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SKYWEST AIRLINES LTD

("Skywest")

DELIVERY OF FIRST ATR 72-500 AIRCRAFT AS PART OF THE VIRGIN AUSTRALIA ALLIANCE

Skywest Airlines Ltd, the Australian and South East Asia regional airline, is pleased to announce that it has taken delivery of its first brand new ATR 72-500 aircraft from the ATR factory in Toulouse, France. The aircraft is the first of a fleet of up to eighteen new ATR 72 Aircraft for operation in Australia, on behalf of Virgin Australia, under the previously announced Australian Regional Airline Network (ARAN) alliance between Skywest and Virgin Australia.

Under the ARAN agreement, it is expected that Skywest will operate the new aircraft on behalf of Virgin Australia. Pursuant to this strategic alliance, Skywest will provide the aircraft, the flight and cabin crew and the maintenance under a 10-year wet-lease agreement.

Services using the aircraft will commence in October 2011, the aircraft will be Virgin Australia branded and the first routes serviced will include:

- Double daily week-day return Brisbane to Gladstone;
- Daily return Brisbane to Port Macquarie;
- Double daily Sydney to Port Macquarie; and
- Up to six daily return services between Sydney to Canberra.

Skywest Airlines Chairman Jeff Chatfield commented:

"We are delighted to have completed the delivery of the first Skywest aircraft for our Virgin Australia alliance. This alliance represents a significant increase in the scope of the business and will be a major contributing factor towards our goal of significantly growing Skywest's operation. "

"We selected the ATR 72 series aircraft for a number of reasons, including its high fuel efficiency. For example on a 200nm sector, the ATR 72 fuel consumption per passenger is 16% lower than a typical car and 60% better than a typical regional jet. Furthermore the ATR 72-500 emits about 50% less CO2 per passenger-km than new-generation jets. Compared to a car, the ATR 72-500's CO2 emissions per seat-km on a 200nm sector are 15% lower."

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