

22 June 2009

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

COASTAL NETWORK LICENCE AND OTHER BUSINESS DEVELOPMENTS

Western Australia's major airline, Skywest, will continue to operate to the coastal airports of Western Australia following the acceptance by Skywest of an offer made by the Western Australian State Government concerning the extension of an existing agreement on 19 June 2009 to extend its Coastal Network Licence by a year (until 30 June 2010). The existing licence was due to expire on 30 June 2009. The licence provides Skywest with exclusive access to certain towns in Western Australia.

Skywest Chairman Jeff Chatfield said "The decision to extend the contract for a further year was a positive outcome for Skywest and for regional Western Australia. It creates short-term certainty for the regional communities we service. We remain committed to the long-term future of regional aviation in Western Australia".

As Western Australia's premier airline, Skywest has an ongoing commitment to providing safe, reliable and affordable air services to key regional centres around the state. Skywest has invested heavily in the network and provides an essential link for regional communities, tourism and business in Western Australia.

The coastal airports of Western Australia are provided with air services on an exclusive basis by Skywest, these airports include Geraldton, Albany, Esperance, Monkey Mia, Carnarvon, and Exmouth.

Skywest's scheduled regular passenger network continues to operate profitably, however, fuel costs remain a risk to profitability. In an attempt at mitigation of this risk, and for the sake of clarity and certainty, the Company advises shareholders that has hedged 20% of its fuel requirements by way of cashless collar for the period August 2009 – October 2009.

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