Risk Factors Comparison 2024-02-15 to 2023-02-16 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition to factors discussed elsewhere in this Report, the following are important risks which could adversely affect our future results. Additional risks and uncertainties not presently known to us or that we currently do not deem material may also impair our business operations. If any of the risks we describe below occur, or if any unforeseen risk develops, our operating results may suffer, our financial condition may deteriorate, the trading price of our common stock may decline and investors could lose all or part of their investment in us. Risks That May Disrupt Our OperationsWe have experienced, and may continue to experience, difficulty in ~~recruiting,~~ retaining ~~,~~ and upgrading qualified pilots. Our operations rely on recruiting and training qualified pilots. FAA regulations regarding personnel certification and qualifications **have limited** , and **along with** potential future changes in FAA regulations, could **continue to** limit **,** the number of qualified new entrants that we could hire. In the event we are unable to hire qualified pilots, we may be unable to operate requested flight schedules under our capacity purchase agreements, which could result in a reduction in revenue and operating inefficiencies, such as incremental new- hire training costs, and our business and financial condition could be adversely affected. Our operations also rely on retaining qualified pilots, including captains and first officers. Our pilots may seek employment at major airlines, low- cost carriers ~~,~~ or cargo carriers, which generally offer higher salaries and more extensive benefit programs than regional airlines. In response to the COVID- 19 pandemic, several major airlines offered their employees early retirement programs in 2020 and **may continue** ~~publicly announced their intention~~ to hire significant levels of pilots in the near term. As a result, we ~~are~~ **have** ~~experiencing~~ **experienced** elevated levels of pilot attrition, particularly attrition of our captains **, which may continue in the future** . As we have worked to upgrade our first officers to ~~captain~~ **captains** , our attrition levels ~~have~~ exceeded our upgrade and replacement levels **during 2023. Our** ~~, and we have experienced a~~ shortage of captains **resulted** ~~, resulting~~ in a reduction of our flight schedules with our major airline partners **in 2023 compared to 2022. There is no assurance** that ~~will likely continue in 2023 and may continue into 2024. Based on our current captain and first officer availability,~~ our block hour production in ~~2023~~ **2024** will **exceed** ~~likely be lower than~~ our block hour production in ~~2022~~ **2023** . Operating at reduced flying schedules results in operating inefficiencies ~~that~~ **which** negatively impacts our financial results. Further, in September 2022, we increased pay rates for our pilots; however, there is no assurance ~~the higher~~ **our current** pay rates will have a significant impact on ~~recruiting,~~ retaining ~~,~~ and upgrading our pilots, which could negatively impact our operations. If we request our major airline partners to reduce our flight schedules due to pilot or other labor shortages, our major airline partners may seek to enforce financial penalties or reduce the compensation otherwise payable to us under our capacity purchase agreements, which would likely have a negative impact on our revenues and adversely impact our financial condition. We have experienced, and may continue to experience **,** difficulty recruiting and retaining other operational personnel. In addition to pilots, our operations rely on recruiting and retaining other qualified personnel, including, but not limited to, flight attendants, maintenance technicians, dispatch personnel, crew support and other operational personnel. Our operational personnel may seek employment at major airlines, which generally offer higher salaries and more extensive benefit programs than regional airlines. Should the turnover of our employees sharply increase, we may not be able to hire sufficient personnel to replace those leaving. In the event we are unable to hire and retain other qualified personnel, we may be unable to operate requested flight schedules under our capacity purchase agreements, which could result in a reduction in revenue and operating inefficiencies, such as incremental new- hire training costs, and our business and financial condition could be adversely affected. Various negative economic or industry conditions may result in reductions to our flight schedules, which could materially and adversely affect our operations and financial condition. Our operations and financial condition are affected by many changing economic and other conditions beyond our control, including, among others: ● disruptions in the credit markets, which may impact availability of price competitive financing; ● actual or potential changes in international, national, regional and local economic, business and financial conditions, including recession, inflation, higher interest rates, public health emergencies (including the COVID- 19 pandemic and related variants), wars (including the ongoing conflict between Russia and the Ukraine **and Israel and Palestine**), terrorist attacks or political instability; ● impact on workforce availability and economic uncertainty ~~resulting from the COVID- 19 recovery~~ ; ● potential resurgence of COVID- 19 or future public health threats similar to COVID- 19 could negatively impact demand and the industry; ● changes in consumer preferences, perceptions, spending patterns or demographic trends; ~~15~~ ● changes in the competitive environment due to industry consolidation, new airlines entering the market, our major airline partners operating smaller sized aircraft that may reduce the demand for regional aircraft and other factors; **15** ● actual or potential disruptions to U. S. air traffic control systems; ● interference on aviation equipment from the deployment of 5G wireless telecommunications systems; ● price of jet fuel and oil that may negatively impact the number of flights we are scheduled to operate by our major airline partners under our capacity purchase agreements and may negatively impact the profitability of our prorate agreements; ● outbreaks of diseases and other illnesses that affect travel behavior; and ● weather and natural disasters. The effect of any, or some combination, of the foregoing economic and industry conditions on our operations or financial condition is virtually impossible to forecast; however, the occurrence of any or all of such conditions in a significant manner could materially and adversely affect our operations and financial condition and could cause our major airline partners to reduce the utilization levels of our aircraft under our code- share agreements. ~~Information technology security~~ **Cybersecurity** ~~breaches~~ **incidents** , hardware or software failures ~~,~~ or other information technology disruptions may negatively impact our operations ~~or~~ **,** reputation **and financial condition** . The performance and reliability of our technology are critical to our ability to compete effectively. Any internal technological error ~~or~~ **,** failure or large- scale external interruption in the **information**

systems, networks, hardware, software and technological infrastructure we depend on, such as U. S. air traffic control systems, power, telecommunications or the internet **(collectively, " IT Systems ")** , may disrupt our internal network **,** ~~. Any individual failure or repeated failure of technology could~~ impact our ability to conduct our business and result in increased costs. Our ~~technological~~ **IT** ~~systems~~ **Systems (including those provided by third parties)** and ~~related data may be~~ **information about our employees and other individuals and proprietary information belonging to our business such as trade secrets (" Confidential Information ") are** vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications **or IT System** failures, computer viruses, hackers and other security issues. In addition, **we face numerous and evolving** cybersecurity ~~threats pose a potential risk~~ **risks** ~~to~~ **that threaten** the security **, confidentiality, integrity and availability** of our **IT Systems and Confidential** ~~information~~ **Information** ~~technology systems~~ , ~~networks~~ **including from diverse threat actors such as state- sponsored organizations, opportunistic hackers** and ~~services~~ **hacktivists** , as well as ~~the confidentiality and integrity of our data. Cybersecurity risks may include~~ **through diverse attack vectors, such as social engineering / phishing,** security breaches, **malfeasance by insiders, human or technological error,** computer viruses, malicious or destructive code, **misconfigurations, " bugs " or other vulnerabilities in commercial software that is integrated into our (or our service providers') IT Systems, products or services, malware (including** ransomware **)** and other attacks **, including** ~~. Unauthorized parties may attempt to gain access to our systems or information~~ through fraud or other means of deception. The methods used to obtain unauthorized access, disable or degrade service **or attack** or sabotage systems are constantly evolving, and **threat actors are becoming increasingly sophisticated in using techniques and tools – including artificial intelligence – that circumvent security controls, evade detection and remove forensic evidence. As a result we** may be ~~difficult~~ **unable** to anticipate or to detect **, investigate, remediate or recover from attacks or incidents** for long periods of time. ~~We~~ **Further, we** may not be able to prevent all data ~~security~~ breaches ~~or~~ **,** ~~misuse~~ **misuses** of data ~~.~~ **(including Confidential Information)** ~~For~~ - **or** ~~example~~ **other cybersecurity incidents. There can also be no assurance that our cybersecurity risk management program and processes** , ~~during 2021~~ **including our policies** , **controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information. Because** we **rely** ~~identified malware~~ on **third party vendors and service providers for functions critical to** our ~~system resulting from a~~ **business, including information technology infrastructure and services, successful** ~~cyberattack~~ **cyberattacks that** ~~. We successfully quarantined the malware without disruption~~ --- **disrupt or result in unauthorized access** to **third party IT Systems can materially impact** our operations **and** ~~. However, this quarantine breach required a rebuild of a triple- redundant server. While moving one of our critical systems to a newly rebuilt server, we experienced a server outage that resulted in approximately 1, 700 flight cancellations. We estimate the impact of the outage negatively impacted our 2021~~ financial results ~~by approximately $ 15 million~~ **. Remote and hybrid working arrangements at our company** (~~pre~~ **and at many third** - ~~tax~~ **party service providers**) **also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non- corporate and home networks** . We ~~did~~ **and certain of our third- party service providers have in the past experienced cybersecurity incidents and we expect such incidents to continue in varying degrees. As further described in " Item 1C. Cybersecurity " we had a cybersecurity incident in 2021, but based on our assessment, we do** not **believe the incident has or will materially affect us, including our operations, business strategy, results of operations or financial condition. While to date no incidents** have **had** a **material impact on our operations** ~~similar cybersecurity event during the year ended December 31, 2022. Although we have changed our~~ - **or financial results** ~~procedures related to migrating critical systems to new servers~~ , we cannot ~~assure a similar outage~~ **guarantee that material incidents** will not ~~reoccur~~ -- **occur in the future** . ~~The~~ **Any cybersecurity incident or other adverse impact to the availability, integrity or confidentiality of our IT Systems or Confidential Information could** compromise ~~of~~ **our ability to operate flights** ~~our~~ - **or** technology systems **,** ~~resulting~~ --- **result** in the loss ~~, disclosure, misappropriation~~ of **Confidential** ~~, or access to, customers', employees' or business partners' information~~ **Information ,** ~~could result in~~ legal claims or proceedings **(such as class actions), regulatory investigations and 16enforcement actions** , liability or regulatory penalties ~~under laws protecting the privacy of personal information~~ , disruption to our operations ~~and~~ **,** damage to our reputation, ~~any~~ **loss of existing or future customers and / or significant incident response, system restoration or remediation and future compliance costs. Any** or all of ~~which~~ **the foregoing** could adversely affect our business **, results of operations** and financial condition. Interruptions or disruptions in service at one of our hub airports, due to weather, system malfunctions or for any other reason, could have a material adverse impact on our operations. We currently operate primarily through hubs supporting our major airline partners' route networks across the United States. Nearly all of our flights either originate from or fly into one of these hubs. Our revenues depend primarily on our completion of flights and secondarily on service factors such as timeliness of departure and arrival. Any interruptions or disruptions could, therefore, severely and adversely affect us. Extreme weather such as hurricanes or tornados can cause flight disruptions, and, during periods of storms or adverse weather, our flights may be canceled or significantly delayed. We operate a significant number of flights to and from airports with ~~particular~~ **potential winter related or other** weather difficulties, including **but not limited to,** Chicago, Denver **, Detroit, Minneapolis** , Salt Lake City and San Francisco. A significant interruption or disruption in service at one of our hubs, due to adverse weather, system malfunctions, airport construction, security closures or otherwise, could result ~~16in~~ **in** the cancellation or delay of a significant portion of our flights and, as a result, could have a severe adverse impact on our operations and financial performance. The occurrence of an aviation accident involving our aircraft would negatively impact our operations and financial condition. An accident or incident involving one of our aircraft could result in significant potential claims of injured passengers and others, as well as repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service. In the event of an accident, our liability insurance may not be adequate to offset our exposure to potential claims and we may be forced to bear substantial losses from the accident. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our operational and financial results. Moreover, any aircraft accident or incident, even if fully insured, could cause a public perception that our operations are less safe or reliable than other airlines and could affect our relationships with our major airline partners **. In addition, any accident or incident involving a type of aircraft in our fleet could result in air travelers being reluctant to fly on our aircraft, and adversely impact our business, results of operations and financial condition** . We may experience disruption in service with key third- party service providers. We rely on third party vendors for a variety of services and functions critical to our business, including airframe and engine maintenance, ground handling, fueling, computer reservation system hosting, telecommunication systems and information technology infrastructure and services. Even though we strive to formalize agreements with these vendors that define expected service levels, our use of outside vendors increases our exposure to several risks. In the event that one or more vendors experiences labor shortages, aircraft part shortages, goes into bankruptcy, ceases operation or fails to perform as promised, replacement services may not be readily available at competitive rates, or at all. If one of our vendors fails to perform adequately, we may experience increased costs, delays, maintenance issues, safety issues or negative public perception of our airline. Vendor bankruptcies, unionization, regulatory compliance issues or significant changes in the competitive marketplace among suppliers could adversely affect vendor services or force us to renegotiate existing agreements on less favorable terms. These events could result in disruptions in our operations or increases in our cost structure. We are subject to significant governmental regulation and potential regulatory changes. All interstate air carriers, including SkyWest, are subject to regulation by the DOT, the FAA and other governmental agencies. Regulations promulgated by the DOT primarily relate to economic aspects of air service. The FAA requires operating, air worthiness and other certificates; approval of personnel who may engage in flight, maintenance or operation activities; recordkeeping procedures in accordance with FAA requirements; and FAA approval of flight training and retraining programs. We cannot predict whether we will be able to comply with all present and future laws, rules, regulations and certification requirements or that the cost of continued compliance will not have a material adverse effect on our operations. We incur substantial costs in maintaining our current certifications and otherwise complying with the laws, rules and regulations to which we are subject. A decision by the FAA to ground, or ~~require~~ **17require** time- consuming inspections of or maintenance on, all or any of our aircraft for any reason may have a material adverse effect on our operations. In addition to state and federal regulation, airports and municipalities enact rules and regulations that affect our operations. From time to time, various airports throughout the country have considered limiting the use of smaller aircraft, such as our aircraft, at such airports. The imposition of any limits on the use of our aircraft at any airport at which we operate could have a material adverse effect on our operations. We cannot predict the impact of potential regulatory changes that may affect our business or the airline industry as whole, including the potential impact of tariffs on aircraft deliveries. However, it is possible that these changes could adversely affect our business. Our business may be subject to additional costs or loss of government subsidies as a result of potential regulatory changes, which could have an adverse effect on our operations and financial results. **Compliance, or failure to comply, with new or existing laws, regulations and other requirements relating to the privacy, security and handling of information about individuals could adversely affect our business, results of operations, or financial condition. We receive information related to employees and other individuals in order to run our business. Laws, regulations and other requirements relating to the privacy, security and handling of information about individuals, alongside the application and interpretation of such requirements, are constantly evolving and developing and subject to change. There has been heightened legislative and regulatory focus on data privacy and security in the United States and elsewhere, including in relation to cybersecurity incidents, and it is possible that new laws, amendments to or interpretations of existing laws, regulations and other requirements may require us to incur significant costs, implement new processes or change our handling of information and business operations. In addition, any failure or perceived failure by us to comply with laws, regulations and other requirements relating to the privacy, security and handling of information could result in legal claims or proceedings (including class actions), regulatory investigations or enforcement actions. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affected.** Terrorist activities or warnings have dramatically impacted the airline industry and will likely continue to do so. The terrorist attacks of September 11, 2001 and their aftermath have negatively impacted the airline industry in general, including our operations ~~. The primary effects experienced by the airline industry include a substantial loss of passenger traffic and revenue~~ . If additional terrorist attacks are launched against the airline industry, there will be lasting consequences of such attacks, which may include loss of life, property damage, increased security and insurance costs, increased concerns about future terrorist attacks, increased government regulation and airport delays due to heightened ~~17security~~ -- **security** . ~~Additional~~ **Additionally ,** terrorist attacks and the fear of such attacks could negatively impact the airline industry, and result in ~~further~~ decreased passenger traffic and yields, increased flight delays or cancellations associated with new government mandates, as well as increased security, fuel and other costs. We cannot provide any assurance that these events will not harm the airline industry generally or our operations or financial condition in particular. Risks Related to Our Code- Share Agreements with Our Major Airline PartnersOur business model is dependent on code- share agreements with four major airline partners. Our business model depends on major airlines electing to contract with us instead of operating their own **aircraft or** regional jets. Some regional airlines are owned by a major airline. We have no guarantee that in the future our major airline partners will choose to enter into contracts with us instead of operating their own **aircraft or** regional jets or ~~acquiring a~~ **award more flying contracts to another** regional airline. Our major airline partners are not prohibited from doing so under our code- share agreements. A decision by any of our major airline partners to phase out code- share relationships and instead acquire and operate their own regional jets or regional airline **, or award more flying contracts to another regional airline,** could have a material adverse effect on our financial results. Additionally, our major airline partners may be limited in the number of regional aircraft they can operate in their network due to aircraft scope limitations they have with their labor groups. Scope limitations could limit our ability to increase the number of aircraft operating under our code- share agreements. As of December 31, ~~2022~~ **2023** , ~~375~~ **333** out of our total ~~517~~ **485** aircraft in scheduled service were operating under a capacity purchase arrangement or a prorate agreement with either United or Delta. If our code- share relationship with United or ~~Delta~~ **18Delta** were terminated, ~~we~~ **our operations** would be significantly impacted and ~~likely~~ **we** would not **likely** have an immediate source of revenue or earnings to offset such loss. A termination of either of these relationships would likely have a material adverse effect on our financial condition, operating revenues and net income unless we are able to enter into satisfactory substitute arrangements for the utilization of the affected aircraft by other code- share partners, or, alternatively, obtain the airport facilities and gates and make the other arrangements necessary to fly as an independent airline. We may not be able to enter into substitute code- share ~~arrangements~~ **agreements** , and any such arrangements we might secure may not be as favorable to us as our current agreements. Operating an airline independent from major airline partners would be a significant departure from our business plan and would likely require significant time and resources and may not be a viable alternative. Additionally, each of our agreements with our major airline partners is subject to certain early termination provisions, including uncured material performance breaches. We also currently use the systems, facilities and services of our major airline partners to support a significant portion of our operations, including airport and terminal facilities and operations, information technology support, ticketing and reservations, scheduling, dispatching, fuel purchasing and ground handling services. If our major airline partners cease to maintain any of these systems, close any of these facilities or no longer provide these services to us, due to termination of one of our code- share agreements, a strike or other labor interruption by personnel working for our major airline partners or for any other reason, we may not be able to obtain alternative systems, facilities or services on terms and conditions as favorable as those we currently receive, or at all. Since our revenues and operating profits are dependent on our level of flight operations, we could then be forced to significantly reduce our operations. Reduced utilization levels of our aircraft under our capacity purchase agreements with our major airline partners would have a material adverse impact on the results of our operations and financial condition. Under our capacity purchase agreements with our major airline partners, a portion of our compensation is based on pre- determined rates that are applied to our production, such as block hours, for the period. We also receive fixed monthly payments related to overhead costs and aircraft ownership costs from our major airline partners. Reduced utilization of our aircraft under our capacity purchase agreements will likely have a material adverse impact on the results of our operations and financial condition. During the year ended December 31, 2022, we amended our capacity purchase agreements with certain major airline partners that reduced certain future contractual fixed monthly payments and increased future contractual variable payments. A compensation structure that is weighted more to utilization and less to fixed payments could have a material adverse impact on the results of our operations and financial condition if utilization levels decrease. Additionally, amendments to our capacity purchase agreements that result in changes to our future scheduled fixed monthly payments will likely impact the timing of our revenue recognition. During the year ended December 31, ~~2022~~ **2023** , the revenue we recognized was $ ~~29~~ **242** . ~~3~~ **5** million less than the fixed monthly cash payments received, ~~18primarily~~ -- **primarily** due to the capacity purchase agreement amendments we executed during the 2022 year. ~~We~~ **Although we** currently anticipate we will ~~continue to~~ **recognize previously** ~~defer~~ **deferred revenue throughout 2024, future contract amendments or reduced utilization levels of our aircraft could negatively impact the timing of our revenue** recognition ~~of revenue for certain fixed monthly cash payments throughout 2023~~ . Our major airline partners may experience events that negatively impact their financial strength or operations, which may also negatively impact our operations. Our business model relies significantly on our major airline partners, and we may be negatively affected by their financial and operating strength. Events impacting airline travel, including pandemics such as COVID- 19, that negatively impact the financial strength of our major airline partners or have a long- term effect on the use of our major airline partners by airline travelers would likely have a material adverse effect on our business, financial condition ~~,~~ and results of operations. If our major airline partners experience adverse effects to their operational or financial condition, they may be unable to make payments due to us under their capacity purchase agreements or may need to reduce utilization of our aircraft. Additionally, if one of our major airline partners undergoes bankruptcy, our agreement with such partner may not be assumed in bankruptcy and could be terminated. This and other events, which are outside of our control, could have a material adverse effect on our business, financial condition ~~,~~ and results of operations. Our growth may be limited with our major airline partners' flight systems. Additional growth opportunities within our major airline partners’ flight systems are limited by various factors, including a limited number of regional aircraft each major airline partner can operate in its regional network due to **scope 19limitations in** its own labor agreements ~~or scope limitations~~ . Except as contemplated by our existing code- share agreements, we cannot be sure that our major airline partners will contract with us to fly any additional aircraft. We may not receive additional growth opportunities, or we may agree to modifications to our code- share agreements that reduce certain benefits to us in order to obtain additional aircraft, or for other reasons. Given the competitive nature of the airline industry, we believe limited growth opportunities may result in competitors accepting reduced margins and less favorable contract terms in order to secure new or additional code- share operations. Even if we are offered growth opportunities by our major airline partners, those opportunities may involve economic terms or financing commitments that are unacceptable to us. Additionally, our major airline partners may reduce the number of regional jets in their system by not renewing or extending existing flying arrangements with regional operators. Any one or more of these factors may reduce or eliminate our ability to expand our flight operations with our existing major airline partners. There are long- term risks related to supply and demand of regional aircraft associated with our regional airline services strategy. Various factors could change our major airline partners’ long- term strategy in using regional aircraft to support their network objectives. Such changes could result in a reduction in the number of regional aircraft our major airline partners operate in the future. If our major airline partners’ future strategies include a material reduction in regional aircraft generally or for specific aircraft types, such as 50- seat regional aircraft, the resulting decrease in demand in the aircraft we operate could have a material negative impact on our business and financial condition. Additionally, future developments of electric- powered aircraft designed to operate on routes typically served by regional aircraft could impact our major airline partners' strategy and result in a reduction of demand or increase our capital expenditures and could have a material negative impact on our business and financial condition. Due, in part, to the dynamic nature of the airline industry, major airlines may also make other strategic changes, such as changing or consolidating hub locations **or operating mainline aircraft on routes previously served using regional aircraft** . If our major airline partners were to make changes such as these in their strategy and operations, our operations and financial results could be adversely impacted. Our prorate arrangements with our major airline partners may not return to pre- pandemic revenue levels and are terminable upon notice of 120 days or less. Our prorate revenue **in** ~~, which is derived from passenger fares on flights we operate under our prorate arrangements, decreased from $ 409. 7 million for the year ended December 31, 2021~~ **2023** ~~,~~ **continued** to **be** ~~$ 349. 3 million for the year ended December 31, 2022, or 14. 7 %. Our prorate revenue in 2022 was~~ negatively impacted by captain attrition to other airlines, and there is no assurance our prorate revenue will return to pre- pandemic levels in ~~2023~~ **2024** or thereafter. We may continue to reduce the volume of flying under our prorate arrangements in the future based on several factors including, but not limited to, passenger demand on prorate routes and labor availability. ~~19Our~~ -- **Our** prorate flying agreements with our major airline partners permit each major airline partner to terminate the agreement in its discretion by giving us notice of 120 days or less. If one of our major airline partners elects to terminate a flying agreement with notice of 120 days or less, our ability to use the aircraft under an alternative agreement with similar economics may be limited, which could negatively impact our financial results. Additionally, even if we could subsequently place the aircraft into service with a different major airline partner, of which there can be no assurance, we likely would incur inefficiencies and incremental costs, such as changing the aircraft livery, during the transition period, which would negatively impact our financial results. **.** Disagreements regarding the interpretation of our code- share agreements with our major airline partners could have an adverse effect on our operating results and financial condition.Long- term contractual agreements,such as our code- share agreements,are subject to interpretation and disputes may arise under such agreements if the parties to an agreement apply different interpretations to that agreement.Those disputes may divert management' s time and resources from the core operation of the business,and may result in litigation,arbitration or other forms of dispute resolution.We have previously experienced disagreements with our major airline partners regarding the interpretation of various provisions of our code- share agreements.Some of those disagreements have resulted in litigation,and we may be subject to additional disputes and litigation in the future.To the extent that we experience disagreements regarding the interpretation of our code- share or other agreements,we will likely expend valuable management time and financial resources in our efforts to resolve those disagreements.Those disagreements may result in litigation,arbitration, ~~20settlement~~ -- **settlement** negotiations or other proceedings.Furthermore,there can be no assurance that any or all of those proceedings,if commenced,would be resolved in our favor.An unfavorable result in any such proceeding could have adverse financial consequences or require us to modify our operations.Such disagreements and their consequences could have an adverse effect on our operating results and financial condition ~~.~~ We recently **began operating on- demand charter flights through our wholly- owned subsidiary, SWC, and such operations involve significant risk. In 2022 we** formed ~~SkyWest Charter,~~ a **new** subsidiary ~~offering public~~ **, SWC, which had its first revenue generating flight in May 2023. SWC offers on- demand** charter service ~~, that involves significant risk. In 2022 we formed a new subsidiary, SkyWest Charter, with the intent to offer public charter service to underserved communities in the United States~~ using CRJ200 aircraft in a 30 or less seat configuration under its own FAA operating certificate. **As we grow** ~~When SkyWest Charter begins~~ operations, ~~which is currently expected to occur in 2023,~~ there ~~will~~ **may** be significant risks, including that **SWC** ~~SkyWest Charter~~ may divert management' s attention or the Company' s resources from our core business and strategies and that the objectives of **SWC** ~~SkyWest Charter~~ may not materialize or may take longer to materialize than anticipated . Disagreements regarding the interpretation of our...... on our operating results and financial condition . The airline industry is highly competitive, which could adversely affect our operating results and financial condition. The airline industry is highly competitive. We compete with other regional airlines on various factors including, but not limited to, labor resources, including pilots and mechanics; low operating costs; financial resources, including the ability to finance aircraft at competitive terms; geographical infrastructure; and overall customer service levels relating to on- time arrival and flight completion percentages. Our major airline partners rely on us to fly passengers from various locations into their hubs under our code- share agreements at competitive terms. We not only compete with other regional airlines, some of which are owned by or operated as code- share partners of major airlines, but we also indirectly face competition from low- cost carriers, such as Southwest, Allegiant, Spirit, JetBlue and others, who compete with our major airline partners on many routes we operate. Certain of our competitors, including wholly- owned regional airline subsidiaries of our major airline partners, may have access to significantly greater financial and other resources than we do. Moreover, federal deregulation of the industry allows competitors to rapidly enter our markets and to quickly discount and restructure fares. The inability to remain competitive on the various factors valued by our major airline partners could adversely affect our operating results and financial condition. Risks Related to Our Operating Costs and PersonnelIncreases in labor costs, including pilot costs, flight attendant costs, maintenance costs and overhead costs may result in lower operating margins under our capacity purchase ~~contracts~~ **agreements** . Our business is labor intensive, requiring large numbers of pilots, flight attendants, mechanics and other personnel. Labor costs constitute a significant percentage of our total operating costs. Increases in our labor costs could ~~20result~~ -- **result** in a material reduction in our earnings. For example, during the year ended December 31, **2023 and** 2022 ~~and 2021~~ , our salary, wage and benefit costs constituted approximately **46. 7 % and** 42. 9 ~~% and 40. 5~~ % of our total operating costs, respectively. In September 2022, we entered into a collective bargaining agreement with our pilots, increasing the pay rates for pilots. Our inability to offset increased labor costs through rate increases under our capacity purchase agreements with all our major airline partners could negatively impact our operating costs. Currently, we believe our labor costs are competitive relative to other regional airlines. However, we cannot provide assurance that our labor costs going forward will remain competitive because of changes in supply and demand for labor in the regional **airline** industry. We compete against other airlines and businesses for labor in many highly skilled positions. If we are unable to hire, train and retain qualified employees at a reasonable cost, sustain employee engagement in our strategic vision, or if we are unsuccessful at implementing succession plans for our key staff, we may be unable to grow or sustain our business. Labor costs to recruit, incentivize and retain skilled employees may significantly increase in the future due to increased competition for the limited number of qualified industry personnel. Attrition rates that exceed our ability to hire and replace applicable workgroups could negatively impact our ability to generate revenue, negatively impact our operating results, increase our training and labor costs and our business prospects could be harmed. Additionally, under our capacity purchase ~~contracts~~ **agreements** with United, Delta, American and Alaska, a portion of our compensation is based upon pre- determined rates typically applied to production statistics (such as departures, block hours, flight hours and number of aircraft in service each month). The primary operating costs intended to be compensated by the pre- determined rates include **our** labor **and** ~~costs, including crew~~ training costs, certain aircraft maintenance expenses ~~,~~ and overhead costs. During the year ended December 31, ~~2022~~ **2023** , approximately 91. ~~8~~ **9** % of our code- share operating costs were reimbursable at pre- determined rates and 8. ~~2~~ **1** % of our code- share operating costs were directly reimbursed costs, often ~~referred~~ **21referred** to as pass- through costs. Additionally, our aircraft maintenance costs may increase annually as our fleet ages at a higher rate than our pre- determined rates ~~allow~~ **in our capacity purchase agreements** . Also, on an individual aircraft basis, various in- depth maintenance procedures are typically scheduled to occur at multi- year intervals, which can result in maintenance expense fluctuations year- to- year. If our operating costs for labor, aircraft maintenance and overhead costs exceed the compensation earned from our pre- determined rates under our capacity purchase arrangements, our financial position and operating results will be negatively affected. Increased labor costs, pilot and other labor availability, labor disputes and unionization of our workforces may adversely affect our ability to conduct our business and reduce our profitability ~~. Our business is labor intensive, requiring large numbers of pilots, flight attendants, maintenance technicians and other personnel~~ . Any new collective bargaining agreements entered into by other regional carriers with their work forces may also result in higher industry wages and increased pressure on us to increase the wages and benefits of our employees. Future agreements with represented employees may be on terms that are not as attractive as our current agreements or comparable to agreements entered into by our competitors. **Our** ~~Notably, in September 2022, we entered into a collective bargaining agreement with our pilots, increasing the pay rates for pilots. The amended collective bargaining agreement is anticipated to result in an increase to our pilot costs. For illustrative purposes, under SkyWest Airlines' amended collective bargaining agreement, the first- year pay rate for first officers increased from approximately $ 46 / flight hour to $ 90 / flight hour and the first- year CRJ and E175 captain pay rate increased from approximately $ 76 / flight hour and $ 81 / flight hour, respectively, to $ 140 / flight hour for both CRJ and E175 captains. During the year ended December 31, 2022, we amended our capacity purchase agreements with certain major airline partners that resulted in higher compensation for our increased pilot pay rates. SkyWest' s~~ employees are represented by in- house associations; however, organizing efforts to join national unions among those employees occur from time to time. Such efforts will likely continue in the future and may ultimately result in some or all of our employees being represented by one or more national unions. If our employees were to unionize or be deemed to be represented by one or more national unions, negotiations with these unions could divert management' s attention and disrupt operations, which may result in ~~increased operating expenses~~ **low employee morale** and **inefficient work rules and** may **limit our ability to adjust to market compensation in a timely manner and** negatively impact our financial results. Moreover, we cannot predict the outcome of any future negotiations relating to union representation or collective bargaining agreements **. A national union soliciting to represent our employees may represent employees at mainline carriers or other regional airlines and may have conflicting interests with those of our employees or SkyWest** . Agreements reached in union- involved collective bargaining may ~~increase our operating expenses and~~ negatively impact our financial results. ~~21We~~ **We** may experience an increase in fuel prices in our prorate operations. Dependence on foreign imports of crude oil, limited refining capacity and the possibility of changes in government policy on jet fuel production, transportation and marketing make it difficult to predict the future availability of jet fuel. If there are additional outbreaks of hostilities or other conflicts in oil- producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of jet fuel, there could be a reduction in the supply of jet fuel and significant increases in the cost of jet fuel. Additionally, our operations may experience disruptions from temporary fuel shortages by our fuel vendors resulting from fuel quality issues, refueling disruption ~~,~~ or other challenges. Major reductions in the availability of jet fuel or significant increases in its cost, or a continuation of high fuel prices for a significant period of time, would have a material adverse impact on us. Pursuant to our capacity purchase arrangements, our major airline partners have agreed to bear the economic risk of fuel price fluctuations on our contracted flights. However, we bear the economic risk of fuel price fluctuations on our prorate ~~operations~~ and ~~expect to bear the economic risk of fuel price fluctuations on our~~ charter operations. As of December 31, ~~2022~~ **2023** , we operated ~~41~~ **19** CRJ200s under a prorate agreement with United and ~~25~~ **six** ~~CRJ200s~~ **CRJ900s and four CRJ700s** under a prorate agreement with Delta. **As of December 31, 2023, we had 16 CRJ200s available for on- demand charter service through SWC.** Our operating and financial results with respect to these prorate arrangements **and charter services** can be negatively affected by the price of jet fuel in the event we are unable to increase our passenger fares. Additionally, in the event of prolonged low fuel prices, our competitors may lower their passenger ticket prices on routes that compete with our prorate or charter markets, which could negatively impact our passenger load factors. Our business could be harmed if we lose the services of our key personnel. Our business depends upon the efforts of our chief executive officer, Russell A. Childs, and our other key management and operating personnel. ~~Under the terms of the Payroll Support Program 3 Agreement, we are subject to certain limitations on executive compensation through April 1, 2023.~~ We may have difficulty replacing management or other key personnel who cease to be employed by us and, therefore, the loss of the services of any of these individuals could harm our business. We do not maintain key- person insurance on any of our executive officers. **22We have guaranteed the indebtedness of third parties that may default on their debt and require us to pay. In**

2022, we agreed to guarantee debt for a 14 CFR Part 135 air carrier. The debt is secured by the Part 135 air carrier' s aircraft and engines and has a five- year term. At December 31, 2023, the outstanding debt for the guarantee was $ 17. 6 million. In 2023, we agreed to guarantee debt for an aviation school. The debt is secured by the school' s aircraft and engines and has a five- year term. At December 31, 2023, the outstanding debt for the guarantee was $ 4. 8 million. The purpose of these arrangements is to increase the potential number of commercial pilots in the Company' s hiring pipeline. In the event of default, if we are unable to sell the collateral, or the fair value is less than the required payment, it could negatively impact our financial condition and financial results. Additionally, there is no guarantee that the relationship with the entities will have a favorable effect on our ability to recruit pilots. Risks Related to Operating and Leasing Regional Jet Aircraft and EnginesWe are reliant on two aircraft manufacturers and one engine manufacturer. We operate aircraft manufactured by Bombardier and Embraer. The issuance of FAA or manufacturer directives restricting or prohibiting the use of any Bombardier or Embraer aircraft types we operate could negatively impact our business and financial results. We are also dependent upon General Electric as the sole manufacturer of engines used on the aircraft we operate. Our operations could be materially and adversely affected by the failure or inability of Bombardier, Embraer or General Electric to provide sufficient parts or related maintenance and support services to us on a timely manner. Additionally, timing and availability of new aircraft deliveries could be delayed beyond our control. We have a significant amount of contractual long-term debt obligations. As of December 31, ~~2022~~ **2023** , we had a total of approximately $ 3. ~~4~~ **0** billion in total long- term debt obligations. Our long- term debt obligations ~~include~~ **included** $ ~~3~~ **2** . ~~05~~ **8** billion ~~related to the acquisition~~ of **debt used to finance** aircraft **and** ~~, $ 155. 1 million of long- term debt secured by spared~~ - **spare** engines ~~,~~ and $ 200. 6 million related to borrowings under the Payroll Support Program Agreements with U. S. Department of the Treasury (" Treasury "). ~~Excluding aircraft financed by our major airline partners that we operate for them under contract, we had 43 aircraft under long- term lease agreements as of December 31, 2022, with 32 aircraft with a lease termination date of March 31, 2024 and 11 aircraft with remaining terms up to eight years. Future minimum lease payments due under all long- term operating leases were approximately $ 202. 9 million at December 31, 2022. At a 6. 1 % discount factor, which is the average rate used to approximate the implicit rates within the applicable leases, the present value of these lease obligations was equal to approximately $ 160. 3 million at December 31, 2022.~~ Our high level of fixed obligations could impact our ability to obtain additional financing to support additional expansion plans or divert cash flows from operations and expansion plans to service the fixed obligations. Under our capacity purchase agreements, our major airline partners compensate us for our costs of owning ~~or leasing~~ the aircraft on a monthly basis. The aircraft compensation structure varies by agreement but is intended to cover either our aircraft principal and interest debt service costs ~~,~~ **or** our aircraft depreciation and interest expense ~~or our aircraft lease expense costs~~ while the aircraft is under contract. In the event any of our major airline partners defaults under a ~~22capacity~~ -- **capacity** purchase agreement or we are unable to extend the flying contract terms on aircraft with ongoing financial obligations, our financial position and financial results could be materially adversely affected. In addition ~~, given the negative effects the COVID- 19 pandemic has had and may continue to have on our business, including demand fluctuations, labor shortages or other effects~~ , we may seek material amounts of additional financial liquidity in the short- term, which may include drawing down on SkyWest Airlines' line of credit, the issuance of secured debt securities and / or the entry into other debt facilities, among other items. There can be no assurance as to the timing of any such drawdown or issuance, which may be in the near term, or that any such additional financing will be completed on favorable terms, or at all. If our liquidity is materially diminished, we might not be able to timely pay our leases and debts or comply with certain covenants under SkyWest Airlines' line of credit or with other material provisions of our contractual obligations. Our anticipated aircraft purchases are expected to require an increase in our leverage and the related cash requirements. As of December 31, ~~2022~~ **2023** , we have firm purchase commitments for ~~four~~ **21** E175 aircraft and spare engines totaling $ ~~140~~ **610** . ~~3~~ **9** million. Over the next several years, if we continue to add new aircraft to our fleet, we anticipate using significant amounts of capital to acquire these aircraft. There can be no assurance that our operations will generate sufficient cash flow or liquidity to enable us to obtain the necessary aircraft acquisition financing to replace our current fleet, or to make required debt service payments related to our existing or anticipated future obligations. Even if we meet all required debt, lease and purchase obligations, ~~the~~ **23the** size of these long- term obligations could negatively affect our financial condition and results of operations in many ways, including: ● increasing the cost, or limiting the availability of, additional financing for working capital, acquisitions or other purposes; ● limiting the ways in which we can use our cash flow, much of which may have to be used to satisfy debt and lease obligations; and ● adversely affecting our ability to respond to changing business or economic conditions or continue our growth strategy. If we need additional capital and cannot obtain such capital on acceptable terms, or at all, we may be unable to realize our fleet replacement plans or take advantage of unanticipated opportunities. The residual value of our owned aircraft may be less than estimated in our depreciation policies. As of December 31, ~~2022~~ **2023** , we had approximately $ 5. 5 billion of property and equipment and related assets, net of accumulated depreciation. In accounting for these long- lived assets, we make estimates about the expected useful lives of the assets, the expected residual values of certain of these assets, and the potential for impairment based on the fair value of the assets and the cash flows they generate. Factors indicating potential impairment include, but are not limited to, amendments to our capacity purchase agreements that impact the anticipated cash flows for our aircraft, significant decreases in the market value of the long- lived assets, a significant change in the condition of the long- lived assets and operating cash flow losses associated with the use of the long- lived assets. In the event the estimated residual value of any of our aircraft types is determined to be lower than the residual value assumptions used in our depreciation policies, the applicable aircraft type in our fleet may be impaired and may result in a material reduction in the book value of applicable aircraft types we operate or we may need to prospectively modify our depreciation policies. In 2021, we recorded a non- cash impairment of $ 84. 6 million attributable to certain CRJ900 aircraft operating with a major airline partner as a result of contract expirations and the uncertainty about our ability to redeploy the CRJ900 aircraft with another major airline partner. **Additionally, in 2022, we**

committed to a plan to sell 14 CRJ700 aircraft, resulting in a non- cash impairment of $ 51. 4 million. In 2023, the aircraft held for sale were written down an additional $ 2. 3 million. An impairment on any of our aircraft types we operate or an increased level of depreciation expense resulting from a change to our depreciation policy and assumptions could result in a material negative impact to our financial results ~~. Additionally, in 2022, we committed to a plan to sell 14 CRJ700 aircraft, resulting in a non- cash impairment of $ 51. 4 million~~ . Future decisions to sell aircraft could potentially result in write- downs for aircraft held- for sale. ~~23We~~ **We** lease aircraft and engines to third parties and the lessee may default under the lease terms, which could negatively affect our financial condition, cash flow and results of operations. We leased five CRJ900 aircraft, 35 CRJ700 aircraft, and engines used on CRJ aircraft to third parties as of December 31, ~~2022~~ **2023** . In the event a lessee defaults under the terms of the lease agreement, we may incur additional costs, including legal and other expenses necessary to repossess the aircraft or engines, particularly if the lessee is contesting the proceedings or is in bankruptcy. We could also incur substantial maintenance, refurbishment or repair costs if a defaulting lessee fails to pay such costs and where such maintenance, refurbishment or repairs are necessary to put the aircraft or engines in suitable condition for remarketing or sale. We may also incur storage costs associated with any aircraft or engine that we repossess and are unable to place immediately with another lessee. Even if we are able to immediately place a repossessed aircraft or engine into service ourselves, or place the aircraft and engines under another lessee, we may not be able to do so at a similar or favorable lease rate. A lessee default under one of our lease agreements could negatively affect our financial condition, cash flow and results of operations. We have entered into a strategic engine leasing joint venture that operates under joint control with a third party that involves significant risk. We have entered into a strategic engine joint venture with a third party to lease engines to other parties. This strategic venture involves significant risks, including: ● we may not realize a satisfactory return on our investment; ● the joint venture may divert management' s attention from our core business; ● our joint venture partner could have investment goals that are not consistent with our investment objectives, including the timing, terms and strategies for any investments; and **24** ● our joint venture partner might fail to fund their share of required capital contributions or fail to fulfill their other obligations. Although we currently participate in the management of our engine joint venture, our joint venture agreement requires unanimous approval over all significant actions. In addition, if we were unable to resolve a dispute with our joint venture partner that retains material managerial veto rights, we might reach an impasse that could require us to dissolve the joint venture at a time and in a manner that could negatively affect our financial results. We entered into a partnership with a third party to develop demand for electric-powered aircraft that involves significant uncertainty and risk. We have entered into a strategic partnership with Eve **Holding, Inc. (" Eve ", formerly EVE** UAM **, LLC** , an Embraer company **)** , to develop a network of deployment for Eve ~~UAM~~ ' s eVTOL aircraft. To support this effort, SkyWest ~~and~~ **may provide assistance to** Eve ~~plan to dedicate a team to focus~~ on vehicle design, vertiport specifications ~~,~~ and the certification roadmap for eVTOL operations. This strategic partnership involves significant risks, including: ● development and certification of the aircraft is uncertain or may take longer than expected; ● future customer demand for eVTOL aircraft is uncertain; ● other parties are developing electric- powered aircraft and the level of competition may increase; ● the extent government regulation of eVTOL aircraft and its related infrastructure is uncertain, and the cost of compliance with any such regulations may be significant; ● we may not realize a satisfactory return on our investment; and ● our partner might fail to fulfill its obligations. The effect of any, or some combination, of the foregoing risks could affect our partnership with Eve and future benefits may not materialize. ~~In~~ **As of December 31,** ~~2022~~ **2023** , we ~~acquired 1~~ **held 399** , **589** ~~000, 000~~ shares of common stock of Eve ~~Holding, Inc. (" Eve ")~~ and a warrant giving us the right to acquire 1, 500, 000 shares of common stock of Eve at an exercise price of $ 0. 01 per share. The Company also ~~received~~ **holds** a put option from an Eve shareholder for **399** ~~the 1~~ , **589** ~~000, 000~~ shares of common stock of Eve payable in aircraft parts credits. ~~The Company acquired the shares of common stock, warrant and put option (collectively, the " Eve Investments ") for $ 10. 0 million.~~ At December 31, ~~2022~~ **2023** , the fair value of our **investments in** Eve ~~Investments~~ was $ ~~21~~ **15** . 4 million and **future** ~~24reductions~~ -- **reductions** in the trading market price of Eve' s common stock will likely negatively impact our ~~financial condition and~~ net income **. We have invested in Corporate Flight Management, Inc. d / b / a Contour Airlines (" Contour "), which involves significant risk and may not produce a satisfactory return on our investment. We have invested $ 9. 9 million as of December 31, 2023, in Contour, a 14 CFR Part 135 air carrier. This strategic investment involves significant risks, including: ● we may not realize a satisfactory return on our investment; ● the investment may divert management' s attention from our core business; and ● Contour could have investment goals that are not consistent with our investment objectives, including the timing, terms and strategies for any investments. The effect of any, or some combination, of the foregoing risks could negatively affect our financial results** . We are subject to various environmental requirements, including laws and regulations related to climate change and emissions. Compliance with new or existing environmental requirements could materially and adversely affect the Company' s business plans, strategies ~~,~~ and results of operations. We are subject to federal, state ~~,~~ and local laws and regulations relating to the protection of the environment, including those relating to aircraft and ground- based emissions, discharges into water systems, safe drinking water ~~,~~ and the management of hazardous substances and waste materials. Certain legislative bodies and regulatory authorities are increasingly focused on climate change and have taken actions to implement additional laws, regulations ~~,~~ and programs intended to protect the environment **and may require specific reporting requirements** . For example, the federal government, as well as several state and local governments, have implemented legislative and regulatory proposals and voluntary measures intended to reduce greenhouse gas emissions. Compliance with laws, regulations ~~,~~ and other programs ~~intended~~ **25intended** to reduce emissions or otherwise protect the environment may require us to reduce our emissions, secure carbon offset credits or otherwise pay for emissions ~~,~~ or make capital investments to modify certain aspects of our operations to reduce emissions. Future policy, legal ~~,~~ and regulatory developments relating to the protection of the environment could increase our costs and have a material adverse effect on our operations. We support our major airline partners' goals and strategies to reduce carbon emissions on flights we operate under our code- share agreements and, as we work to support each of our major airline partners' goals and strategies, initiatives to reduce emissions may not materialize and could materially and adversely affect the Company' s business plans, strategies ~~,~~ and results of operations. During ~~2022~~ **2023** , we produced approximately 5. ~~5~~ **0** million metric tons of CO_2e primarily from jet fuel emissions, using industry emissions factors for jet fuel gallons consumed on flights we operated under our code- share agreements. Under our flying contracts, our major airline partners are responsible for fuel procurement and selection of the type of aircraft we operate and have significant control over our flight schedules. Accordingly, we anticipate our major airline partners will take responsibility for carbon emissions incurred on our contract flights. Each of our major airline partners may have different goals, strategies and timelines to reduce carbon emissions on our flights. We are largely dependent on the direction from our major airline partners regarding long- term fuel saving initiatives such as engine innovations reducing fuel consumption, use of sustainable alternative fuels, carbon sequestration programs, air traffic flow routing efficiencies, among other initiatives. Each of our major airline partners may pursue alternative strategies and goals to reduce carbon emissions on flights we operate under our code- share agreements that may impact the rate at which we are able to reduce our carbon emissions, if at all. There is no assurance our major airline partners will take responsibility for carbon emissions incurred under our contract flights and no assurance future long- term fuel saving initiatives will materialize. In the event we pursue initiatives to reduce our carbon emissions, the cost could materially and adversely affect our business plans and results of operations. Risks Related to Dividends, Share Repurchases and Our Common StockWe cannot assure **that** we will resume dividend payments **in the future** and ~~/ or~~ **we cannot assure that we will continue** stock repurchases in the future. Historically, we have paid dividends and repurchased shares of our common stock in varying amounts. ~~During~~ **From April** 2020 ~~, 2021 and~~ through September 30, 2022, we were restricted from paying dividends and repurchasing shares of our common stock under ~~the~~ **three** Payroll Support Program ~~Agreement~~ **Agreements** and ~~the~~ **under a loan agreement with** Treasury ~~Loan Agreement~~ **. The Company did not declare a dividend during 2023 or 2022, following the restriction lapse** under ~~the Coronavirus Aid, Relief, and Economic Security Act (" CARES Act "),~~ the Payroll Support Program ~~Extension Agreement~~ **Agreements . During** ~~under the Consolidated Appropriations Act, 2021~~ **2023** ~~(~~ **, we resumed repurchasing shares of our common stock, and completed** the ~~"~~ **repurchase of 10. 6 million shares of common stock for $ 289. 1 million during the year ended December 31,** ~~2021~~ **2023** ~~Appropriations Act ") and the Payroll Support Program 3 Agreement under the American Rescue Plan Act of 2021 (the " American Rescue Plan Act ") with Treasury~~ . There can be no assurance that we will resume our past practice of paying dividends on our common stock or that we will have the financial resources to pay such dividends. The future payment of dividends ~~and the number of shares of common stock we may repurchase~~ will depend upon our financial condition **, alternative uses of the Company' s cash** and results of operations and other factors deemed relevant by our board of directors. ~~If~~ **There also can be no assurance that** we **will continue** ~~resume paying cash dividends or~~ **our** ~~resume~~ **practice of repurchasing shares of common stock or that we will have the financial resources to repurchase shares of common stock in the future. However, in May 2023, our board of directors approved** a share repurchase program, **pursuant to which we are authorized to repurchase up to $ 250 million of our common stock. We are authorized to repurchase** such **shares of common stock at prevailing market prices in the open market, in privately negotiated transactions or by other means in accordance with federal securities laws. Depending on market conditions and other factors, such repurchases may commence or be suspended from time to time by management without prior notice. The actual timing, number and value of shares repurchased will be determined by our management in its discretion. The number of shares of common stock that we may repurchase, including pursuant to the share repurchase program, will depend upon our financial condition and results of operations and other factors deemed relevant by our board of directors. Repurchases of our common stock pursuant to our share repurchase program and any future** dividends ~~and repurchases~~ could affect our stock price and increase its volatility. Additionally, ~~resuming~~ our share repurchase program and any ~~25future~~ -- **future** dividends ~~may~~ **26may** reduce our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. Our common stock price may fluctuate significantly. Volatility in our common stock price may prevent holders from selling shares at or above the prices paid for them. During the year ended December 31, ~~2022~~ **2023** , our common stock closing price varied between a high of $ ~~41~~ **52** . ~~83~~ **87** and a low of $ ~~14~~ **16** . ~~87~~ **43** . The market price of our common stock may fluctuate significantly for a variety of reasons, including: general market, political and other economic conditions **; labor availability, including regional airline pilots** ; new regulatory pronouncements or changes in regulatory guidelines; announcements concerning the airline industry, our major airline partners or competitors; the market' s reaction to our quarterly or annual earnings or those of other companies in the airline industry; failure to meet financial analysts' performance expectations or changes in recommendations by financial analysts for our common stock or the stock of other airlines; significant sales of our common stock, and other risks described in these " Risk Factors. " In recent periods, the stock market has experienced extreme declines and volatility, significantly impacting the market price of securities issued by many companies, including us and other companies in our industry. We issued warrants to purchase shares of our common stock to Treasury for relief we received under ~~the~~ **three** ~~CARES Act, the~~ **Payroll Support Program Agreements and a Loan Agreement with Treasury. During 2020 and** 2021 ~~Appropriations Act, and the American Rescue Plan Act. In 2020~~ , we issued warrants to **Treasury as consideration for payments received under the three Payroll Support Program Agreements and a loan agreement with Treasury. The warrants we issued to Treasury include: warrants to** purchase ~~370~~ **582** , ~~720~~ **136** shares of our common stock with an exercise price of $ 28. 38 per share ~~to Treasury as consideration for payroll support payments we received under the CARES Act payroll support program. Also~~ , ~~during 2020 we issued~~ warrants to purchase ~~211~~ **124** , ~~416~~ **773** shares of our common stock with an exercise price of $ ~~28~~ **40** . ~~38~~ **41** per share **and** ~~to Treasury as consideration for borrowing $ 60. 0 million under the Treasury Loan Agreement. In 2021, we issued~~ warrants to purchase ~~124~~ **78** , ~~773~~ **317** shares of our common stock with an exercise price of $ ~~40. 41 per share to Treasury as consideration for payroll support payments we received under the 2021 Appropriations Act. Additionally, in 2021 we issued warrants to purchase 78, 317 shares of our common stock with an exercise price of $~~ 57. 47 per share ~~to Treasury as consideration for payroll support~~

~~payments we received under the American Rescue Plan Act~~ . If Treasury exercises its option to purchase shares of our common stock under warrants previously issued to Treasury, such exercise will be dilutive to our shareholders. As of December 31, ~~2022~~ **2023** , Treasury has not exercised any of the warrants issued. Provisions of our charter documents and code- share agreements may limit the ability or desire of others to gain control of our Company. Our ability to issue shares of preferred and common stock without shareholder approval may have the effect of delaying or preventing a change in control and may adversely affect the voting and other rights of the holders of our common stock, even in circumstances where such a change in control would be viewed as desirable by most investors. The provisions of the Utah Control Shares Acquisitions Act may also discourage the acquisition of a significant interest in or control of our Company. Additionally, our code- share agreements contain termination and extension trigger provisions related to change in control type transactions that may have the effect of deterring a change in control of our Company. General Risk FactorsWe may be a party to litigation in the normal course of business or otherwise, which could affect our financial condition and results of operations. We may become party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, arising in the ordinary course of our business or otherwise, including, but not limited to those related to injury or tort, environmental, employment and commercial legal issues. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time- consuming ~~,~~ and disruptive to our operations. Although we will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. If a legal proceeding is resolved against us, it could result in significant compensatory damages or injunctive relief that could materially adversely affect our financial condition, results of operations and cash flows. ~~26~~ **27**