

# **SKYWEST, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of SkyWest, Inc. (the “Company”) is responsible for the control and direction of the Company. It represents, and is accountable to, the Company’s shareholders. Effective corporate governance is designed to drive superior performance of the Company by encouraging effective use of the collective skills and experience of the Company’s directors, officers and employees. The Company believes good governance is a source of competitive advantage.

The Company’s corporate governance practices are memorialized in the following guidelines for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities. These guidelines supplement the Company’s Bylaws and the charters of the Board’s committees. These guidelines are subject to further refinement or changes as the Board may find necessary or advisable in order for the Company to achieve its objectives.

### **I. Size of the Board**

The Board currently consists of nine members, which the Board believes is a suitable number of directors. Subject to the provisions of the Bylaws and upon the recommendation of the Board’s Nominating and Corporate Governance Committee, the Board may consider modifying the size of the Board from time to time.

### **II. Director Independence**

At a minimum, the Board should have a majority of directors who meet the criteria for independence as and when required by the Nasdaq National Market (“Nasdaq”). For a director to be deemed “independent” within the meaning of the Nasdaq rules, the Board must affirmatively determine, based upon information provided by the director or otherwise known to the Board, that the director has no relationship with the Company that would interfere with the exercise for independent judgment in carrying out the responsibilities of a director. In addition to meeting the criteria for independence described above, each member of the Board’s Audit and Finance Committee must not, except in his or her capacity as a member of the Board or one of its committees, accept, directly or indirectly, any consulting, advisory or other compensation from the Company, or be an affiliated person of the Company or any of its subsidiaries. A director shall provide prompt notice to the Board if his or her relationship to the Company changes in such a way that his or her independence may be adversely affected. The Board may elect to require that all directors, with the exception of the Company’s Chief Executive Officer or former Chief Executive Officer, be independent directors.

### **III. Director Qualifications**

***Criteria for Membership.*** The Company’s Nominating and Corporate Governance Committee is responsible for reviewing annually with the Board the desired skills and characteristics of directors, as well as the composition of the Board as a whole. Among other factors, this assessment should include an analysis of the independence of directors, as well as consideration, in the context of the needs of the Board, of the members: diversity, skills, integrity, moral responsibility, policy-making experience, ability to work constructively with the Company’s management and directors, capacity to evaluate strategy and reach sound conclusions, availability of to do justice to duties as a director and willingness to devote the time required, and awareness of the social, political and economic environment.

**Nominations.** Nominees for director should be selected by the Nominating and Corporate Governance Committee in accordance with the Company's Articles of Incorporation and Bylaws and the Nominating and Corporate Governance Committee's charter.

**Invitation to Join Board.** The invitation to join the Board should be extended by the Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board.

**Selection of Chairman of the Board and Chief Executive Officer.** The Board does not have a policy as to whether or not the Chairman of the Board should be an independent director. Instead, the Board should select the Chairman of the Board and Chief Executive Officer in the manner that it determines to be in the best interests of the Company's shareholders.

**Lead Independent Director.** When the Chairman of the Board is a member of the Company's management, the Board should elect a "Lead Independent Director," who will have the responsibility to schedule, prepare agendas for and conduct meetings of non-management directors. The Lead Independent Director will communicate with the Chairman of the Board, disseminate information to the Board and raise issues with management on behalf of the non-management directors when appropriate.

**Former Chief Executive Officer.** If the Chief Executive Officer of the Company is serving as a director of the Company and resigns or retires from his or her office as Chief Executive Officer, he or she should tender his or her resignation from the Board to the Secretary at that time. The Secretary shall promptly inform the Nominating and Corporate Governance Committee of the receipt of the tendered resignation. Upon receipt of such tendered resignation, the Nominating and Corporate Governance Committee shall review the continued appropriateness for the former Chief Executive Officer's service as a director in light of the change in position and the circumstances of the Company, and shall recommend to the Board the acceptance or rejection of the tendered resignation from the Board.

**Change of Responsibility of Director.** An individual director who retires from his or her employment, or whose position of employment materially changes, should inform the Nominating and Corporate Governance Committee and the Chairman of the Board at the time of the change for their consideration. It is not the intention of the Board to mandate the resignation of every director whose responsibility has changed, but rather to provide an opportunity for the Board to review the continued appropriateness of Board membership under the changed circumstances.

**Terms and Limitations.** All directors will stand for election each year. The Board does not believe it should establish a limit on the number of times that a director may stand for election to the Board. While term limits may increase the fresh ideas and viewpoints available to the Board, they cut off the contribution of directors who develop, over a period of time, increasing insight into the Company, its operations and its industry and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating and Corporate Governance Committee will discuss with each director his or her continuation on the Board prior to the expiration of the director's term. This will, among other things, allow the Nominating and Corporate Governance Committee an opportunity to consider a potential nominee's qualifications and will allow each director the opportunity to confirm his or her desire to continue as a director of the Company.

**Retirement.** Upon reaching 72 years of age, each director shall submit to the Board a letter of resignation to be effective at the next annual meeting of shareholders. In each instance, the Board shall accept the resignation unless the Nominating and Corporate Governance Committee and/or the entire Board determines to nominate the director for another term. Directors generally will not be nominated for election following their 72<sup>nd</sup> birthday.

***Additional Director Positions.*** A director who accepts a position as a director of another company or any equivalent position with another profit or non-profit organization should promptly advise the Board of that circumstance. If the Chief Executive Officer or Chairman of the Board is offered a position as a director of another company or equivalent position with another profit or non-profit organization, he or she should discuss the offer with the Board and obtain Board approval before accepting the position.

***Ownership of Company Stock.*** Directors are strongly encouraged to own not less than 8,000 shares of the Company's common stock.

#### **IV. Director Responsibilities**

***General Responsibilities.*** The basic responsibility of directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging these obligations, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisers and auditors. The directors are also entitled to (i) have the Company purchase directors' and officers' liability insurance on their behalf in reasonable amounts, (ii) the benefits of indemnification to the fullest extent permitted by law and by the Articles of Incorporation, Bylaws and any indemnification agreements, and (iii) exculpation as provided by state law and the Articles of Incorporation.

***Oversight of Management.*** The Board will encourage the Company's management to effectively implement policies and strategies developed by the Board, and to provide dynamic leadership of the Company. In addition to other expectations communicated to management from time to time, the Board will encourage management to:

- Develop strategies to deliver effective performance and build shareholder value over the long term.
- Develop and recommend appropriate strategic and operating plans.
- Maintain effective control of operations.
- Provide strong, principled and ethical leadership.
- Measure performance against peers.
- Assure sound succession planning and management development.
- Maintain sound organizational structure.
- Inform the Board regularly regarding the status of key initiatives and any trends or foreseeable changes that, in the judgment of management, may help the Company avoid surprises.
- Provide Board materials that contain the right amount of information and are distributed sufficiently in advance of meetings.

#### **V. Board Meetings and Materials**

***Frequency of Meetings.*** The Board has four regularly scheduled meetings per year. In addition, special meetings may be called from time to time as permitted by the Bylaws and as determined necessary by the Board in order to address the needs of the Company's business.

***Responsibilities Relating To Meetings.*** Absent extraordinary circumstances, directors should attend Board meetings, meetings of committees on which they serve and shareholder meetings, and spend the time needed to properly discharge their responsibilities.

Information and data that are important to the understanding of the business to be conducted at a meeting should be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting. The Board recognizes that certain items to be discussed at Board meetings are of an extremely sensitive nature and that advance distribution of materials relating to these matters may not be appropriate.

The Chairman of the Board should establish the agenda for each Board meeting. Each director is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting. A representative from the Company's outside counsel should attend each Board meeting.

***Board Presentations and Access to Information.*** The Board encourages the presentation at meetings by managers of the Company who can provide additional insight into matters being discussed or who have potential that the Chief Executive Officer believes should be given exposure to the Board. The Company's executive management should afford each Board member with access to the Company's employees and the Company's independent public accountants. The Board encourages management to arrange presentations at Board meetings by the Company's managers and provide other reports that will enhance the flow of meaningful financial and business information to the Board.

***Executive Sessions.*** Non-management directors should meet in executive session regularly and, in any event, at least semi-annually. The Lead Independent Director or, in his or her absence, another non-management director designated by the Lead Independent Director, should preside at all executive sessions. The Company's independent public accountants, finance staff and other employees may be invited to attend these meetings.

***Strategic and Operational Planning.*** The Board should annually review and approve a long-term strategic plan and a one-year operating plan that integrates with strategic plan milestones.

***Records.*** The Board should maintain minutes and other records of its meetings and activities.

## **VI. Committees**

***Number and Designation.*** The Board shall have an Audit and Finance Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee which shall have the responsibilities described in their respective charters and shall consist entirely of independent directors. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate.

***Assignment, Rotation and Independence.*** Committee members should be appointed annually by the Board upon recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. The Nominating and Corporate Governance Committee will review committee assignments annually, and it is expected that committee assignments will rotate from time to time among the directors. The Committee Chair's should be appointed annually by the Board upon the recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. It is also expected that each committee Chair will periodically rotate off the committee. The Board will annually appoint the Board member designated as the Company's Financial Expert upon the recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. Each member of the Audit & Finance Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall meet the standards established by Nasdaq for independence, as and when required by those standards, and the composition of each committee, as a whole, shall meet the requirements of Nasdaq.

***Committee Charters.*** The Audit and Finance Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall each have its own charter. Each charter will (i) set forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board; (ii) provide for regular committee meetings, reports and

the keeping of meeting minutes either by a member of each committee or by a non-member appointed to serve as secretary at such meeting; and (iii) provide that each committee will annually evaluate its performance.

***Frequency, Length and Agenda of Committee Meetings.*** The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop each committee meeting's agenda.

***Advisors.*** The Board and its committees have the power to engage independent legal, financial or other advisers as it deems necessary, without consulting or obtaining the approval of any officer of the Company. Committees should promptly advise the full Board of any such engagement.

## **VII. Director Access to Officers, Employees and Others**

***Access to Officers and Employees.*** Directors should have access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate with an officer or employee of the Company may be arranged directly by the director or through the Chief Executive Officer or corporate secretary. A director should use judgment to ensure that contact with officers and employees is not disruptive to the operations of the Company and should, to the extent appropriate, copy the Chief Executive Officer and Chairman of the Board on any written communications between the director and an officer or employee of the Company.

The Chairman of the Board, in consultation with the Board, will determine which members of senior management should be in regular attendance at Board meetings. The Chief Executive Officer, in consultation with the Board, may from time to time invite other officers or managers to Board meetings.

***Board Communications.*** The Board believes that communications by the Company should generally be made through management personnel. Nonetheless, individual directors may, from time to time, meet or otherwise communicate with parties outside the Company, such as government officials or members of the media. Directors should do this with the knowledge of the Chief Executive Officer and, absent unusual circumstances or except as otherwise contemplated by the committee charters, only at the request of the Chief Executive Officer. Individual directors are not agents of the Company, and do not have authority to bind or make commitments on behalf of the Company.

## **VIII. Director Compensation**

The form and amount of director compensation should be determined by the Board pursuant to general principles established upon the recommendation of the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter and consistent with rules promulgated by Nasdaq, including those relating to director independence and to compensation of Audit and Finance Committee members.

The Nominating and Corporate Governance Committee should review director compensation and the general compensation principles annually, as required by its charter, and recommend any changes in the form and amount of director compensation or compensation principles to the Board when the Nominating and Corporate Governance Committee determines a change is advisable.

## **IX. Director Orientation and Continuing Education**

New directors are expected to participate in an orientation program designed by the Company. This orientation program will be designed to acquaint the new directors with the Company's business and industry. The program will typically include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics for Directors and Senior Executive Officers, its principal officers, its internal control procedures and its independent public accountants. In addition, the orientation program may include visits to Company headquarters. All other directors are also invited to attend orientation programs.

Directors should have continuing access to information concerning the Company, its markets and the business, economic, technical, accounting, legal and other relevant developments that affect the Company or the environment in which it operates. To that end, the Company will periodically make available to its directors continuing educational opportunities designed to assist them in performing their Board and committee functions. The Board encourages directors to attend both formal and informal seminars, presentations and work sessions in which a variety of business and legal issues relating to the Company's business are discussed. Along these lines, the committees of the Board and senior members of management are encouraged to foster and promote an environment in which directors and management can become better educated about the Company and its business practices. Attendance at external events that involve expenditure of Company funds shall be subject to prior approval by the Chairman of the Board.

## **X. Performance Evaluation and Management Succession**

***Evaluation of Chief Executive Officer.*** The Nominating and Corporate Governance Committee should conduct a review of the Chief Executive Officer's performance at least annually and will communicate the results of its review to the other directors in a meeting that is not attended by the Chief Executive Officer. The Board will review the report of this committee to determine if the CEO is providing the best leadership for the Company in the long and short-term. The non-management directors should establish the evaluation process and determine the specific criteria on which the performance of the Chief Executive Officer is evaluated.

***Executive Succession.*** The Nominating and Corporate Governance Committee shall make periodic reports to the Board on the status of professional development and succession planning for the Company's senior executives, including policies and principles regarding succession of the Chief Executive Officer. The entire Board will work with the Nominating and Corporate Governance Committee to identify and evaluate potential successors to the Chief Executive Officer and other members of senior management. The Chief Executive Officer should, at all times, make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **XI. Annual Evaluations**

***Committee Evaluations.*** In accordance with their respective charters, each of the Audit and Finance Committee, the Compensation Committee and the Nominating and Corporate Governance Committee should conduct a self-evaluation annually. In connection with these evaluations, the Nominating and Corporate Governance Committee will meet annually with the Chairs of the Company's Audit and Finance Committee and Compensation Committee to evaluate the performance of such committees. The Nominating and Corporate Governance Committee will discuss the results of the evaluations and reviews, including its own self-evaluation, with the full Board following the end of each year.

**Board Evaluations.** The Board of Directors should conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

**Compensation Review.** The Nominating and Corporate Governance Committee should conduct an annual review of director compensation. A significant portion of director compensation should align director interests with the long-term interests of the Company's shareholders. Company management should report to the Nominating and Corporate Governance Committee on an annual basis how the Company's director compensation practices compare with practices of comparable companies. Any change in director compensation practices should be approved by the full Board.

## **XII. Review of and Access to Guidelines**

The Nominating and Corporate Governance Committee will review these guidelines at least annually. The Nominating and Corporate Governance Committee will recommend amendments to these guidelines to the Board as it deems appropriate.