit from the release of $7.6 million of a previously recorded uncertain tax position liability and a benefit from a partial release of the valuation allowance on state net operating losses anticipated to be utilized prior to

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expiration. These benefits were partially offset by the provision for state income taxes, the impact of non-deductible expenses and a discrete tax expense on employee equity transactions that occurred during the six nine months ended June 30, 2023, partially offset by the provision for state income taxes. September 30, 2023.

(13) Legal Matters

The Company is subject to certain legal actions which it considers routine to its business activities. As of June 30, 2024 September 30, 2024, the Company's management believed, after consultation with legal counsel, that the ultimate outcome of such legal matters was not likely to have a material adverse effect on the Company's financial position, liquidity or results of operations.

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis presents factors that had a material effect on the results of operations of SkyWest, Inc. ("SkyWest" "we" or "us") during the three- and six-month nine-month periods ended June 30, 2024 September 30, 2024 and 2023. Also discussed is our financial condition as of June 30, 2024 September 30, 2024, and December 31, 2023. You should read this discussion in conjunction with our condensed consolidated financial statements for the three and six nine months ended June 30, 2024 September 30, 2024, including the notes thereto, appearing elsewhere in this Report. This discussion and analysis contains forward-looking statements. Please refer to the section of this Report entitled "Cautionary Statement Concerning Forward-Looking Statements" for discussion of uncertainties, risks and assumptions associated with these statements.

Cautionary Statement Concerning Forward-Looking Statements

Certain of the statements contained in this Report should be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "forecast," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "hope," "likely," and "continue" and similar terms used in connection with statements regarding our outlook, anticipated operations, the revenue environment, our contractual relationships, and our anticipated financial performance. These statements include, but are not limited to, statements about the continued demand for our product, the effect of economic conditions on SkyWest's business, financial condition and results of operations, the scheduled aircraft deliveries and fleet size for SkyWest in upcoming periods and the related execution of SkyWest's fleet transition strategy and expected timing thereof, expected production levels in future periods and associated staffing challenges, pilot attrition trends, SkyWest's coordination with United Airlines, Inc. ("United"), Delta Air Lines, Inc. ("Delta"), American Airlines, Inc. ("American") and Alaska Airlines, Inc. ("Alaska") (each, a "major airline partner" and together, "major airline partners") to optimize the delivery of aircraft under previously announced agreements, the expected terms, timing and benefits related to SkyWest's leasing and joint venture transactions, SkyWest's provision of assets to Corporate Flight Management, Inc. d/b/a Contour Airlines ("Contour"), as well as SkyWest's future financial and operating results, plans, objectives, expectations, estimates, intentions and outlook, and other statements that are not historical facts. All forward-looking statements included in this Report are made as of the date hereof and are based on information available to SkyWest as of such date. SkyWest assumes no obligation to update any forward-looking statements unless required by law. Readers should note that many factors could affect the future operating and financial results of SkyWest and could cause actual results to vary materially from those expressed in forward-looking statements set forth in this Report. These factors include, but are not limited to the challenges of competing successfully in a highly competitive and rapidly changing industry; developments associated with fluctuations in the economy and the demand for air travel, including related to inflationary pressures, and related decreases in customer demand and spending; uncertainty regarding continued recovery from the COVID-19 pandemic and other potential future outbreaks of infectious diseases or other health concerns, and the consequences of such outbreaks to the travel industry, including travel demand and travel behavior, and our major airline partners in general and the financial condition and operating results of SkyWest in particular; the prospects of entering into agreements with existing or other carriers to fly new aircraft; ongoing negotiations between SkyWest and its major airline partners regarding their contractual obligations; uncertainties regarding operation of new aircraft; the ability to attract and retain qualified pilots, including captains, and related staffing challenges; the impact of regulatory issues such as pilot rest rules and qualification requirements; the ability to obtain aircraft financing; the financial stability of SkyWest's major airline partners and any potential impact of their financial condition on the operations of SkyWest; fluctuations in flight schedules, which are determined by the major airline partners for whom SkyWest conducts flight operations; variations in market and economic conditions; significant aircraft lease and debt commitments; estimated useful life of long-lived assets, residual aircraft values and related impairment charges; labor relations and costs and labor shortages; the impact of global instability; rapidly fluctuating fuel costs and potential fuel shortages; the impact of weather-related, natural disasters and other air safety incidents on air travel and airline costs; aircraft deliveries; uncertainty regarding ongoing hostility between Russia and the Ukraine, as well as Israel and Hamas, and the related impacts on macroeconomic conditions and on the international operations of any of our major airline partners as a result of such conflict; as well as the other factors identified under the heading "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading "Risk Factors" in Part II, Item 1A of this Report, elsewhere in this Report, in our other filings with the Securities and Exchange Commission (the "SEC") and other unanticipated factors.

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There may be other factors that may affect matters discussed in forward-looking statements set forth in this Report, which factors may also cause actual results to differ materially from those discussed. We assume no obligation to publicly update any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these statements other than as required by applicable law.

Overview

We have the largest regional airline operation in the United States through our operating subsidiary SkyWest Airlines, Inc. ("SkyWest Airlines"). As of June 30, 2024 September 30, 2024, we offered scheduled passenger and air freight service with approximately 2,130 2,240 total daily departures to destinations in the United States, Canada and Mexico. Our fleet of Embraer E175 regional jet aircraft ("E175"), Canadair CRJ900 regional jet aircraft ("CRJ900") and Canadair CRJ700 regional jet aircraft ("CRJ700") have a multiple-class seat configuration, whereas our Canadair CRJ200 regional jet aircraft ("CRJ200") have a single-class seat configuration. During 2022, we formed SkyWest Charter, LLC ("SWC"), which offers on-demand charter services. services using CRJ200 aircraft in a 30-seat configuration. As of June

30, 2024 September 30, 2024, we had 608 615 total aircraft in our fleet, including 475 484 aircraft in scheduled service or under contract pursuant to our code-share agreements, summarized as follows:

	E175	CRJ900	CRJ700	CRJ200	Total	E175	CRJ900	CRJ700(2)	CRJ200	Total
United	101	—	19	87	207	110	—	19	81	210
Delta	85	41	9	—	135	86	36	19	—	141
American	20	—	71	—	91	20	—	71	—	91
Alaska	42	—	—	—	42	42	—	—	—	42
Aircraft in scheduled service or under contract	248	41	99	87	475	258	36	109	81	484
SWC	—	—	—	16	16	—	—	—	17	17
Leased to third parties	—	5	35	—	40	—	5	35	—	40
Other (1)	—	3	33	41	77	—	8	24	42	74
Total Fleet	248	49	167	144	608	258	49	168	140	615

(1) As of June 30, 2024 September 30, 2024, other aircraft included: supplemental spare aircraft supporting our code-share agreements that may be placed under future code-share or leasing arrangements, aircraft transitioning between code-share agreements with our major airline partners or aircraft that are scheduled to be disassembled for use as spare parts.

(2) Includes CRJ550 aircraft, a 50-seat configuration of the CRJ700 aircraft.

Our business model is based on providing scheduled regional airline service under code-share agreements (commercial agreements between airlines that, among other things, allow one airline to use another airline's flight designator codes on its flights) with our major airline partners. Our success is principally centered on our ability to meet the needs of our major airline partners by providing a reliable and safe operation at attractive economics. From June 30, 2023 September 30, 2023, to June 30, 2024 September 30, 2024, we made changes to our fleet, including the addition of two three new E175 aircraft and 11 20 partner-financed E175 aircraft.

We anticipate our fleet will continue to evolve, as we are scheduled to add one new E175 aircraft with Delta in the second half of 2024, 28 19 new E175 aircraft with United (13 (four in the second half fourth quarter of 2024, seven in 2025 and eight in 2026, of which 19 aircraft are financed by us and nine aircraft are financed by United) 2026) and one new E175 aircraft with Alaska in 2025. We also entered into multiple agreements with United in September and October 2024 to place a total of 40 used CRJ550 aircraft into service between the fourth quarter of 2024 and the end of 2026. Timing of these anticipated deliveries may be subject to change as we are coordinating with our major airline partners in response to labor availability or other factors. Our primary objective in the fleet changes is to improve our profitability by adding new E175 aircraft and used CRJ aircraft to capacity purchase agreements, and potentially removing older aircraft from service that typically require higher maintenance costs.

As of June 30, 2024 September 30, 2024, approximately 43.6% 43.4% of our aircraft in scheduled service or under contract were operated for United, approximately 28.4% 29.1% were operated for Delta, approximately 19.2% 18.8% were operated for American and approximately 8.8% 8.7% were operated for Alaska.

Historically, multiple contractual relationships with major airlines have enabled us to reduce our reliance on any single major airline code and to enhance and stabilize operating results through a mix of fixed-fee arrangements (referred

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to as "capacity purchase" agreements) and "prorate" agreements. For the six nine months ended June 30, 2024 September 30, 2024, our capacity purchase revenue represented approximately 87.1% 86.8% of our total flying agreement revenue and our prorate and SWC revenue, combined, represented approximately 12.9% 13.2% of our total flying agreements revenue. On capacity purchase routes, the major airline partner controls scheduling, ticketing, pricing and seat inventories and we are compensated by the major airline partner at contracted rates based on completed block hours (measured from takeoff to landing, including taxi time), flight departures, the number of aircraft under contract and other operating measures. We control scheduling, pricing and seat inventories on certain prorate routes, and we share passenger fares with our major airline partners according to prorate formulas. We are also responsible for the operating costs of the prorate flights, including fuel and airport costs.

Second Third Quarter Summary

We had total operating revenues of $867.1 $912.8 million for the three months ended June 30, 2024 September 30, 2024, a 19.5% 19.1% increase compared to total operating revenues of $725.6 $766.2 million for the three months ended June 30, 2023 September 30, 2023. We had net income of $75.6 $89.7 million, or $1.82 $2.16 per diluted share, for the three months ended June 30, 2024 September 30, 2024, compared to net income of $15.4 million $23.5 million, or $0.35 $0.55 per diluted share, for the three months ended June 30, 2023 September 30, 2023. The significant items affecting our revenue and operating expenses during the three months ended June 30, 2024 September 30, 2024, are outlined below:

Revenue

The number of aircraft we have in scheduled service or under contract pursuant to our code-share agreements and the number of block hours we incur on our flights are primary drivers of our flying agreements revenue under our capacity purchase agreements. The number of flights we operate and the corresponding number of passengers we carry are the primary drivers of our revenue under our prorate flying agreements. The number of aircraft we have in scheduled service or under contract pursuant to our code-share agreements decreased from 492 493 as of June 30, 2023 September 30, 2023 to 475 484 as of June 30, 2024 September 30, 2024; and the number of block hours increased from 282,617 290,830 for the three months ended June 30, 2023 September 30, 2023 to 317,462 334,459 for the three months ended June 30, 2024 September 30, 2024, or by 12.3% 15.0%, due to an increase in scheduled daily utilization of our aircraft. aircraft driven by an increase in the number of available captains.

Our capacity purchase revenue increased $112.9 million $128.5 million, or 18.3% 20.3%, from the three months ended June 30, 2023 September 30, 2023 to the three months ended June 30, 2024 September 30, 2024, primarily as a result of an increase in completed block hours for the comparable periods and recognizing previously deferred revenue for the three months ended June 30, 2024 September 30, 2024, compared to deferring revenue for the three months ended June 30, 2023 September 30, 2023. As a result of a higher number of passengers carried on our prorate routes and an increase in the number of prorate and charter flights operated year-over-year, our prorate and SWC revenue increased $24.8 million $13.1 million, or 30.2% 11.9%, for the three months ended June 30, 2024 September 30, 2024, as compared to the three months ended June 30, 2023 September 30, 2023.

Operating Expenses

Our total operating expenses increased $53.7 million $64.5 million, or 7.7% 9.0%, for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023. The increase in operating expenses was primarily due to an increase in our direct operating expenses associated with the increase in the number of flights we operated. Departures increased from 173,837 180,069 for the three months ended June 30, 2023 September 30, 2023 to 189,325 201,397 for the three months ended June 30, 2024 September 30, 2024, or by 8.9% 11.8%. Additional details regarding the increase in our operating expenses are described in the section of this Report entitled “Results of Operations.”

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Fleet Activity

The following table summarizes our fleet scheduled for service or under contract as of:

Aircraft in Service or Under Contract	June 30, 2024	December 31, 2023	June 30, 2023
E175s	248	237	235
CRJ900s	41	41	41
CRJ700s	99	118	110
CRJ200s	87	89	106
Total	475	485	492

Aircraft in Service or Under Contract	September 30, 2024	December 31, 2023	September 30, 2023
E175s	258	237	235
CRJ900s	36	41	37
CRJ700s	109	118	117
CRJ200s	81	89	104
Total	484	485	493

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Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 1 to our consolidated financial statements for the year ended December 31, 2023, and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which are presented in our Annual Report on Form 10-K for the year ended December 31, 2023. Critical accounting policies are those policies that are most important to the preparation of our consolidated financial statements and require management’s subjective and complex judgments due to the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies relate to revenue recognition, long-lived assets, and income tax. The application of these accounting policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results will likely differ, and may differ materially, from such estimates. There have been no significant changes in our critical accounting estimates during the six nine months ended June 30, 2024 September 30, 2024.

Recent Accounting Pronouncements

See Note 1 to the condensed consolidated financial statements for a description of recent accounting pronouncements.

Results of Operations

Three Months Ended June 30, 2024 September 30, 2024 and 2023

Operational Statistics

The following table sets forth our major operational statistics and the associated percentage changes for the periods identified below. The increase in block hours, departures and passengers carried during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, was primarily due to an increase in the number of available captains during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, which allowed for a higher scheduled utilization of our aircraft.

Block hours by aircraft type:	For the three months ended June 30,			For the three months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
E175s	195,207	168,416	15.9 %	206,607	171,615	20.4 %
CRJ900s	20,823	19,698	5.7 %	22,957	18,979	21.0 %
CRJ700s	58,311	50,094	16.4 %	59,807	56,117	6.6 %
CRJ200s	43,121	44,409	(2.9)%	45,088	44,119	2.2 %
Total block hours	317,462	282,617	12.3 %	334,459	290,830	15.0 %
Departures	189,325	173,837	8.9 %	201,397	180,069	11.8 %
Passengers carried	10,691,017	9,887,779	8.1 %	11,263,322	10,208,005	10.3 %
Passenger load factor	84.4 %	85.5 %	(1.1)pts	83.7 %	85.1 %	(1.4)pts
Average passenger trip length (miles)	460	451	2.0 %	455	446	2.0 %

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Operating Revenues

The following table summarizes our operating revenue for the periods indicated (dollar amounts in thousands):

	For the three months ended June 30,				For the three months ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Flying agreements	$ 838,170	$ 700,394	$ 137,776	19.7 %	$883,494	$741,898	$141,596	19.1 %
Lease, airport services and other	28,948	25,249	3,699	14.7 %	29,292	24,273	5,019	20.7 %
Total operating revenues	$ 867,118	$ 725,643	$ 141,475	19.5 %	$912,786	$766,171	$146,615	19.1 %

Flying agreements revenue primarily consists of revenue earned on flights we operate under our capacity purchase agreements and prorate agreements with our major airline partners and on-demand charter flights. Lease,

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airport services and other revenues consist of revenue earned from leasing aircraft and spare engines to third parties separate from our capacity purchase agreements and providing airport counter, gate and ramp services.

We disaggregate our flying agreements revenue into the following categories (dollar amounts in thousands):

For the three months ended June 30,				For the three months ended September 30,			
2024	2023	$ Change	% Change	2024	2023	$ Change	% Change

Capacity purchase agreements flight operations revenue	$595,127	$499,142	$ 95,985	19.2 %	$624,342	$511,929	$112,413	22.0 %
Capacity purchase agreements aircraft lease revenue	135,972	119,026	16,946	14.2 %	136,392	120,289	16,103	13.4 %
Prorate agreements and SWC revenue	107,071	82,226	24,845	30.2 %	122,760	109,680	13,080	11.9 %
Flying agreements revenue	$838,170	$700,394	$137,776	19.7 %	$883,494	$741,898	$141,596	19.1 %

The increase in "Capacity purchase agreements flight operations revenue" of $96.0 million $112.4 million, or 19.2% 22.0%, was primarily due to a 12.3% 15.0% increase in block hour production and a decrease in deferred revenue related to fixed monthly payments for flight operations received under our capacity purchase agreements for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023. Under our capacity purchase agreements, we are paid a fixed amount per month per aircraft over the contract term. We recognize the fixed amount per aircraft related to operating the aircraft as revenue proportionately to the number of block hours we complete for each reporting period. Under our capacity purchase agreements, the performance obligation of each completed flight is measured in block hours incurred for each completed flight. Beginning January 1, 2024, certain scheduled fixed monthly payments under our capacity purchase agreements transitioned to variable payments, which are calculated at a rate per block hour. Based on the number of completed block hours during the three months ended June 30, 2024 September 30, 2024, we recognized $5.0 million $18.2 million of previously deferred revenue, net of unbilled revenue, related to the non-lease fixed monthly payments we received associated with our flight operations revenues. For the three months ended June 30, 2023 September 30, 2023, we deferred recognizing $40.7 million $37.2 million of revenue, net of unbilled revenue, related to fixed monthly payments received associated with our flight operations revenues. The timing of our revenue recognition related to the fixed payments associated with our flight operations will be adjusted over the remaining contract term for each capacity purchase agreement based on the number of block hours we complete each reporting period relative to the number of block hours we anticipate completing over the remaining contract term of each capacity purchase agreement.

The increase in "Capacity purchase agreements aircraft lease revenue" of $16.9 million $16.1 million, or 14.2% 13.4%, was primarily due to an increase in variable lease revenue as a result of certain scheduled fixed monthly lease payments that transitioned beginning January 1, 2024 to variable payments under our capacity purchase agreements. Under our capacity purchase agreements, a portion of the consideration we are paid is designed as reimbursement for certain aircraft ownership costs and is considered lease revenue, including fixed monthly payments and variable payments. We recognize the fixed monthly lease payments as lease revenue using the straight-line basis over the capacity purchase agreement term and variable lease payments are recognized in the period when the block hours are completed. We recognized $0.5 million of previously deferred lease revenue during the three months ended June 30, 2024 September 30, 2024, using the straight-line basis for fixed monthly lease payments, whereas we deferred recognizing lease revenue on $19.5 million $19.3 million during the three months ended June 30, 2023 September 30, 2023.

The deferred revenue balance applicable to each contract will be recorded as revenue over the term of each respective contract. For clarity, in total we recognized $5.5 million $18.7 million of previously deferred revenue, net of unbilled revenue, during the three months ended June 30, 2024 September 30, 2024, compared to deferring revenue, net of unbilled revenue, of $60.2 million $56.5 million during the three months ended June 30, 2023 September 30, 2023. Our total deferred revenue balance, net of unbilled revenue, was $360.9 million $342.2 million as of June 30, 2024 September 30, 2024, compared to total deferred revenue, net of unbilled revenue, of $367.3 million as of December 31, 2023.

The increase in prorate agreements and SWC revenue of $24.8 million $13.1 million, or 30.2% 11.9%, was primarily due to an increase in prorate passengers and passenger revenue we received on routes we operated under our prorate agreements during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023. Additionally, a portion of the increase is was attributed to an increase in SWC revenue during the three months ended June 30, 2024 September 30, 2024, as SWC began operations in May 2023. compared to the three months ended September 30, 2023.

The increase in lease, airport services and other revenues of $3.7 million $5.0 million, or 14.7% 20.7%, was primarily due to an increase in leased assets and lease rates for leases to third parties during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

Operating Expenses

Individual expense components attributable to our operations are set forth in the following table (dollar amounts in thousands):

	For the three months ended June 30,				For the three months ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Salaries, wages and benefits	$ 355,005	$ 322,441	$ 32,564	10.1 %	$ 377,435	$ 333,017	$ 44,418	13.3 %
Aircraft maintenance, materials and repairs	183,267	162,491	20,776	12.8 %	181,652	178,465	3,187	1.8 %
Depreciation and amortization	96,814	97,169	(355)	(0.4)%	96,662	96,560	102	0.1 %
Aircraft fuel	21,328	18,279	3,049	16.7 %	22,724	23,330	(606)	(2.6)%
Airport-related expenses	17,535	16,955	580	3.4 %	22,642	18,398	4,244	23.1 %
Aircraft rentals	1,310	2,428	(1,118)	(46.0)%	1,339	2,099	(760)	(36.2)%
Other operating expenses	72,219	74,020	(1,801)	(2.4)%	78,897	65,011	13,886	21.4 %
Total operating expenses	$ 747,478	$ 693,783	$ 53,695	7.7 %	$ 781,351	$ 716,880	$ 64,471	9.0 %

Salaries, wages and benefits. The $32.6 million $44.4 million, or 10.1% 13.3%, increase in salaries, wages and benefits was primarily due to an increase in direct labor costs that resulted from the higher number of flights we operated during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

Aircraft maintenance, materials and repairs. The $20.8 million $3.2 million, or 12.8% 1.8%, increase in aircraft maintenance expense was primarily due to higher flight volume, which increased our maintenance activity and related expenses, offset by a decrease in our engine maintenance events and related expenses for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

Depreciation and amortization. The $0.4 million $0.1 million, or 0.4% 0.1%, decrease increase in depreciation and amortization expense was primarily due to an increase in depreciation expense related to the acquisition of three new E175 aircraft and spare engines since September 30, 2023, offset by certain CRJ aircraft and engines that were depreciated to their estimated residual value since June 30, 2023, offset by an increase in depreciation expense due to the acquisition of two new E175 aircraft and spare engines since June 30, 2023 September 30, 2023.

Aircraft fuel. The $3.0 million $0.6 million, or 16.7% 2.6%, increase decrease in fuel cost was primarily due to a decrease in our average fuel cost per gallon from $3.83 for the three months ended September 30, 2023, to $3.10 for the three months ended September 30, 2024, offset by an increase in the number of flights we operated under our prorate agreements and SWC and the corresponding increase in gallons of fuel we purchased combined with an increase in our average fuel cost per gallon from $3.30 for the three months ended June 30, 2023, to $3.32 for the three months ended June 30, 2024. purchased. We purchase and incur expense for all fuel on flights operated under our prorate agreements and SWC. All fuel costs incurred under our capacity purchase agreements are either purchased directly by our major airline partner, or if purchased by us, we record the direct reimbursement as a reduction to our fuel expense. The following table summarizes the gallons of fuel we purchased under our prorate agreements and SWC, for the periods indicated:

	For the three months ended June 30,		
(in thousands)	**2024**	**2023**	**% Change**
Fuel gallons purchased	6,415	5,538	15.8 %
Fuel expense	$ 21,328	$ 18,279	16.7 %

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	For the three months ended September 30,		
(in thousands)	**2024**	**2023**	**% Change**
Fuel gallons purchased	7,336	6,097	20.3 %
Fuel expense	$ 22,724	$ 23,330	(2.6)%

Airport-related expenses. Airport-related expenses include airport-related customer service costs such as outsourced airport gate and ramp agent services, airport security fees, passenger interruption costs, deicing, landing fees and station rents. For clarity, our employee airport customer service labor costs are reflected in salaries, wages and benefits and customer service labor costs we outsource to third parties are included in airport-related expenses. The $0.6 million $4.2 million, or 3.4% 23.1%, increase in airport-related expenses for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, was primarily due to an increase in subcontracted airport services and landing fees as a result of an increase in the number of flights we operated under our prorate agreements.

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Aircraft rentals. The $1.1 million $0.8 million, or 46.0% 36.2%, decrease in aircraft rentals was primarily related to a decrease in our leased aircraft since the three months ended June 30, 2023 September 30, 2023.

During 2023, we acquired 26 CRJ700 aircraft, eight CRJ200 aircraft and one CRJ900 aircraft under early lease buyouts.

Other operating expenses. Other operating expenses primarily consist of property taxes, hull and liability insurance, simulator costs, crew per diem and crew hotel costs. The $1.8 million $13.9 million, or 2.4% 21.4%, decrease increase was primarily related to the timing of training events and other non-direct operating expenses for the three months ended June 30, 2023, compared to the three months ended June 30, 2024, offset by an increase in other operating costs as a result of the higher number of flights we operated during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, such as increased crew per diem and crew hotel costs.

Summary of interest expense, interest income, other income (loss), net and provision for income taxes

Interest Expense. The $4.8 million $4.7 million, or 14.1% 14.5%, decrease in interest expense was primarily related to a decrease in outstanding debt. At June 30, 2024 September 30, 2024 we had $2.8 billion $2.7 billion of outstanding debt, compared to $3.2 billion $3.1 billion at June September 30, 2023.

Interest income. Interest income increased $1.5 million $1.3 million, from $10.5 million $11.2 million for the three months ended June 30, 2023 September 30, 2023, to $12.0 million $12.5 million for the three months ended June 30, 2024 September 30, 2024. The increase in interest income was primarily related to an increase in average interest rates attributed to our marketable securities for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

Other income (loss), net. Other income (loss), net decreased $9.5 million increased $3.7 million during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023. Other income (loss), net primarily consists of the unrealized and realized gains and losses on our investments in other companies, income or loss related to our equity method investments and gains or losses on the sale of assets. The decrease increase in other income (loss), net was primarily a result of a decrease in the loss on the fair value of our investments in other companies for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

Provision (benefit) for income taxes. For the three months ended June 30, 2024 September 30, 2024 and 2023, our effective income tax rates were 26.0% 22.8% and 12.6% 3.6%, respectively, which included the statutory federal income tax rate of 21% and other reconciling income tax items, including state income taxes and the impact of non-deductible expenses. The increase in the effective tax rate was primarily related to the impact of non-deductible expenses relative to the lower pre-tax earnings for the three months ended June 30, 2024, compared to pre-tax loss income for the three months ended June 30, 2023*September 30, 2023, compared to the three months ended September 30, 2024, and a release of $7.6 million of a previously recorded uncertain tax position liability for the three months ended September 30, 2023.*

Net income. Primarily due to the factors described above, we generated net income of $75.6 $89.7 million, or $1.82 $2.16 per diluted share, for the three months ended June 30, 2024 September 30, 2024, compared to net income of $15.4 $23.5 million, or $0.35 $0.55 per diluted share, for the three months ended June 30, 2023 September 30, 2023.

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Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023

Operational Statistics

The following table sets forth our major operational statistics and the associated percentage changes for the periods identified below. The increase in block hours, departures and passengers carried during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, was primarily due to an increase in the number of available captains during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June September 30, 2023.

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	For the six months ended June 30,			For the nine months ended September 30,		
Block hours by aircraft type:	2024	2023	% Change	2024	2023	% Change
E175s	374,192	329,167	13.7 %	580,799	500,782	16.0 %
CRJ900s	38,215	40,411	(5.4)%	61,172	59,390	3.0 %
CRJ700s	116,596	102,122	14.2 %	176,403	158,239	11.5 %
CRJ200s	78,260	87,159	(10.2)%	123,348	131,278	(6.0)%
Total block hours	607,263	558,859	8.7 %	941,722	849,689	10.8 %
Departures	358,757	334,460	7.3 %	560,154	514,529	8.9 %
Passengers carried	19,840,470	18,463,649	7.5 %	31,103,792	28,671,654	8.5 %
Passenger load factor	82.7 %	83.0 %	(0.3)pts	83.0 %	83.7 %	(0.7)pts
Average passenger trip length (miles)	461	461	— %	467	456	2.4 %

Operating Revenues

The following table summarizes our operating revenue for the periods indicated (dollar amounts in thousands):

	For the six months ended June 30,				For the nine months ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Flying agreements	$1,616,459	$1,364,232	$252,227	18.5 %	$2,499,953	$2,106,130	$393,823	18.7 %
Lease, airport services and other	54,273	53,242	1,031	1.9 %	83,565	77,515	6,050	7.8 %
Total operating revenues	$1,670,732	$1,417,474	$253,258	17.9 %	$2,583,518	$2,183,645	$399,873	18.3 %

Flying agreements revenue primarily consists of revenue earned on flights we operate under our capacity purchase agreements and prorate agreements with our major airline partners and on-demand charter flights. Lease, airport services and other revenues consist of revenue earned from leasing aircraft and spare engines to third parties separate from our capacity purchase agreements and providing airport counter, gate and ramp services.

We disaggregate our flying agreements revenue into the following categories (dollar amounts in thousands):

For the six months ended June 30,	For the nine months ended September 30,

	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Capacity purchase agreements flight operations revenue	$1,139,287	$ 968,058	$171,229	17.7 %	$1,763,629	$1,479,987	$283,642	19.2 %
Capacity purchase agreements aircraft lease revenue	269,017	236,611	32,406	13.7 %	405,409	356,900	48,509	13.6 %
Prorate agreements and SWC revenue	208,155	159,563	48,592	30.5 %	330,915	269,243	61,672	22.9 %
Flying agreements revenue	$1,616,459	$1,364,232	$252,227	18.5 %	$2,499,953	$2,106,130	$393,823	18.7 %

The increase in "Capacity purchase agreements flight operations revenue" of $171.2 million$283.6 million, or 17.7%19.2%, was primarily due to a 8.7%10.8% increase in block hour production and a decrease in deferred revenue related to fixed monthly payments for flight operations received under our capacity purchase agreements for the sixnine months ended June 30, 2024September 30, 2024, compared to the sixnine months ended June 30, 2023September 30, 2023. Under our capacity purchase agreements, we are paid a fixed amount per month per aircraft over the contract term. We recognize the fixed amount per aircraft related to operating the aircraft as revenue proportionately to the number of block hours we complete for each reporting period. Under our capacity purchase agreements, the performance obligation of each completed flight is measured in block hours incurred for each completed flight. Beginning January 1, 2024, certain scheduled fixed monthly payments

under our capacity purchase agreements transitioned to variable payments, which are calculated at a rate per block hour. Based on the number of completed block hours during the sixnine months ended June 30, 2024September 30, 2024, we recognized $5.4 million$23.6 million of previously deferred revenue, net of unbilled revenue, related to the non-lease fixed monthly payments we received associated with our flight operations revenues. For the sixnine months ended June 30, 2023September 30, 2023, we deferred recognizing $83.4 million$120.6 million of revenue, net of unbilled revenue, related to fixed monthly payments received associated with our flight operations revenues. The timing of our revenue recognition related to the fixed payments associated with our flight operations will be adjusted over the remaining contract term for each capacity purchase agreement based on the number of block hours we complete each reporting period relative to the number of block hours we anticipate completing over the remaining contract term of each capacity purchase agreement.

The increase in “Capacity purchase agreements aircraft lease revenue” of $32.4 million $48.5 million, or 13.7% 13.6%, was primarily due to an increase in variable lease revenue as a result of certain scheduled fixed monthly lease payments that transitioned beginning January 1, 2024 to variable payments under our capacity purchase agreements. Under our capacity purchase agreements, a portion of the consideration we are paid is designed as reimbursement for certain aircraft ownership costs and is considered lease revenue, including fixed monthly payments and variable payments. We recognize the fixed monthly lease payments as lease revenue using the straight-line basis over the capacity purchase agreement term and variable lease payments are recognized in the period when the block hours are completed. We recognized $1.0 million $1.5 million of previously deferred lease revenue during the three and six nine months ended June 30, 2024 September 30, 2024, using the straight-line basis for fixed monthly lease payments, whereas we deferred recognizing lease revenue on $40.0 million $59.3 million during the six nine months ended June 30, 2023 September 30, 2023.

The deferred revenue balance applicable to each contract will be recorded as revenue over the term of each respective contract. For clarity, in total we recognized $6.4 million $25.1 million of previously deferred revenue, net of unbilled revenue, during the six nine months ended June 30, 2024 September 30, 2024, compared to deferring revenue, net of unbilled revenue, of $123.4 million $179.9 million during the six nine months ended June 30, 2023 September 30, 2023. Our total deferred revenue balance, net of unbilled revenue, was $360.9 million $342.2 million as of June 30, 2024 September 30, 2024, compared to total deferred revenue, net of unbilled revenue, of $367.3 million as of December 31, 2023.

The increase in prorate agreements and SWC revenue of $48.6 million $61.7 million, or 30.5% 22.9%, was primarily due to an increase in prorate passengers and passenger revenue we received on routes we operated under our prorate agreements during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023. Additionally, a portion of the increase is was attributed to an increase in SWC revenue during the three nine months ended June 30, 2024 September 30, 2024, compared to the nine months ended September 30, 2023, as SWC began operations in May 2023.

The increase in lease, airport services and other revenues of $1.0 million $6.1 million, or 1.9% 7.8%, was primarily due to an increase in leased assets and lease rates for leases to third parties during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

Operating Expenses

Individual expense components attributable to our operations are set forth in the following table (dollar amounts in thousands):

	For the six months ended June 30,				For the nine months ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Salaries, wages and benefits	$ 706,004	$ 657,642	$ 48,362	7.4 %	$1,083,439	$ 990,659	$ 92,780	9.4 %
Aircraft maintenance, materials and repairs	328,682	304,717	23,965	7.9 %	510,334	483,182	27,152	5.6 %
Depreciation and amortization	192,684	191,318	1,366	0.7 %	289,346	287,878	1,468	0.5 %
Aircraft fuel	42,492	39,243	3,249	8.3 %	65,216	62,573	2,643	4.2 %
Airport-related expenses	38,423	35,250	3,173	9.0 %	61,065	53,648	7,417	13.8 %
Aircraft rentals	2,586	21,956	(19,370)	(88.2)%	3,925	24,055	(20,130)	(83.7)%
Other operating expenses	140,715	140,192	523	0.4 %	219,612	205,203	14,409	7.0 %
Total operating expenses	$1,451,586	$1,390,318	$ 61,268	4.4 %	$2,232,937	$2,107,198	$125,739	6.0 %

Salaries, wages and benefits. The $48.4 million $92.8 million, or 7.4% 9.4%, increase in salaries, wages and benefits was primarily due to an increase in direct labor costs that resulted from the higher number of flights we operated during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

Aircraft maintenance, materials and repairs. The $24.0 million $27.2 million, or 7.9% 5.6%, increase in aircraft maintenance expense was primarily due to higher flight volume, which increased maintenance activity and related expenses, for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

Depreciation and amortization. The $1.4 million $1.5 million, or 0.7% 0.5%, increase in depreciation and amortization expense was primarily due to an increase in depreciation expense due related to the acquisition of two three new E175 aircraft and spare engines since June 30, 2023 September 30, 2023.

Aircraft fuel. The $3.2 million $2.6 million, or 8.3% 4.2%, increase in fuel cost was primarily due to an increase in the number of flights we operated under our prorate agreements and SWC and the corresponding increase in gallons of fuel we purchased, offset by a decrease in our average fuel cost per gallon from $3.65 $3.71 for the six nine months ended June 30, 2023 September 30, 2023, to $3.42 $3.30 for the six nine months ended June 30, 2024 September 30, 2024. We purchase and incur expense for all fuel on flights operated under our prorate agreements and SWC. All fuel costs incurred under our capacity purchase agreements are either purchased directly by our major airline partner, or if purchased by us, we record the direct reimbursement as a reduction to our fuel expense. The following table summarizes the gallons of fuel we purchased under our prorate agreements and SWC, for the periods indicated:

	For the six months ended June 30,			For the nine months ended September 30,		
(in thousands)	2024	2023	% Change	2024	2023	% Change
Fuel gallons purchased	12,440	10,766	15.5 %	19,776	16,863	17.3 %
Fuel expense	$ 42,492	$ 39,243	8.3 %	$ 65,216	$ 62,573	4.2 %

Airport-related expenses. Airport-related expenses include airport-related customer service costs such as outsourced airport gate and ramp agent services, airport security fees, passenger interruption costs, deicing, landing fees and station rents. For clarity, our employee airport customer service labor costs are reflected in salaries, wages and benefits and customer service labor costs we outsource to third parties are included in airport-related expenses. The $3.2 million $7.4 million, or 9.0% 13.8%, increase in airport-related expenses for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, was primarily due to an increase in subcontracted airport services and landing fees as a result of an increase in the number of flights we operated under our prorate agreements.

Aircraft rentals. The $19.4 million $20.1 million, or 88.2% 83.7%, decrease in aircraft rentals was primarily related to a decrease in our leased aircraft since the six nine months ended June 30, 2023 September 30, 2023. During 2023, we acquired 26 CRJ700 aircraft, eight CRJ200 aircraft and one CRJ900 aircraft under early lease buyouts.

Other operating expenses. Other operating expenses primarily consist of property taxes, hull and liability insurance, simulator costs, crew per diem and crew hotel costs. The $0.5 million $14.4 million, or 0.4% 7.0%, increase was primarily related to an increase in other operating costs as a result of the higher number of flights we operated during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023September 30, 2023, such as crew per diem and crew hotel costs, offset by the timing and the higher number of training events and other non-direct operating expenses forduring the sixnine months ended June 30, 2023September 30, 2023, compared to the sixnine months ended June 30, 2024September 30, 2024.

Summary of interest expense, interest income, other income (loss), net and provision for income taxes

Interest Expense. The $8.5 million$13.3 million, or 12.7%13.3%, decrease in interest expense was primarily related to a decrease in outstanding debt. At June 30, 2024September 30, 2024 we had $2.8 billion$2.7 billion of outstanding debt, compared to $3.2 billion$3.1 billion at JuneSeptember 30, 2023.

Interest income. Interest income increased $3.1 million$4.3 million, from $20.5 million$31.8 million for the sixnine months ended June 30, 2023September 30, 2023, to $23.6 million$36.1 million for the sixnine months ended June 30, 2024September 30, 2024. The increase in interest income was primarily related to an increase in average interest rates attributed to our marketable securities for the sixnine months ended June 30, 2024September 30, 2024, compared to the sixnine months ended June 30, 2023September 30, 2023.

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Other income (loss), net. Other income (loss), net decreased $12.9 million$9.1 million during the sixnine months ended June 30, 2024September 30, 2024, compared to the sixnine months ended June 30, 2023September 30, 2023. Other income (loss), net primarily consists of the unrealized and realized gains and losses on our investments in other companies, income or loss related to our equity method investments and gains or losses on the sale of assets. The decrease in other income (loss), net was primarily a result of a decrease in the fair value of our investments in other companies for the sixnine months ended June 30, 2024September 30, 2024, compared to the sixnine months ended June 30, 2023September 30, 2023.

Provision (benefit) for income taxes. For the sixnine months ended June 30, 2024September 30, 2024 and 2023, our effective income tax rates were 25.5%24.4% and 21.6%(6.0)%, respectively, which included the statutory federal income tax rate of 21% and other reconciling income tax items, including state income taxes, the impact of non-deductible expenses and a discrete tax benefit or expense on employee equity transactions. The increase in the effective tax rate was primarily related to higher pre-tax earnings for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, and a release of $7.6 million of a previously recorded uncertain tax position liability for the nine months ended September 30, 2023, partially offset by the impact of non-deductible expenses relative to theexpense on lower pre-tax earnings for the sixnine months ended June 30, 2024September 30, 2023, compared to pre-tax loss for the sixnine months ended June 30, 2023, and the impact of a discrete tax benefit from excess tax deductions

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generated from employee equity transactions that occurred during the six months ended June 30, 2024, compared to a discrete tax expense from excess tax deductions generated from employee equity transactions that occurred during the six months ended June 30, 2023September 30, 2024.

Net income. Primarily due to the factors described above, we generated net income of $135.9$225.6 million, or $3.28$5.44 per diluted share, for the sixnine months ended June 30, 2024September

30, 2024, compared to a net loss income of $6.7 $16.8 million, or $0.14 loss $0.37 per diluted share, for the six nine months ended June 30, 2023 September 30, 2023.

Our Business Segments

Three Months Ended June 30, 2024 September 30, 2024 and 2023

For the three months ended June 30, 2024 September 30, 2024, we had two reportable segments, which were the basis of our internal financial reporting: (1) the operations of SkyWest Airlines and SWC and (2) SkyWest Leasing activities. Our segment disclosure relates to components of our business for which separate financial information is available to, and regularly evaluated by, our chief operating decision maker.

	For the three months ended June 30, (dollar amounts in thousands)				For the three months ended September 30, (dollar amounts in thousands)			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Operating Revenues:								
SkyWest Airlines and SWC	$ 711,784	$ 586,476	$ 125,308	21.4 %	$ 758,425	$ 626,780	$ 131,645	21.0 %
SkyWest Leasing	155,334	139,167	16,167	11.6 %	154,361	139,391	14,970	10.7 %
Total Operating Revenues	867,118	725,643	141,475	19.5 %	912,786	766,171	146,615	19.1 %
Operating Expenses and Interest Expense:								
SkyWest Airlines and SWC	681,357	629,185	52,172	8.3 %	715,514	657,049	58,465	8.9 %
SkyWest Leasing	95,087	98,316	(3,229)	(3.3)%	93,645	92,374	1,271	1.4 %
Total Operating Expenses and Interest Expense (1)	776,444	727,501	48,943	6.7 %	809,159	749,423	59,736	8.0 %
Segment profit (loss):								
SkyWest Airlines and SWC	30,427	(42,709)	73,136	(171.2)%	42,911	(30,269)	73,180	(241.8)%
SkyWest Leasing	60,247	40,851	19,396	47.5 %	60,716	47,017	13,699	29.1 %
Total Segment Profit (Loss)	90,674	(1,858)	92,532	(4,980.2)%				
Total Segment Profit					103,627	16,748	86,879	518.7 %
Interest Income	12,040	10,494	1,546	14.7 %	12,460	11,234	1,226	10.9 %
Other Income (Loss), net	(548)	9,001	(9,549)	(106.1)%	109	(3,631)	3,740	(103.0)%

Consolidated Income Before Taxes	$ 102,166	$ 17,637	$ 84,529	479.3 %	$ 116,196	$ 24,351	$ 91,845	377.2 %

(1) We include interest expense in our segment profit (loss) given our interest expense is primarily attributed to debt associated with financing aircraft under our capacity purchase agreements and revenue earned under our capacity purchase agreements is intended to compensate us for our aircraft ownership costs, including interest expense.

SkyWest Airlines and SWC Segment Profit (Loss). SkyWest Airlines and SWC segment profit was $30.4 million $42.9 million for the three months ended June 30, 2024 September 30, 2024, compared to a segment loss of $42.7 million $30.3 million for the three months ended June 30, 2023 September 30, 2023.

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SkyWest Airlines and SWC block hour production increased to 317,462, 334,459, or 12.3% 15.0%, for the three months ended June 30, 2024 September 30, 2024, from 282,617 290,830 for the three months ended June 30, 2023 September 30, 2023, primarily due to improvements an increase in the number of available captains, which allowed for a higher scheduled utilization of our aircraft. Significant items contributing to the SkyWest Airlines and SWC segment profit for the three months ended June 30, 2024 September 30, 2024 are set forth below.

SkyWest Airlines and SWC operating revenues increased $125.3 million $131.6 million, or 21.4% 21.0%, from the three months ended June 30, 2023 September 30, 2023, to the three months ended June 30, 2024 September 30, 2024. SkyWest Airlines recognizes revenue attributed to flight operations received as fixed monthly payments per aircraft proportionate to the number of block hours completed during each reporting period, relative to the estimated number of block hours we anticipate completing over the remaining contract term. During the three months ended June 30, 2024 September 30, 2024, SkyWest Airlines recognized $5.0 million $18.2 million of previously

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deferred revenue, net of unbilled revenue, related to fixed monthly payments we received associated with our flight operations revenues, compared to deferring $40.7 million $37.2 million of revenue, net of unbilled revenue, related to fixed monthly payments received associated with our flight operations revenues during the three months ended June 30, 2023 September 30, 2023. Additionally, the increase in SkyWest Airlines and SWC operating revenues was attributed to an increase in block hour production during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

SkyWest Airlines and SWC operating expenses and interest expense increased $52.2 $58.5 million, or 8.3% 8.9%, from the three months ended June 30, 2023 September 30, 2023, to the three months ended June 30, 2024 September 30, 2024, due to the following primary factors:

- SkyWest Airlines and SWC's salaries, wages and benefits expense increased $32.6 million $44.4 million, or 10.1% 13.4%, primarily due to an increase in direct labor costs that resulted from the higher number of flights we operated during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023.

- SkyWest Airlines and SWC's aircraft maintenance, materials and repairs expense increased $17.4 decreased $0.6 million, or 11.0% 0.3%, primarily due to higher flight volume, which increased the a decrease in our engine maintenance activity, events and related expenses for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, offset by higher flight volume, which increased the other maintenance activity and related expenses, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023.

- SkyWest Airlines and SWC's depreciation and amortization expense decreased by $1.0 million $0.2 million, or 2.5% 0.6%, primarily due to certain CRJ aircraft and engines that were depreciated to their estimated residual value since June 30, 2023 September 30, 2023.

- SkyWest Airlines and SWC's fuel expense increased $3.0 million decreased $0.6 million, or 16.7% 2.6%, due to a decrease in our average fuel cost per gallon from $3.83 for the three months ended September 30, 2023, to $3.10 for the three months ended September 30, 2024, offset by an increase in the number of flights we operated under our prorate agreements and SWC and the corresponding increase in gallons of fuel we purchased combined with an increase in our average fuel cost per gallon from $3.30 for the three months ended June 30, 2023, to $3.32 for the three months ended June 30, 2024. purchased.

- SkyWest Airlines and SWC's remaining airline expense increased $0.2 million $15.5 million, or 0.2% 17.2%, primarily related to an increase in other operating costs as a result of the higher number of flights we operated during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, such as crew per diem and crew hotel costs, offset by the timing of training events and other non-direct operating expenses for the three months ended June 30, 2023, compared to the three months ended June 30, 2024. costs.

SkyWest Leasing Segment Profit. SkyWest Leasing profit increased $19.4 million $13.7 million, or 47.5% 29.1%, during the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023. For the three months ended June 30, 2024 September 30, 2024, SkyWest Leasing recognized $0.5 million of previously deferred lease revenue, compared to deferring $19.5 million $19.3 million of lease revenue on the fixed monthly lease payments received for the three months ended June 30, 2023 September 30, 2023, under the straight-line basis. Additionally, SkyWest Leasing profit increased due to additional lease revenue from the E175 aircraft placed under contract since June 30, 2023 September 30, 2023, and a decrease in interest expense as a result of a lower outstanding debt balance for the three months ended June 30, 2024 September 30, 2024, compared to the three months ended June 30, 2023 September 30, 2023, offset by an increase in maintenance costs for certain leased engines for the three months ended September 30, 2024, compared to the three months ended September 30, 2023.

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Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023

For the six nine months ended June 30, 2024 September 30, 2024, we had two reportable segments, which were the basis of our internal financial reporting: (1) the operations of SkyWest Airlines and SWC and (2) SkyWest Leasing activities. Our segment disclosure relates to components of our business for which separate financial information is available to, and regularly evaluated by, our chief operating decision maker.

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	For the six months ended June 30, (dollar amounts in thousands)				For the nine months ended September 30, (dollar amounts in thousands)			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Operating Revenues:								
SkyWest Airlines and SWC	$1,358,593	$1,154,649	$203,944	17.7 %	$2,117,018	$1,781,429	$335,589	18.8 %
SkyWest Leasing	312,139	262,825	49,314	18.8 %	466,500	402,216	64,284	16.0 %
Total Operating Revenues	1,670,732	1,417,474	253,258	17.9 %	2,583,518	2,183,645	399,873	18.3 %
Operating Expenses and Interest Expense:								
SkyWest Airlines and SWC	1,326,196	1,266,639	59,557	4.7 %	2,041,710	1,923,688	118,022	6.1 %
SkyWest Leasing	184,185	191,017	(6,832)	(3.6)%	277,830	283,391	(5,561)	(2.0)%
Total Operating Expenses and Interest Expense (1)	1,510,381	1,457,656	52,725	3.6 %	2,319,540	2,207,079	112,461	5.1 %
Segment profit (loss):								
SkyWest Airlines and SWC	32,397	(111,990)	144,387	(128.9)%	75,308	(142,259)	217,567	(152.9)%
SkyWest Leasing	127,954	71,808	56,146	78.2 %	188,670	118,825	69,845	58.8 %
Total Segment Profit (Loss)	160,351	(40,182)	200,533	(499.1)%	263,978	(23,434)	287,412	(1,226.5)%
Interest Income	23,666	20,527	3,139	15.3 %	36,126	31,761	4,365	13.7 %
Other Income (Loss), net	(1,676)	11,175	(12,851)	(115.0)%	(1,567)	7,544	(9,111)	(120.8)%
Consolidated Income (Loss) Before Taxes	$ 182,341	$ (8,480)	$190,821	(2,250.2)%				
Consolidated Income Before Taxes					$ 298,537	$ 15,871	$282,666	1,781.0 %

(1) We include interest expense in our segment profit (loss) given our interest expense is primarily attributed to debt associated with financing aircraft under our capacity purchase agreements and revenue earned under our capacity purchase agreements is intended to compensate us for our aircraft ownership costs, including interest expense.

SkyWest Airlines and SWC Segment Profit (Loss). SkyWest Airlines and SWC segment profit was $32.4 million $75.3 million for the six nine months ended June 30, 2024 September 30, 2024, compared to a segment loss of $112.0 million $142.3 million for the six nine months ended June 30, 2023 September 30, 2023.

SkyWest Airlines and SWC block hour production increased to 607,263, 941,722, or 8.7% 10.8%, for the six nine months ended June 30, 2024 September 30, 2024, from 558,859 849,689 for the six nine months ended June 30, 2023 September 30, 2023, primarily due to improvements an increase in the number of available captains, which allowed for a higher scheduled utilization of our aircraft. Significant items contributing to the SkyWest Airlines and SWC segment profit for the six nine months ended June 30, 2024 September 30, 2024 are set forth below.

SkyWest Airlines and SWC operating revenues increased $203.9 million $335.6 million, or 17.7% 18.8%, from the six nine months ended June 30, 2023 September 30, 2023, to the six nine months ended June 30, 2024 September 30, 2024. SkyWest Airlines recognizes revenue attributed to flight operations received as fixed monthly payments per aircraft proportionate to the number of block hours completed during each reporting period, relative to the estimated number of block hours we anticipate completing over the remaining contract term. During the six nine months ended June 30, 2024 September 30, 2024, SkyWest Airlines recognized $5.4 million $23.6 million of previously deferred revenue, net of unbilled revenue, related to fixed monthly payments we received associated with our flight operations revenues, compared to deferring $83.4 million $120.6 million of revenue, net of unbilled revenue, related to fixed monthly payments received associated with our flight operations revenues during the six nine months ended June 30, 2023 September 30, 2023. Additionally, the increase in SkyWest Airlines and SWC operating revenues was attributed to an increase in block hour production during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

SkyWest Airlines and SWC operating expenses and interest expense increased $59.6 $118.0 million, or 4.7% 6.1%, from the six nine months ended June 30, 2023 September 30, 2023, to the six nine months ended June 30, 2024 September 30, 2024, due to the following primary factors:

- SkyWest Airlines and SWC's salaries, wages and benefits expense increased $48.4 million $92.8 million, or 7.4% 9.4%, primarily due to an increase in direct labor costs that resulted from the higher number of flights we operated during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.
- SkyWest Airlines and SWC's aircraft maintenance, materials and repairs expense increased $20.7 $20.1 million, or 7.0% 4.3%, primarily due to higher flight volume, which increased the maintenance activity and related expenses, for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

- SkyWest Airlines and SWC's depreciation and amortization expense decreased by $3.1 million $3.3 million, or 4.1% 2.9%, primarily due to certain CRJ aircraft and engines that were depreciated to their estimated residual value since June 30, 2023 September 30, 2023.

- SkyWest Airlines and SWC's fuel expense increased $3.2 million $2.6 million, or 8.3% 4.2%, due to an increase in the number of flights we operated under our prorate agreements and SWC and the corresponding increase in gallons of fuel we purchased, offset by a decrease in our average fuel cost per gallon from $3.65 $3.71 for the six nine months ended June 30, 2023 September 30, 2023, to $3.42 $3.30 for the six nine months ended June 30, 2024 September 30, 2024.

- SkyWest Airlines and SWC's remaining airline expense decreased $9.6 million increased $5.8 million, or 4.8% 2.0%, primarily related to a decrease in aircraft rent expense due to the early lease buyouts of 35 CRJ aircraft in 2023, offset by an increase in other operating costs as a result of the higher number of flights we operated during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, such as crew per diem and crew hotel costs. costs, offset by a decrease in aircraft rent expense due to the early lease buyouts of 35 CRJ aircraft in 2023.

SkyWest Leasing Segment Profit. SkyWest Leasing profit increased $56.1 million $69.8 million, or 78.2% 58.8%, during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023. For the six nine months ended June 30, 2024 September 30, 2024, SkyWest Leasing recognized $1.0 million $1.5 million of previously deferred lease revenue, compared to deferring $40.0 million $59.3 million of lease revenue on the fixed monthly lease payments received for the six nine months ended June 30, 2023 September 30, 2023, under the straight-line basis. Additionally, SkyWest Leasing profit increased due to additional lease revenue from the E175 aircraft placed under contract since June 30, 2023 September 30, 2023, a decrease in interest expense as a result of a lower outstanding debt balance for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, and a gain related to reclassifying assets held for sale as held and used during the six nine months ended June 30, 2024 September 30, 2024.

Liquidity and Capital Resources

As of June 30, 2024 September 30, 2024, we had $834.3 million $836.0 million in cash and cash equivalents and marketable securities. As of June 30, 2024 September 30, 2024, we had $75.1 million available for borrowings under our line of credit. Given our available liquidity as of June 30, 2024 September 30, 2024, we believe the working capital currently available to us will be sufficient to meet our present financial requirements, including planned capital expenditures, scheduled lease payments and debt service obligations for at least the next 12 months.

Our total cash and marketable securities decreased increased from $835.2 million as of December 31, 2023 to $834.3 million $836.0 million as of June 30, 2024 September 30, 2024, or by $1.0 million $0.8 million. At June 30, 2024 September 30, 2024, our total capital mix was 49.4% 51.3% equity and 50.6% 48.7% long-term debt, compared to 45.2% equity and 54.8% long-term debt at December 31, 2023. During the six nine months ended June 30, 2024 September 30, 2024, we repurchased 313,381 0.5 million shares of our common stock for $22.1 million $38.4 million under share repurchase programs authorized by our Board of Directors.

As of June 30, 2024 September 30, 2024, and December 31, 2023, we had $45.0 $47.1 million and $49.1 million, respectively, in letters of credit and surety bonds outstanding with various banks and surety institutions. We had no restricted cash as of June 30, 2024 September 30, 2024, and December 31, 2023.

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Sources and Uses of Cash

Cash Position and Liquidity. The following table provides a summary of the net cash provided by (used in) our operating, investing and financing activities for the six nine months ended June 30, 2024 September 30, 2024 and 2023, and our total cash and marketable securities positions as of June 30, 2024 September 30, 2024, and December 31, 2023 (in thousands):

	For the six months ended June 30,				For the nine months ended September 30,			
	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Net cash provided by operating activities	$ 322,962	$ 333,023	$ (10,061)	(3.0)%	$ 506,565	$ 511,907	$ (5,342)	(1.0)%
Net cash provided by (used in) investing activities	(75,993)	69,991	(145,984)	(208.6)%	(119,001)	61,003	(180,004)	(295.1)%
Net cash used in financing activities	(253,486)	(391,565)	138,079	(35.3)%	(358,232)	(550,564)	192,332	(34.9)%

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	June 30, 2024	December 31, 2023	$ Change	% Change	September 30, 2024	December 31, 2023	$ Change	% Change
Cash and cash equivalents	$ 141,760	$ 148,277	$ (6,517)	(4.4)%	$ 177,609	$ 148,277	$ 29,332	19.8 %
Marketable securities	692,509	686,946	5,563	0.8 %	658,433	686,946	(28,513)	(4.2)%
Total	$ 834,269	$ 835,223	$ (954)	(0.1)%	$ 836,042	$ 835,223	$ 819	0.1 %

Cash Flows provided by Operating Activities

Our cash flows provided by operating activities was $323.0 million $506.6 million for the six nine months ended June 30, 2024 September 30, 2024, compared to $333.0 million $511.9 million for the six nine months ended June 30, 2023 September 30, 2023. Our operating cash flows are typically impacted by various factors including our net income, adjusted for non-cash expenses and gains such as depreciation expense, stock-based compensation expense and gains or losses on the disposal of assets; and timing of cash payments and cash receipts attributed to our various current asset and liability accounts, such as accounts receivable, inventory, accounts payable, accrued liabilities, deferred revenue and unbilled revenue.

The decrease in our cash flow from operations for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, was primarily due to the timing of cash payments on our current liability accounts and a decrease in cash received in excess of revenue recognized for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, offset by the increase in net income, adjusted for non-cash items, for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

Cash Flows provided by (used in) Investing Activities

Our cash flows used in investing activities was $76.0 million $119.0 million for the six nine months ended June 30, 2024 September 30, 2024, compared to cash flows provided by investing activities of $70.0 million $61.0 million for the six nine months ended June 30, 2023 September 30, 2023. Our investing cash flows are typically impacted by various factors including our capital expenditures, such as the acquisition of aircraft and spare engines; deposit payments and refunds of previously made deposits on new aircraft; purchase and sales of marketable securities; proceeds from the sale of assets; and timing of cash payments and cash receipts attributed to our various long-term asset and long-term liability accounts.

Excluding the purchase and sale of marketable securities, which results in the transfer of dollars between our investments in marketable securities and our cash accounts, our cash used in investing activities decreased from $129.3 million $192.7 million for the six nine months ended June 30, 2024 September 30, 2023, to $69.6 million $147.6 million for the six nine months ended June 30, 2023 September 30, 2024. The decrease in cash used in investing activities, excluding the transfer of dollars between our investments in marketable securities and our cash accounts, was primarily due to a decrease of $75.7 million $55.5 million in aircraft deposits and $12.0 million in the acquisition of property and equipment for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, due to the early lease buyouts we executed during the six nine months ended June 30, 2023 September 30, 2023. This was offset by an increase in our cash used to acquire other long-term assets, including our investment in Contour, for the six nine months ended June 30, 2024 September 30, 2024.

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Cash Flows provided by (used in) Financing Activities

Our cash flows used in financing activities was $253.5 million $358.2 million for the six nine months ended June 30, 2024 September 30, 2024, compared to cash used in financing activities of $391.6 million $550.6 million for the six nine months ended June 30, 2023 September 30, 2023. Our financing cash flows are typically impacted by various factors including proceeds from issuance of debt, principal payments on debt obligations, repurchases of our common stock and payment of cash dividends.

The $138.1 million $192.3 million decrease in cash used for financing activities for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, was primarily due to a decrease of $173.8 million $207.8 million in cash used to purchase treasury stock, offset by a decrease an increase of $25.0 million $7.0 million in proceeds from the issuance of principal payments on long-term debt and an increase of $6.3 million for employee income taxes paid on vested equity awards during the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023.

Significant Commitments and Obligations

General

See Note 7, "Leases, "Leases, Commitments and Contingencies,"" to the condensed consolidated financial statements for our commitments and obligations for each of the next five years and thereafter.

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Purchase Commitments and Options

As of June 30, 2024 September 30, 2024, we had a firm purchase commitment for 21 20 new E175 aircraft from Embraer with delivery dates anticipated into 2026.We also have a firm purchase commitment to purchase 11 used CRJ550 aircraft with anticipated delivery dates into 2025. One of such CR550 aircraft was acquired during the three months ended September, 30, 2024.

At the time of each aircraft acquisition, we evaluate the financing alternatives available to us, and select one or more of these methods to fund the acquisition. In recent years, we have issued long-term debt to finance our new aircraft. At present, we intend to fund our aircraft purchase commitments through a combination of cash on hand and debt financing. Based on current market conditions and discussions with prospective leasing organizations and financial institutions, we currently believe that we will be able to obtain financing for our committed acquisitions, as well as additional aircraft. We intend to finance the firm purchase commitment for 21 20 E175 aircraft with approximately 75-85% debt and the remaining balance with cash.We intend to fund the purchase of the remaining 10 used CRJ550 aircraft through cash on hand.

Aircraft Lease and Facility Obligations

We also have long-term lease obligations, primarily relating to our facilities, aircraft and engines. Excluding aircraft financed by our major airline partners that we operate for them under contract, we had eight aircraft under lease with remaining terms ranging from five years to six years as of June 30, 2024 September 30, 2024. Future minimum lease payments due under all long-term operating leases were approximately $123.4 million $127.6 million at June 30, 2024 September 30, 2024. Assuming a 6.2% 6.3% discount rate, which is the average incremental borrowing rate we anticipate we would have incurred on debt obtained over a similar term to acquire these assets, the present value of these lease obligations would have been equal to approximately $82.4 $85.3 million at June 30, 2024 September 30, 2024.

Long-term Debt Obligations

As of June 30, 2024 September 30, 2024, we had $2.8 billion $2.7 billion of long-term debt, which consisted of $2.6 $2.5 billion of debt used to finance aircraft and spare engines and $200.6 million of unsecured debt payable to U.S. Department of the Treasury. The average effective interest rate on our debt was approximately 4.1% at June 30, 2024 September 30, 2024.

Under our capacity purchase agreements, our major airline partners compensate us for our costs of owning or leasing the aircraft on a monthly basis. The aircraft compensation structure varies by agreement, but is intended to cover either our aircraft principal and interest debt service costs, our aircraft depreciation and interest expense or our aircraft lease expense costs while the aircraft is under contract.

Guarantees

We have guaranteed the obligations of SkyWest Airlines under the United Express Agreement and the Delta Connection Agreement for the E175 aircraft. In addition, we have guaranteed certain other obligations under SkyWest Airlines' aircraft financing and leasing agreements.

We have guaranteed $26.2 million $25.6 million in promissory notes of third parties in event the third parties default on their payments. The third parties' loans are secured by aircraft and engines.

Seasonality

Our results of operations for any interim period are not necessarily indicative of those for an entire year, because the airline industry is subject to seasonal fluctuations and general economic conditions. Our operations are somewhat favorably affected by increased travel on our prorate routes, historically occurring during the summer months, and unfavorably affected by decreased travel during the months of November through February and by inclement weather, which may occasionally or frequently, depending on the severity of the inclement weather in any given winter, result in cancelled flights during the winter months.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Aircraft Fuel

In the past, we have not experienced sustained material difficulties with fuel availability, and we currently expect to be able to obtain fuel at prevailing prices in quantities sufficient to meet our future needs. Pursuant to our contract flying arrangements, United, Delta, American and Alaska have agreed to bear the economic risk of fuel price fluctuations on our contracted flights. We bear the economic risk of fuel price fluctuations on our prorate and SWC operations. For the six nine months ended June 30, 2024 September 30, 2024, approximately 12.9% 13.2% of our total flying agreements revenue was derived from prorate agreements and SWC. For the six nine months ended June 30, 2024 September 30, 2024, the average price per gallon of aircraft fuel was $3.42. $3.30. For illustrative purposes only, we have estimated the impact of the market risk of fuel price fluctuations on our prorate and SWC operations using a hypothetical increase of 25% in the price per gallon we purchase. Based on this hypothetical assumption, we would have incurred an additional $10.6 $16.3 million in fuel expense for the six nine months ended June 30, 2024 September 30, 2024.

Interest Rates

As of June 30, 2024 September 30, 2024, our long-term debt had fixed interest rates. We currently intend to finance the acquisition of aircraft through manufacturer financing or long-term borrowings. Changes in interest rates may impact our actual cost to acquire future aircraft. To the extent we place new aircraft in service under our capacity purchase agreements with United, Delta, American, Alaska or other carriers, our capacity purchase agreements currently provide that reimbursement rates will be adjusted to reflect the interest rates effective at the closing of the respective aircraft financing. A hypothetical 50 basis point change in market interest rates would not have a material effect on our financial results.

Labor and Inflation Risk

The global economy has experienced, and continues to experience high rates of inflation. We cannot predict how long these inflationary pressures will continue, or how they may change over time, but we expect to see continued impacts on the global economy and our Company.

As a result, our costs have become, and we expect they will continue to be, subject to significant inflationary pressures, and we may not be able to fully offset such higher costs through price increases under our capacity purchase agreements. Salaries, wages and benefits expense represented 48.6% 48.5% of our total operating expense for the six nine months ended June 30, 2024 September 30, 2024. For illustrative purposes, a hypothetical increase of 25% to our salaries, wages and benefits during the six nine months ended June 30, 2024 September 30, 2024, would have increased our operating expenses by approximately $176.5 million $270.9 million.

Our inability or failure to offset a material increase in costs due to inflation and/or labor costs could harm our business, financial condition and operating results. Additionally, in the event we are unable to hire and retain qualified pilots or other operational personnel, including flight attendants and maintenance technicians, we may be unable to operate requested flight schedules under our capacity purchase agreements, which could result in a reduction in revenue and operating inefficiencies, such as incremental new-hire training costs, and could harm our business, financial condition and operating results.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of our disclosure controls and procedures, which have been designed to ensure that information we are required to disclose in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, as of June 30, 2024 September 30, 2024, those controls and procedures were effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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Changes in Internal Control

During the six nine months ended June 30, 2024 September 30, 2024, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to certain legal actions which we consider routine to our business activities. As of June 30, 2024 September 30, 2024, our management believed, after consultation with legal counsel, that the ultimate outcome of such legal matters was not likely to have a material adverse effect on our financial position, liquidity or results of operations.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, and in our other filings with the SEC, which factors could materially affect our business, financial condition and results of operations. The risks described in our reports filed with the SEC are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Our Board of Directors has adopted stock repurchase programs which authorize us to repurchase shares of our common stock in the public market or in private transactions, from time to time, at prevailing prices. Our current stock repurchase program was authorized in May 2023 for the repurchase of up to $250.0 million of our common stock. At September 30, 2024, $52.5 million remains available under the May 2023 authorization. The following table summarizes the repurchases under our stock purchase program during the three months ended June 30, 2024 September 30, 2024:

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (in Thousands)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (in Thousands)
April 1, 2024 - April 30, 2024	14,312	$ 69.87	14,312	$ 81,172				
May 1, 2024 - May 31, 2024	150,212	$ 75.39	150,212	$ 69,848				
June 1, 2024 - June 30, 2024	12,596	$ 79.38	12,596	$ 68,848				
July 1, 2024 - July 31, 2024					62,253	$ 80.27	62,253	$ 63,851
August 1, 2024 - August 31, 2024					137,252	$ 72.23	137,252	$ 53,937
September 1, 2024 - September 30, 2024					17,926	$ 77.63	17,926	$ 52,545
Total	177,120	$ 75.23	177,120	$ 68,848	217,431	$ 74.98	217,431	$ 52,545

(1) In May 2023, our Board of Directors approved a stock purchase program, which superseded our prior repurchase program and authorized us to repurchase up to $250.0 million of our common stock. Purchases are made at management's discretion based on market conditions and financial resources. As of June 30, 2024 September 30, 2024, we had repurchased 4,562,542 4,779,973 shares of our common stock for $181.2 million $197.5 million and had $68.8 million $52.5 million remaining availability under the May 2023 authorization.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2024 September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

10.1 3.1	Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-3 filed on November 18, 2005).
3.2	Amended and Restated Bylaws of SkyWest Inc. 2019 Long-Term Incentive Plan , effective August 6, 2024 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on August 8, 2024).
31.1	Certification of Chief Executive Officer
31.2	Certification of Chief Financial Officer
32.1	Certification of Chief Executive Officer
32.2	Certification of Chief Financial Officer
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the **Inline** XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document

101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024, to be signed on its behalf by the undersigned, thereunto duly authorized, on July 26, 2024 November 1, 2024.

SKYWEST, INC.

By /s/ Robert J. Simmons
Robert J. Simmons
Chief Financial Officer

Exhibit 10.1

SKYWEST INC.
2019 LONG-TERM INCENTIVE PLAN

(AMENDED AND RESTATED EFFECTIVE MAY 7, 2024)

SkyWest, Inc. (the "*Company*"), a Utah corporation, hereby establishes and adopts the following SkyWest, Inc. amended and restated 2019 Long-Term Incentive Plan (the "*Plan*"). This Plan amends and restates the SkyWest, Inc. 2019 Long-Term Incentive Plan (the "*Original 2019 Plan*") in its entirety effective as of May 7, 2024, which is the date on which this amendment and restatement of the Plan was approved by the stockholders of the Company (the "*Restatement Effective Date*"). The Original 2019 Plan was effective on May 7, 2019 (the "*Original Effective Date*").

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve as employees, directors, consultants and/or advisors who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

2.1. "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Share-Based Award, Performance Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

2.2. "*Award Agreement*" shall mean any agreement, contract or other instrument or document evidencing any Award hereunder, whether in writing or through an electronic medium.

2.3. "*Board*" shall mean the board of directors of the Company.

2.4. "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.5. "*Committee*" shall mean the entity that conducts the general administration of the Plan as provided in Article 11 hereof. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 4.2(c) hereof, or which the Board has assumed, the term "Committee" shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties. Unless otherwise determined by the Board, the Compensation Committee of the Board or a subcommittee thereof formed by the Compensation Committee to act as the Committee hereunder shall serve as the "Committee" and, unless otherwise determined by the Board, shall consist of no fewer than two Directors, each of whom is: (a) a "Non-Employee Director" within the meaning of Rule 16b-3 of the Exchange Act; and (b) an "independent director" for purpose of the rules of the applicable Securities Exchange on which the Shares are traded, to the extent required by such rules.

2.6. "*Consultant*" shall mean any consultant or advisor who is a natural person and who provides services to the Company or any Subsidiary, so long as such person: (a) renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction; (b) does not directly or indirectly promote or maintain a market for the Company's securities; and (c) otherwise qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares of stock on a Form S-8 registration statement.

2.7. "*Director*" shall mean a non-employee member of the Board.

2.8. "*Dividend Equivalents*" shall have the meaning set forth in Section 8.2.

2.9. "*Employee*" shall mean any employee of the Company or any Subsidiary.

2.10. "*Equity Restructuring*" means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other Company securities) or the price of a Share (or other Company securities) and causes a change in the per Share value of a Share underlying outstanding Awards.

2.11. "*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

2.12. "*Fair Market Value*" shall mean, with respect to Shares as of any date: (a) the closing price of the Shares as reported on the Securities Exchange on which the Shares are listed and traded on such date, or, if there is no closing price on that date, then on the last preceding date on which such a closing price was reported; (b) if the Shares are not listed on any Securities Exchange but are quoted in an inter-dealer quotation system on a last sale basis, the final ask price of the Shares reported on the inter-dealer quotation system for such date, or, if there is no such sale on such date, then on the last preceding date on which a sale was reported; or (c) if the Shares are neither listed on a Securities Exchange nor quoted on an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value of the Shares as determined by the Committee in its sole discretion. The Fair Market Value of any property other than Shares shall mean the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

2.13. "*Incentive Stock Option*" shall mean an Option which when granted is intended to qualify as an incentive stock option for purposes of Section 422 of the Code.

2.14. *"Non-Qualified Stock Option"* shall mean an Option not intended or not qualifying as an Incentive Stock Option.

2.15. "*Option*" shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.

2.16. "*Original 2019 Plan*" shall have the meaning set forth in the Preamble.

2.17. "*Other Share-Based Award*" shall have the meaning set forth in Section 8.1.

2.18. "*Participant*" shall mean an Employee, Director or Consultant who is selected by the Committee to receive an Award under the Plan.

2.19. "*Payee*" shall have the meaning set forth in Section 13.2.

2.20. "*Performance Award*" shall mean any Award of Performance Cash, Performance Shares or Performance Units granted pursuant to Article 9.

2.21. "*Performance Cash*" shall mean any cash incentives granted pursuant to Article 9 payable to the Participant upon the achievement of such performance goals as the Committee shall establish.

2.22. "*Performance Period*" shall mean the period established by the Committee during which any performance goals specified by the Committee with respect to a Performance Award are to be measured.

2.23. "*Performance Share*" shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant upon achievement of such performance goals as the Committee shall establish.

2.24. "*Performance Unit*" shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated amount of cash or property other than Shares, which value may be paid to the Participant upon achievement of such performance goals during the Performance Period as the Committee shall establish.

2.25. "*Permitted Assignee*" shall have the meaning set forth in Section 12.3.

2.26. "*Plan*" shall mean this amended and restated SkyWest, Inc. 2019 Long-Term Incentive Plan, as set forth herein, and as subsequently amended from time to time.

2.27. "*Prior Plan Award*" shall mean an award granted under the Company's 2010 Long-Term Incentive Plan.

2.28. "*Restatement Effective Date*" shall have the meaning set forth in the Preamble.

2.29. "*Restricted Stock*" shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may

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impose, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.30. "*Restricted Stock Award*" shall have the meaning set forth in Section 7.1.

2.31. "*Restricted Stock Unit*" means an Award that represents an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.32. "*Restricted Stock Unit Award*" shall have the meaning set forth in Section 7.1.

2.33. "*Securities Exchange*" means the principal U.S. national securities exchange on which the Shares are listed and traded on the date in question. As of the date hereof, the applicable Securities Exchange is The NASDAQ Global Select Market.

2.34. "*Shares*" shall mean the shares of common stock, no par value, of the Company.

2.35. "*Stock Appreciation Right*" shall mean the right granted to a Participant pursuant to Article 6.

2.36. "*Subsidiary*" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if, at the relevant time each of the entities other than the last entity in the unbroken chain owns, at the time of the determination, securities or interests representing at least 50% or more of the total combined voting power of all classes of securities or interests in one of the other entities in the chain.

2.37. "*Substitute Awards*" shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for: (i) awards previously granted by an entity (other than the Company or a Subsidiary) that is acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines; or (ii) the right or obligation of any entity acquired by the Company or acquired by any Subsidiary, or with which the Company or any Subsidiary combines, to make future awards.

2.38. "*Vesting Period*" shall mean the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

3. SHARES SUBJECT TO THE PLAN

3.1 *Number of Shares*.

(a) Subject to adjustment as provided in Section 12.2, as of the Restatement Effective Date, such number of Shares shall be authorized for grant under the Plan as is equal to the sum of (i) 5,465,525[1] Shares, plus (ii) any Shares covered by Prior Plan Awards that became available for grant under the Original 2019 Plan pursuant to Section 3.1(b) of the Original 2019 Plan prior to the Restatement Effective Date.[2] Any Shares that are subject to Options or Stock Appreciation Rights granted on or after the Original Effective Date shall be counted against this limit as one (1) Share for every one (1) Share granted, and any Shares that are subject to Awards other than Options or Stock Appreciation Rights granted on or after the Original Effective Date shall be counted against this limit as one and sixty-five one-hundredths (1.65) Shares for every one (1) Share granted.

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[1] Represents the sum of (A) 4,167,525 Shares authorized for issuance under the Original 2019 Plan as of the Original Effective Date, plus (B) 1,298,000 newly authorized Shares approved by the Company's stockholders on the Restatement Effective Date.

[2] As of the Restatement Effective Date (i.e., the date of the Company's Annual Stockholder Meeting in 2024 (May 7, 2024)), and subject to stockholder approval, there will be 3,898,000 shares available for the grant of new Awards (consisting of 2,600,000 shares that were available for the grant of new awards under the Plan as of December 31, 2023, plus 1,298,000 newly authorized shares approved by the Company's stockholders on the Restatement Effective Date), less grants made under the Original 2019 Plan after December 31, 2023 and counted as provided in Section 3.1(a), subject to adjustment pursuant to Section 12.2 and Section 3.1(b).

(b) If an Award or any Shares subject to an Award is forfeited, expires, or is settled for cash (in whole or in part), the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for Awards under the Plan, in accordance with Section 3.1(d) below. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3.1(a): (i) Shares tendered by the Participant or withheld by the Company in payment of the purchase price of an Option, or to satisfy any tax withholding obligation with respect to an Award; (ii) Shares subject to a Stock Appreciation Right that are not issued in connection with its stock settlement on exercise thereof; and (iii) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options. Any Shares of Restricted Stock forfeited by the Participant or repurchased by the Company under Section 7.3(d) hereof at the same price paid by the Participant so that such Shares are returned to the Company will again be available for Awards under the Plan, in accordance with Section 3.1(d) below. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan (except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan), nor shall Shares subject to a Substitute Award again be available for Awards under the Plan to the extent of any forfeiture, expiration or cash settlement as provided in paragraph (b) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under Section 3.1(a) of the Plan; *provided* that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees, Consultants or Directors prior to such acquisition or combination.

(d) Any Shares that again become available for grant pursuant to Section 3.1(b) shall be added back as: (i) one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under the Plan; and (ii) as one and sixty-five one-hundredths (1.65) Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under the Plan.

(e) Solely for purposes of determining whether Shares are available for the grant of Incentive Stock Options under the Plan, the maximum aggregate number of Shares that may be issued pursuant to Incentive Stock Options granted under the Plan shall be 10,000,000 Shares, subject to adjustment as provided in Section 12.2.

3.2. *Character of Shares*. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

3.3 *Award Vesting Limitations*. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 11, Section 12.2 and the last sentence of this Section 3.3, Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted and no Award Agreement shall reduce or eliminate the minimum vesting requirement; provided, however, that, notwithstanding the foregoing, the minimum vesting requirement of this Section 3.3 shall not apply to: (a) any Awards delivered in lieu of fully-vested cash-based Awards under the Plan (or other fully-vested cash awards or payments), (b) any Awards to Directors for which the vesting period runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders which is at least fifty (50) weeks after the immediately preceding year's annual meeting, or (c) any other Awards that result in the issuance of an aggregate of up to five percent (5%) of the number of Shares authorized for grant under the Plan as of the Restatement Effective Date. Nothing in this Section 3.3 precludes the Committee (or the Board, in the case of awards granted to Directors) from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Participant's death, disability, termination of service or the consummation of a Change in Control in the terms of an Award Agreement or otherwise.

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4. ELIGIBILITY AND ADMINISTRATION

4.1. *Eligibility.* Any Employee, Director or Consultant shall be eligible to be selected as a Participant.

4.2. *Administration*.

(a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) subject to Section 12.1, determine whether, to what extent, and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award, other than an Option or Stock Appreciation Right, will have Dividend Equivalents; (xii) accelerate the vesting, payment and/or settlement of any Award; (xiii) amend any Award or Award Agreement, provided that the rights or obligations of the Participant of the Award that is the subject of any such Award Agreement are not impaired by such amendment in any material respect, unless the consent of the Participant is obtained or such amendment is otherwise permitted under

Sections 11.1, 11.2, 12.1, 12.2, 13.5, 13.15 or the other terms of this Plan; and (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions, including fixing the time and place of its meetings. Notwithstanding the foregoing, any action or determination by the Committee specifically affecting or relating to a Director shall require the prior approval of the Board.

(c) To the extent not inconsistent with applicable law, or the rules and regulations of the Securities Exchange on which the Shares are traded, the Board or the Committee may delegate to a committee of one or more directors of the Company or one or more officers of the Company any of the authority of the Committee under the Plan, including the right to grant, cancel or suspend Awards*; provided*, *however*, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 4.2(c) shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

4.3. *Director Limit*. Notwithstanding any provision to the contrary in the Plan, the Board may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Board will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, *provided* that the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed $500,000 (increased to $750,000 with respect to any non-employee Director serving as Chairman of the Board or Lead Independent Director or in the fiscal year of a non-employee Director's initial service as a non-employee Director) (with any compensation that is deferred counting towards this limit for the year in which the compensation is first earned, and not a later year of settlement). The Board may make exceptions to this limit for individual non-employee Directors in

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extraordinary circumstances, as the Board may determine in its discretion, *provided* that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

5. OPTIONS

5.1. *Grant of Options*. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

5.2. *Award Agreements*. All Options shall be evidenced by a written Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan (including Section 3.3). The terms and conditions of Options need not be the same with respect to each Participant. Granting an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Article may hold more than one Option granted pursuant to the Plan at the same time.

5.3. Option Price. Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Article shall not be less than 100% of the Fair Market Value of one Share on the date of grant of such Option; *provided*, *however*, that in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary, the option price per share shall be no less than 110% of the Fair Market Value of one Share on the date of grant.

5.4. *Option Term.* The term of each Option shall be fixed by the Committee in its sole discretion; *provided* that no Option shall be exercisable after the expiration of seven (7) years from the date the Option is granted, except in the event of death or disability; *provided*, *however*, that the term of the Option shall not exceed five (5) years from the date the Option is granted in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary.

5.5. *Exercise of Options.*

(a) Vested Options granted under the Plan shall be exercised by the Participant or by a Permitted Assignee thereof (or by the Participant's executors, administrators, guardian or legal representative, as may be provided in an Award Agreement) as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise shall be in such form, made in such manner, and shall comply with such other requirements consistent with the provisions of the Plan as the Committee may prescribe from time to time.

(b) Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made: (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds); (ii) by tendering previously acquired Shares (either actually or by attestation) with a fair market value on the date of delivery equal to the amount of the purchase price to be paid by the Participant; (iii) with the consent of the Committee, by delivery of other consideration having a fair market value on the exercise date equal to the total purchase price; (iv) with the consent of the Committee, by the withholding of Shares issuable upon exercise of such Options by the Company with a fair market value on the date of delivery equal to the amount of the purchase price to be paid by the Participant; (v) through any other method specified in an Award Agreement (including through delivery (including telephonically to the extent permitted by the Company) of a notice that the Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of such Options, and that the broker has been directed to deliver promptly to the Company funds sufficient to satisfy the applicable purchase price (*provided* that such amount is paid to the Company at such time as may be required by the Company)); or (vi) any combination of any of the foregoing. The notice of exercise, accompanied by such payment, shall be delivered to the Company at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share.

(c) Notwithstanding the foregoing, an Award Agreement evidencing an Option may provide that if on the last day of the term of the Option the Fair Market Value of one Share exceeds the option price per Share, the Participant has not exercised the Option (or a tandem Stock Appreciation Right, if applicable) and the Option has not expired, the Option shall be deemed to have been exercised by the Participant on such day with payment made by withholding Shares otherwise issuable in connection with the exercise of the Option (subject to Section 13.2). In such event, the Company shall deliver to the Participant the number of Shares for which the Option was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes; *provided*, *however*, any fractional Share shall be settled in cash.

5.6. *Form of Settlement*. In its sole discretion, the Committee may provide that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities.

5.7. *Incentive Stock Options*. The Committee may grant Incentive Stock Options to any Employee of the Company or any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (a) two (2) years from the grant date of the Option or (b) one (1) year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Committee will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the $100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

6. STOCK APPRECIATION RIGHTS

6.1. *Grant and Exercise*. Stock Appreciation Rights may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan.

6.2. *Terms and Conditions*. Stock Appreciation Rights shall be subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan (including Section 3.3), as shall be determined from time to time by the Committee, including the following:

(a) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of: (i) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee shall so determine at any time during a specified period before the date of exercise), over (ii) the grant price of the Stock Appreciation Right.

(b) The Committee shall determine in its sole discretion whether payment on exercise of a Stock Appreciation Right shall be made in cash, in whole Shares or other property, or any combination thereof.

(c) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each recipient.

(d) The Committee may impose such other terms and conditions on the exercise of any Stock Appreciation Right, as it shall deem appropriate. A Stock Appreciation Right shall: (i) have a grant price per Share of not less than the Fair Market Value of one Share on the date of grant, except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2; and (ii) have a term not greater than seven (7) years.

(e) An Award Agreement evidencing a Stock Appreciation Right may provide that if on the last day of the term of a Stock Appreciation Right the Fair Market Value of one Share exceeds the grant price per Share of the Stock Appreciation Right, the Participant has not exercised the Stock Appreciation Right or the tandem Option (if applicable), and the Stock Appreciation Right has not expired, the Stock Appreciation Right shall be deemed to have been exercised by the Participant on such day. In such event, the Company shall make payment to the Participant in

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accordance with this Section, reduced by the number of Shares (or cash) required for withholding taxes (subject to Section 13.2). Any fractional Share shall be settled in cash.

7. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

7.1. *Grants*. Awards of Restricted Stock and of Restricted Stock Units may be issued hereunder to Participants either alone or in addition to other Awards granted under the Plan (a "*Restricted Stock Award*" or "*Restricted Stock Unit Award*" respectively), and such Restricted Stock Awards and Restricted Stock Unit Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. Subject to Section 3.3, each Restricted Stock Award and Restricted Stock Unit Award shall be subject to vesting restrictions imposed by the Committee during the applicable Vesting Period. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Subsidiary as a condition precedent to the issuance of Restricted Stock Awards or Restricted Stock Unit Awards; *provided* that the consideration shall in all events equal or exceed the par value per Share.

7.2. *Award Agreements*. The terms of any Restricted Stock Award or Restricted Stock Unit Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether any such Restricted Stock Unit Awards shall have Dividend Equivalents. The terms of Restricted Stock Awards and Restricted Stock Unit Awards need not be the same with respect to each Participant.

7.3. *Rights of Holders of Restricted Stock and Restricted Stock Units*.

(a) Unless otherwise provided in the applicable Award Agreement, beginning on the date of grant of the Restricted Stock Award and subject to execution of the Award Agreement, the Participant shall become a stockholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a stockholder, including the right to vote such Shares and, subject to Section 7.3(c), the right to receive dividends and other distributions made with respect to such Shares.

(b) A Participant receiving a Restricted Stock Unit Award shall not possess voting rights or the right to receive any dividends or other distributions with respect to such Award. The applicable Award Agreement may, however, grant the Participant Dividend Equivalents with respect to Restricted Stock Units (which Dividend Equivalents shall be subject to the provisions of Section 8.2).

(c) Notwithstanding the provisions of this Section, cash dividends with respect to any Restricted Stock Award and any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock Award shall be subject to restrictions and risk of forfeiture to the same extent as the Restricted Stock with respect to which such cash, Shares or other property has been distributed and shall either (i) be paid at the time such restrictions and risk of forfeiture lapse or (ii) forfeited to the extent the underlying Restricted Stock is forfeited.

(d) Except as otherwise determined by the Committee at the time of the grant of a Restricted Stock Award or thereafter, (a) if no purchase price was paid by the Participant for the Restricted Stock, upon a termination of the Participant's employment or service relationship, the Participant's rights in unvested Restricted Stock then subject to restrictions shall lapse and be forfeited, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration, and (b) if a purchase price was paid by the Participant for the Restricted Stock, upon a termination of the Participant's employment or service relationship, the Company shall have the right to repurchase from the Participant the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Stock or such other amount as may be specified in the applicable Award Agreement.

7.4 *Issuance of Shares*. Any Restricted Stock granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock.

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8. OTHER SHARE-BASED AWARDS; DIVIDEND EQUIVALENTS

8.1. *Grants of Other Share-Based Awards*. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property ("*Other Share-Based Awards*"), including deferred stock units, may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation. Subject to Section 3.3, other Share-Based Awards shall be subject to such vesting restrictions as are imposed by the Committee during the applicable Vesting Period.

8.2. *Dividend Equivalents*. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award other than an Option or Stock Appreciation Right may, if so determined by the Committee, be entitled to receive amounts equivalent to cash, stock or other property dividends on Shares ("*Dividend Equivalents*") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and shall provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, dividends or Dividend Equivalents with respect to an Award that is subject to vesting that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Participant to the extent that the vesting conditions are subsequently satisfied and the Award vests. For the avoidance of doubt, dividend or Dividend Equivalents may not be granted in connection with an Option or Stock Appreciation Rights.

8.3. *Award Agreements*. The terms of Other Share-Based Award and Dividend Equivalents granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether any such Other Share-Based Awards shall have Dividend Equivalents (which Dividend Equivalents shall be subject to the provisions of Section 8.2). The terms of such Awards need not be the same with respect to each Participant.

8.3. *Payment*. Except as may be provided in an Award Agreement, Other Share-Based Awards and Dividend Equivalents may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee.

9. PERFORMANCE AWARDS

9.1. *Grants*. Performance Awards in the form of Performance Cash, Performance Shares or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon, without limitation, the criteria set forth in Section 10.1.

9.2. *Award Agreements*. The terms of any Performance Award granted under the Plan shall be set forth in an Award Agreement (or, if applicable, in a resolution duly adopted by the Committee) which shall contain provisions determined by the Committee and not inconsistent with the Plan (subject to Section 3.3), including whether such Awards shall have Dividend Equivalents (which Dividend Equivalents shall be subject to the provisions of Section 8.2). The terms of Performance Awards need not be the same with respect to each Participant.

9.3. *Terms and Conditions*. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. The amount of the Award to be distributed shall be conclusively determined by the Committee.

9.4. *Payment*. Except as provided in Article 11 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee.

10. PERFORMANCE CRITERIA

10.1. *Performance Criteria*. If the Committee determines that the lapsing of restrictions on an Award and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, such performance goals may, without limitation,

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be based on the attainment of specified levels of one or any combination of the following: net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); return on equity; total stockholder return; return on assets or net assets; appreciation in and/or maintenance of the price of the Shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; regulatory achievements (including submitting or filing applications or other documents with regulatory authorities or receiving approval of any such applications or other documents and passing pre-approval inspections (whether of the Company or the Company's third-party manufacturer)); strategic partnerships or transactions; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); cost per available seat mile; revenue per available seat mile; revenue or cost per revenue seat mile; percentage of flights completed on time; percentage of scheduled flights completed; lost passenger baggage per passenger or per seat mile; aircraft utilization; revenue per employee; and implementation, completion or attainment of measurable objectives with respect to commercialization, projects, service volume levels, acquisitions and divestitures; transactions; and recruiting and maintaining personnel. Such performance goals also may be based on the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. The Committee may also exclude charges related to an event or occurrence which the Committee determines should appropriately be excluded, including: (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges; (b) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management; or (c) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles.

11. CHANGE IN CONTROL PROVISIONS

11.1. *Treatment of Awards Upon Non-Assumption in a Change in Control.* Subject to Section 11.2 below, unless otherwise determined by the Committee and evidenced in an Award Agreement, in the event of a Change in Control of the Company, to the extent the successor company does not assume or substitute for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in the case of a Change in Control in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control the vesting of which is solely time-based that are not assumed or substituted for (or continued) shall immediately vest and become fully exercisable; (ii) all restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units outstanding as of the date of the Change in Control the vesting of which is solely time-based that are not assumed or substituted for (or continued)shall lapse and the Restricted Stock and Restricted Stock Units shall become free of all restrictions, limitations and conditions and become fully vested; (iii) the restrictions, other limitations and other conditions applicable to any Other Share-Based Awards or any other Award outstanding as of the date of the Change in Control the vesting of which is solely time-based that are not assumed or substituted for (or continued) shall lapse, and such Other Share-Based Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant; and (iv) with respect to any Award the vesting of which is solely or partly tied to performance objectives, all performance goals or other vesting criteria applicable to such Award will be deemed achieved as follows: (A) for any performance period that has not yet commenced as of the date of the Change in Control, at 100% of target levels; (B) for any performance period that has commenced but has not yet ended as of the date of the Change in Control, at the greater of (1) 100% of target levels or (2) actual performance relative to the target levels as measured as of the date of the Change in Control (if measurable), and (C) for any performance period that has ended prior to the date of the Change in Control, at actual performance relative to the target levels as measured as of the end of the performance period, and, in

any case, all other terms and conditions will be deemed met and the resulting portion of the Award shall become free of all restrictions, limitations and conditions and become vested as to the portion of such Award determined in accordance with this clause (iv).

11.2. *Treatment of Awards Upon Assumption or Substitution in a Change in Control.* Unless otherwise provided in the applicable Award Agreement, in the event of a Change in Control of the Company in which the successor company assumes or provides a substitute award for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Share-Based Award or Dividend Equivalent Award (or in which the Company is the ultimate parent corporation and continues the Award), the automatic accelerated vesting of Awards as described in Section 11.1 upon a Change in Control shall not occur; provided that, if a Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates within 24 months following such Change in Control (or such other period set forth in the Award Agreement, including prior thereto if applicable) without "cause" or for "good reason" as defined in the Award Agreement or under other circumstances specified in the Award Agreement: (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 24 months (or such other longer period of time as is set forth in the applicable Award Agreement, but in no event beyond the original outside expiration date of such Award); (ii) the restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units outstanding as of the date of such termination of employment shall lapse and the Restricted Stock and Restricted Stock Units shall become free of all restrictions, limitations and conditions and become fully vested; (iii) the restrictions, limitations and other conditions applicable to any Other Share-Based Awards or any other Awards shall lapse, and such Other Share-Based Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant; and (iv) with respect to any Award the vesting of which is solely or partly tied to performance objectives, all performance goals or other vesting criteria applicable to such Award will be deemed achieved as follows: (A) for any performance period that has not yet commenced as of the date of termination, at 100% of target levels; (B) for any performance period that has commenced but has not yet ended as of the date of termination, at the greater of (1) 100% of target levels or (2) actual performance relative to the target levels as measured as of the date of termination (if measurable), and (C) for any performance period that has ended prior to the date of termination, at actual performance relative to the target levels as measured as of the end of the performance period, and, in any case, all other terms and conditions will be deemed met and the resulting portion of the Award shall become free of all restrictions, limitations and conditions and become vested as to the portion of such Award determined in accordance with this clause (iv). For the purposes of this Section 11.2, an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award shall be considered assumed or substituted for if, following the Change in Control, the assumed or substituted award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); *provided*, *however*, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award, for each Share subject thereto, will be solely common stock of the successor company substantially equal in fair market value to the per Share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

11.3. *Definition of Change in Control*. For purposes of the Plan, unless otherwise provided in an Award Agreement, Change in Control means the occurrence of any one of the following events:

(a) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board (the "*Incumbent Directors*") cease for any reason to constitute at least a majority of the Board, *provided* that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*,

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that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(b) Any "person" (as such term is defined in the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "*Company Voting Securities*"); *provided, however*, that the event described in this paragraph (b) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (i) by the Company or any Subsidiary; (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities; (iv) pursuant to a Non-Qualifying Transaction, as defined in paragraph (c); or (v) by any person of Company Voting Securities from the Company, if a majority of the Incumbent Directors approves in advance the acquisition of beneficial ownership of 50% or more of Company Voting Securities by such person;

(c) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "*Business Combination*"), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (A) the corporation resulting from such Business Combination (the "*Surviving Corporation*"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "*Parent Corporation*"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such

Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) above shall be deemed to be a "*Non-Qualifying Transaction*"); or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of 50% or more of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; *provided*, *that* if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company shall then occur.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

11.4. *No Restriction on Company Rights.* The existence of the Plan, any Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Shares or the rights thereof or which are convertible into or exchangeable for Shares, or the dissolution or liquidation of

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the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11.5. *Administrative Convenience.* In the event of any Change in Control or any transaction described in Section 12.2, including any Equity Restructuring, for reasons of administrative convenience, the Company, in its discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

12. GENERALLY APPLICABLE PROVISIONS

12.1. *Amendment and Termination of the Plan; Prohibition on Repricing*. The Board or the Committee may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the Securities Exchange on which the Shares are then traded. However, subject to Section 12.2 hereof, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Board or the Committee, no action of the Board or the Committee may, except as provided in Section 12.2, increase the limits imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan or the maximum number of Shares that may be issued pursuant to Incentive Stock Options under the Plan. Subject to Article 11 and Section 12.2 hereof, the Committee shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per share exceeds the Fair Market Value of the underlying Shares. Subject to Section 12.2 hereof, the Committee shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding Award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

12.2. *Adjustments*.

(a) In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions may be made to the Plan and to Awards as the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, the maximum number of Shares that may be issued pursuant to Incentive Stock Options, and, in the aggregate, in the number, class, kind and exercise price or grant price (if applicable) of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate; *provided*, *however*, that the number of Shares subject to any Award shall always be a whole number.

(b) In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Section 12.2 or Article 11, the Committee will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number, class and kind of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 12.2(b) will be nondiscretionary and final and binding on the affected Participant and the Company; *provided* that the Committee will determine whether an adjustment is equitable.

(c) In the event of any Change in Control, after giving effect to any accelerated vesting pursuant to Section 11.1 in the event Awards under the Plan are not assumed or substituted for as provided therein, the Committee, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, or (y) to facilitate such transaction or event: (i) to provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the

amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; *provided* that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment; (ii) to provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Committee; (iii) to make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards; (iv) to replace such Award with other rights or property selected by the Committee; and/or (v) to provide that the Award will terminate and cannot be exercised or become payable after the applicable event.

12.3. *Transferability of Awards*. Except as provided below, no Award and no Shares that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. To the extent and under such terms and conditions as determined by the Committee, a Participant may assign or transfer an Award (each transferee thereof, a "*Permitted Assignee*") to: (i) the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings; (ii) to a trust for the benefit of one or more of the Participant or the persons referred to in clause (i); (iii) to a partnership, limited liability company or corporation in which the Participant or the persons referred to in clause (i) are the only partners, members or shareholders; or (iv) for charitable donations; *provided* that such transfer is not effectuated for any value or consideration and such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and *provided*, *further*, that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section.

12.4. *Termination of Employment or Services*. The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, continue to vest or be earned and the terms of such exercise, vesting or earning, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

12.5. *Deferral*. The Committee in its sole discretion shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred.

12.6. *Payment*. The Committee shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (b) Shares (including, in the case of payment of the exercise or purchase price of an Award, Shares issuable pursuant to the exercise or settlement of the Award) held for such period of time as may be required by the Committee in order to avoid adverse accounting consequences, in each case, having a fair market value on the date of delivery equal to the aggregate payments required, (c) through delivery (including telephonically to the extent permitted by the Company) of a written or electronic notice that the Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then-issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; *provided, however*, that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Committee, or (e) any combination of the foregoing. The Committee shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act. In all events, valid consideration shall be paid for all

Shares issued under the Plan, which consideration shall in all events equal or exceed the par value per Share.

13. MISCELLANEOUS

13.1. *Award Agreements*. Each Award Agreement shall either be: (a) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf; or (b) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

13.2. *Tax Withholding*. The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) (any such person, a “*Payee*”) net of any applicable federal, state and local taxes required to be paid or withheld as a result of any taxable event concerning a Payee arising in connection with any Award. The Company or any Subsidiary shall have the right to withhold or deduct from wages or other amounts otherwise payable to such Payee such withholding taxes as may be required by law, or to otherwise require the Payee to pay such withholding taxes. The Committee may in its sole discretion and in satisfaction of the foregoing requirement allow a Payee to satisfy such obligations by any payment means described in Section 12.6 hereof, including without limitation, by allowing such Payee to elect to have the Company or a Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). Notwithstanding any other provision of the Plan, the number of Shares which may be so delivered or retained shall be limited to the number of Shares which have a fair market value on the date of delivery or retention no greater than the aggregate amount of such liabilities based on such Payee’s minimum applicable statutory tax withholding rates for federal, state, local and foreign income tax and payroll tax purposes or such other higher rates approved by the Committee (which rates shall in no event exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America)); *provided*, *however*, unless otherwise approved by the Committee, to the extent such Shares were acquired by the Payee from the Company as compensation, the Shares must have been held for the minimum period required by applicable accounting rules to avoid a charge to the Company’s earnings for financial reporting purposes; *provided*, *further*, that the number of Shares delivered or retained shall be rounded up to the nearest whole Share sufficient to cover the applicable tax withholding obligation to the extent rounding up to the nearest whole Share does not result in the liability classification of the applicable Award under generally accepted accounting principles in the United States of America, even if such rounding would cause the fair market value of the Shares tendered or withheld to exceed the minimum applicable statutory withholding rate. The Committee shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

13.3. *Right of Discharge Reserved; Claims to Awards*. Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Director or Consultant the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director or Consultant at any time for any reason "at will." Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors or Consultants under the Plan.

13.4. *Substitute Awards*. Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

13.5. *Cancellation of Award; Forfeiture of Gain; Claw-backs*.

(a) Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that the Award shall be canceled if the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary (including conduct contributing to any financial restatements or financial irregularities), as determined by the Committee in its sole discretion. The Committee may provide in an Award Agreement that if within the time period specified in the Award Agreement the Participant establishes a relationship with a competitor or engages in an activity referred to in the preceding sentence, the Participant will forfeit any gain realized on the vesting or exercise of the Award and must repay such gain to the Company.

(b) If the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, then the Committee may, in its sole discretion (considering any factors the Committee deems appropriate), require a Participant to repay or forfeit to the Company that portion of time- and/or performance-based Awards that were granted, earned or vested during the Company's three completed fiscal years immediately preceding the date the Company is required to prepare the accounting restatement, that the Committee determines was in excess of the amount that would have been granted, earned or vested during such period based on the restated results. In the case of time-based Awards, a recoupment may occur, in the Committee's sole discretion, if the Committee concludes that the grant, earning and/or vesting of the Awards would not have been made, or would have been lower had they been based on the restated results, and it is possible to clearly compute the amount of such lesser award. The amount to be recouped shall be determined by the Committee in its sole and absolute discretion, and the form of such recoupment may be made, in the Committee's sole and absolute discretion, through the forfeiture or cancellation of vested or unvested Awards, cash repayment or both. Any decision by the Committee that no recoupment shall occur because of difficulties of computation or otherwise shall not be reviewable. Further, all Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, the Company's Policy for Recovery of Erroneously Awarded Compensation, as and to the extent set forth in such claw-back policy or the Award Agreement. In addition, the Board may impose such other claw-back, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a claw-back policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

13.6. *Stop Transfer Orders*. All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the U.S. Securities and Exchange Commission ("SEC"), any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

13.7. *Nature of Payments*. All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be determined by the Committee or by the Board or board of directors of the applicable Subsidiary.

13.8. *Other Plans*. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.9. *Severability*. The provisions of the Plan shall be deemed severable. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of change in a law or regulation, such provision shall: (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect;

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and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

13.10. *Construction*. As used in the Plan, the words "*include*" and "*including*," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

13.11. *Unfunded Status of the Plan*. The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; *provided*, *however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13.12. *Governing Law*. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Utah, without reference to principles of conflict of laws, and construed accordingly.

13.13. *Effective Date of Plan; Termination of Plan*. This amended and restated Plan shall be effective on the date of the approval of the Plan by the stockholders of the Company (the "*Restatement Effective Date*"). If the Plan is not approved by the Company's stockholders, this amended and restated Plan will not become effective, no Awards will be granted under this amended and restated Plan and the Original 2019 Plan will continue in full force and effect in accordance with its terms. This amended and restated Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's adoption of this amended and restated Plan. Notwithstanding anything herein to the contrary, no Incentive Stock Option shall be granted under this amended and restated Plan after the tenth (10th) anniversary of the date on which this amended and restated Plan is adopted by the Board.

13.14. *Foreign Employees and Consultants*. Awards may be granted to Participants who are foreign nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees or Consultants providing services in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

13.15. *Compliance with Section 409A of the Code*.

(a) The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Committee may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 13.15. otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's employment or service relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's employment or service relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Committee determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

13.16 *No Registration Rights; No Right to Settle in Cash*. The Company has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of: (a) the offer or issuance of any Award; (b) any Shares issuable upon the exercise of any Award; or (c) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of: (i) any offer or issuance of any Award; (ii) any Shares issuable upon exercise of any Award; or (iii) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

13.17 *Captions*. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

Exhibit 31.1

CERTIFICATION

I, Russell A. Childs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SkyWest, Inc. for the quarter ended June 30, 2024 September 30, 2024.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2024 November 1, 2024

/s/ Russell A. Childs

Russell A. Childs
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Robert J. Simmons, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SkyWest, Inc. for the quarter ended June 30, 2024 September 30, 2024.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2024 November 1, 2024

/s/ Robert J. Simmons

Robert J. Simmons
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of SkyWest, Inc. (the “Company”) for the quarter ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Russell A. Childs, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Russell A. Childs

Russell A. Childs
Chief Executive Officer and President
July 26, November 1, 2024

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT
TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of SkyWest, Inc. (the “Company”) for the quarter ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert J. Simmons, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert J. Simmons

Robert J. Simmons
Chief Financial Officer
July 26, November 1, 2024

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of

1934, as amended.

DISCLAIMER