

ASX code SXR
AIM code SKYW

18 December 2009

SKYWEST AIRLINES LTD
("Skywest" or "the Company")

Hedging, Financing and other Operational Matters

Fuel Hedging

Consistent with the Company's objective to manage fuel cost risk, the Company from time to time purchases fuel hedges. The Company has decided to enter into a cashless collar in respect of 25% of its overall fuel requirements at current spot market rates for the period 1 January 2010 to 30 June 2010.

Completion of Financing

Skywest is pleased to announce that it completed on 17 December 2009 and on that day drew down an Aircraft Acquisition finance facility from a subsidiary of a major UK bank for the amount of USD 4.00 million (GBP 2.44 million). The facility was used to secure finance for a recent aircraft acquisition, which was announced on 14 August 2009.

The announcement on 14 August 2009 stated that the Company would pay for the aircraft over 6 months from cash flows. The Company has now repaid in full this "vendor finance" facility in the amount of USD 4.05m, ahead of schedule. This new facility has a term of 60 months with an annual interest rate of 6.2%.

Reinstatement of Service

The Company advises that it intends to reinstate the Kalgoorlie to Melbourne service effective from 5 February 2010. The Company had previously ceased operation on this route because it required the aircraft for alternative services. With the entry into service of the aircraft referred to above in this announcement, this route can recommence.

Correction of Media Report

It has been brought to the attention of the Company that a media report that appeared in the West Australian on 14 December 2009 suggested that the Company had formally committed to certain additional aircraft. This media suggestion is incorrect, at this time no formal commitments have been made. It is the case that several candidate aircraft for expansion purposes are under consideration. If and when a formal decision is made concerning the expansion of the fleet to cope with additional customer demand, a further announcement will be made.

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