

Skywest Airlines Ltd

(the "Company")

Securities Trading Policy

At a meeting of the Board held on the 24th of December 2010 the Board adopted this policy.

1. Introduction

This note sets out the policy of Skywest Airlines Ltd (the **Company**) on the sale and purchase of securities in the Company by its directors (both executive and non-executive) and anyone else who has the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly (**Key Management Personnel**).

Key Management Personnel are encouraged to be long-term holders of the Company's shares. However, it is important that care is taken in the timing of any acquisition or disposal of securities in the Company.

The purpose of this note is to assist Key Management Personnel to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act 2001 (Cth) (the **Corporations Act**)

This note provides a basic explanation of what constitutes insider trading and the Company's policy to prevent it, including:

- a description of what conduct may constitute insider trading;
- a description of the safest times for Key Management Personnel to buy or sell securities in the Company in order to minimise the risk of insider trading;
- a description of the Company's 'closed periods' where trading in the Company's securities is prohibited;
- any trading by a Key Management Personnel that is excluded from this trading policy;
- the Company's policy for trading during 'closed periods' with prior clearance in the context of exceptional circumstances and the procedure by which such prior clearance may be obtained; and
- the steps for Key Management Personnel to take when buying or selling securities in the Company.

At all times the Key Management Personnel should always seek to maintain integrity and responsibility in respect of trading as well as maintaining the confidence of the market in respect of trading. There must be no abuse of the use of information concerned with corporate opportunities, the proper use of the Company's assets and the Company's business is to remain at all times with a respect for the principles of corporate confidentiality.

2. **What is insider trading?**

2.1 **Prohibition**

In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of a company's securities (ie, information that is 'price sensitive'); and
- (b) that person:
 - (i) buys or sells securities in the company (which includes shares, options and warrants);
 - (ii) procures someone else to buy or sell securities in the company; or
 - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the company.

Information is generally available where the information is:

- readily observable; or
- made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in the Company's securities or securities of a kind similar to the Company's securities, and a reasonable period has elapsed to allow the information to be disseminated; or
- able to be deduced, concluded or inferred from those types of information.

2.2 **Examples of price sensitive information**

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if it has not already been generally made available to the market and if it were generally made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company considering a major acquisition or disposal of assets;
- the threat of major litigation against the Company;
- the Company's financial results materially exceeding (or falling short of) the market's expectations;
- a significant new development proposal;

- the likely granting (or loss) of a major contract or government approval; a proposed dividend or change in dividend policy;
- a proposed new share issue; or
- a significant change in senior management.

2.3 **Dealing through third parties**

A Key Management Personnel can still be guilty of insider trading in relation to the Company's securities even though they are not the actual person who bought or sold the securities. The prohibition extends to:

- dealings by Key Management Personnel through nominees, agents or other associates, such as family members, family trusts and family companies; and
- Key Management Personnel procuring third parties to deal in the Company's securities, which includes inducing or encouraging those third parties to deal.

2.4 **Information however obtained**

It does not matter how or where the person obtains the information - it does not have to be obtained from the Company to constitute inside information.

3. **Guidelines for trading in the Company's securities**

3.1 **General rule**

Key Management Personnel should not buy or sell securities in the Company when they are in possession of price sensitive information relating to the Company which is not generally available to the market.

3.2 **No short-term trading in the Company's securities**

It is also contrary to Company policy for Key Management Personnel to be engaged in short-term trading of the Company's securities.

3.3 **Trading in financial products over the Company's securities**

It is also contrary to Company policy for Key Management Personnel to engage in the following securities:

- (a) financial products issued or created over the company's securities by third parties, or trading in associated products; and
- (b) transactions in associated products which operate to limit the economic risk of their security holdings in the company.

3.4 **Safest times to deal in the Company's securities**

In the past, the view has been that it is safest to trade in a company's securities during 'window' periods immediately following the release of information to the public; for instance, in the period following the Annual General Meeting or the release of the annual or half yearly results.

However, publicly listed companies and other disclosing entities are now required by statute and the relevant stock exchange rules to disclose price sensitive information on an on-going basis. Therefore, it is no longer relevant to refer to specific 'window' periods during which it is safest to trade in a company's securities.

Additionally there are certain carve-outs from a listed company's continuous disclosure obligations (such as where the information relates to confidential and incomplete negotiations of a material transaction). Accordingly, Key Management Personnel cannot assume that they are always free to trade during a certain 'window' period.

The only appropriate time for a Key Management Personnel to acquire or sell the Company's securities is when he or she is not in possession of price sensitive information which is not generally available to the market.

4. **Prohibition on trading (the *Closed Periods*)**

Subject to paragraphs 7 and 8 of this policy, to avoid any adverse inference being drawn of unfair dealing, Key Management Personnel must not deal in the Company's securities during the month immediately before the release of the Company's half-yearly or yearly results or in the month immediately before the Annual General Meeting when it is customary for the Chairman to provide further information about the Company's current performance.

5. **Disclosure policy**

Any Key Management Personnel wishing to buy or sell the Company's securities or exercise options over the Company's shares **must** advise the Chairman (in the case of directors or the Company Secretary), the board (in the case of the Chairman) or the Company Secretary (in the case of any other Key Management Personnel) of their intention to do so **before** buying or selling the securities or exercising options. This notification obligation operates at all times.

Key Management Personnel **must not** buy or sell the Company's securities or exercise their options until approval has been given by the Chairman or Company Secretary, such approval should not be unreasonably withheld. The Key Management Personnel must also provide confirmation to the Chairman, board or Company Secretary (as applicable) once the trade has occurred.

This procedure should prevent potential embarrassment and adverse publicity relating to trading in the Company's securities when, for example, there may be important corporate information (whether or not material in a legal context) not publicly released, or when projected financial results may deviate from market expectations.

6. **ASX notification by directors**

Directors should note that the Corporations Act obliges a director to notify the ASX within 14 days after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director in the Company's securities.

In addition, under the ASX Listing Rules the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. Directors have agreed with the Company to provide notice of such dealings to the Company as soon as possible after such dealing to enable the Company to comply with its

obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules satisfies the director's obligation to notify the ASX under the Corporations Act.

Any director requiring assistance in this regard should contact the Company Secretary.

7. **Exceptional Circumstances Exclusions**

A Key Management Personnel may trade in the Company's securities during a Closed Period where that person (**Applicant**) satisfied all of the following:

- (a) complies with its general obligation under **paragraph 3.1** of this policy;
- (b) is suffering from severe financial hardship or some other exceptional circumstance as determined by the Chairman (in the case of directors or the Company Secretary), the board (in the case of the Chairman) or the Company Secretary (in the case of any other Key Management Personnel); and
- (c) has obtained prior written clearance from the Chairman (in the case of directors or the Company Secretary), the board (in the case of the Chairman) or the Company Secretary (in the case of any other Key Management Personnel). Any written clearance shall provide the Applicant with details as to the duration within which the Applicant has clearance to trade during a Closed Period.

Any request, undertaking or permission under this paragraph 7 can be given by letter, facsimile or email to the designated officer.

8. **Other Exclusions**

From time to time the Board may determine certain forms of trading activity that are excluded from the operation of the Closed Periods under this trading policy, for example:

- (a) transfers of the Company's securities already held in a superannuation fund in which the Key Management Personnel is a beneficiary;
- (b) trading in the Company's securities by a trust of which the Key Management Personnel is a trustee (but not a beneficiary) of the trust and where any decision to trade during a Closed Period is made independently of the Key Management Personnel;
- (c) undertakings to accept, or the acceptance of, a takeover offer; and
- (d) trading under an offer or invitation made to all or most of the Company's shareholders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board.

However, irrespective of the above, trading in the Company's securities is prohibited at any time if the Key Management Personnel possesses inside information.

9. **No abuse policy**

There must be no abuse of the use of information concerned with corporate opportunities, the proper use of the Company's assets and the Company's business is to remain at all times with a respect for the principles of corporate confidentiality.
