

Chip Childs AeroClub Remarks Washington, DC March 22, 2010

*"A View from the World's Largest Independently-Owned Regional Airline"*

Thank you for the opportunity to be here; it's a pleasure to speak in front of the key players in aviation today. I'd like to extend a special thanks to the Aero Club for the invitation and warm welcome, and to the RAA for the opportunity to be its Chairman. I've been RAA Chairman since November, and it's certainly been a busy few months. There's been a lot going on in the regional airline industry – intense competition, economic downturn and immense scrutiny have kept things particularly challenging. At SkyWest Airlines, we continue expanding our presence, from our Chicago hub as United Express and for the first time ever as SkyWest in partnership with AirTran Airways. What I've been working on these few months is indicative of what's happening in the industry, and I'd like to talk a little bit about some of that from my perspective at SkyWest Airlines.

As Chief Operating Officer of an airline, I get to fly in the jump seat on a regular basis. I'm fascinated by the miracle of flight, and I'm also spending a lot of time in the simulator as I work toward my pilot's license. SkyWest is headquartered in St. George, Utah – one of those cities where a regional airline is the sole air service provider. Recently I stepped into the flight deck to jumpseat and came upon a father and son. The father came to SkyWest as a second career after flying a Boeing 777 for a major airline. He was the First Officer. His son had been at SkyWest for over four years and was Captain of the aircraft. The professionalism and passion they each had for their careers and our passengers was evident as they completed the flight.

Certainly our priorities as a regional industry surround our focus to take good care of the passengers flying on our aircraft, and I'll be talking about some of those priorities today. First and foremost is our commitment to safety. There is no responsibility we take more seriously than safety – as an airline, as management and as an industry of professionals. We participate in numerous FAA-approved safety programs, and we've made a number of recommendations in the RAA's Strategic Safety Initiative to even further enhance safety industry-wide. As part of that initiative, we assembled a task force of member airlines' safety and operations directors to share best practices; launched an independent study through Washington State University's Sleep and Performance Research Center to determine the impact fatigue and other risk factors have on regional pilot performance; and created a Fatigue Awareness Management Program. Safety is and always has been our first priority as an industry. It's also important to remember that one level of safety is maintained industry wide: regional airlines are governed by the same federal regulations as all major airlines, and as regionals we exceed those federal safety standards – some of us by a very large measure.

The Captain in the flight deck with me the other day was one of 2,800 professional pilots employed at SkyWest, and nearly 20,000 professional pilots throughout the industry. At regional airlines throughout the country, these professionals safely operate thousands of flights every day, providing critical air service to 659 airports – and in 2008, carrying nearly 160 million passengers throughout North America. For 492 airports – 75% of all airports with scheduled air service in the U.S. – regional airlines are providing the *only* vital economic link to the rest of the world. We operate more than half the scheduled passenger flights in the United States. We establish partnerships in these communities, and support economic growth and development with critical air service. We also employ more than 56,000 aviation professionals who are active participants in the communities where they live and work. Regional aviation professionals across the country safely transport our passengers to their destinations every day.

When you look at the sheer scope of the air service regional airlines provide to more than half the nation's passengers, it's a pretty phenomenal contribution. It's important to understand the

critical transportation link that regional airlines provide, and how well we do it. At SkyWest Airlines, we operate more than 1,700 flights every day, and our commitment to safety is reflected in a very solid safety record extending nearly 38 years. When it comes to regulations for safety and training, we exceed them.

FAA Administrator Randy Babbitt has said “we simply cannot regulate professionalism.” I couldn’t agree more. Increased regulation doesn’t equal increased professionalism – or increased safety. In one of the most heavily regulated industries in the world, any additional regulation should be carefully evaluated, with input from operators and experts in the field, to ensure we meet our collective objective: to provide safe, reliable service. More regulation that provides additional administration with no real safety benefit is very clearly not the answer.

In fact, implementing the wrong regulations or restrictions could have the reverse impact of what they are actually meant to achieve. There’s no question better tools are necessary and welcome – not least of all an updated ATC system that would enhance safety, relieve congestion and create more efficient operations in some of our busiest airports. However, the wrong regulatory environment could severely cripple nearly 500 communities and the global access that more than half of the passengers in the country enjoy. As leaders in the industry, it’s time we understand the risks of defensive, reactionary regulation, and embrace an environment that allows airlines and operators to continue to proactively enhance our already-exceptional operations.

About a year and a half ago, SkyWest Airlines’ Flight Operations team saw an opportunity to reinforce and enhance our pilot training programs. So a team of pilot instructors researched, developed and implemented an Enhanced Leadership class for our captains – reinforcing to our pilots the importance of professionalism, leadership, judgment and decision-making, mentoring each other and their First Officers, and taking a step beyond crew resource management. Now don’t get me wrong, we have some incredible experience in our pilot ranks. In fact, on average, our captains have nearly 12,000 hours at SkyWest Airlines alone – and many came with previous airline or military aviation experience. Still, we continue to enhance the quality of the training and experience we provide. We have some of the most modern technologies available, and no one knows our aircraft and our crews like our airline. And since our Enhanced Leadership Class was launched last year, the FAA has approached us about possibly utilizing the curriculum industry-wide.

That’s just one enhancement that sets SkyWest Airlines apart. As regional airlines, we have the ability to respond quickly to and with our people to make improvements. Better than our larger counterparts, regional airlines have the ability to tap into the ingenuity of our people and foster an environment of continuous improvement. As a member of the management team, I probably spend 40 hours a month in the flight deck. And that’s in addition to the time I spend time on the ramp, in the cabin, and with our executive group touring our hubs throughout the year. You may wonder when I do my “real” job, but the truth is the time I spend with our people is some of my most valuable and an essential part of my responsibilities. At SkyWest Airlines, we work with our people to build solutions, improve our operation, and proactively address challenges in an industry where the only constant is change. I don’t want to give away all of our secrets, but I believe working together with our employees to respond to the challenges we face will be a critical part of the airline industry’s ability to survive – and regional airlines have the capability to do just that. That can’t be regulated.

Now, I’ve discussed the safety and professionalism of SkyWest Airlines and the regional airline industry as a whole today. But what you may not hear enough is the commitment that each of our employees has to our customers. These are true professionals who take pride in their work and care about providing the best possible flight experience. I’d like to briefly share a letter from

a Delta Platinum Medallion member that illustrates how much our people care about the customer.

*"I want to congratulate a crew on my flight from San Jose to Salt Lake City, on a Friday after a long week of meetings. The crew on that flight could not have done more to make passengers feel safe and well cared for. The Captain, Peter Graf set the tone by coming out of the cockpit to make announcements that normally are made from the cockpit. He gave us a rundown on the weather, a status as to why we were experiencing a slight delay in take off and told us that they were working with the tower to get a flight path that would help them make up the time. He then asked us to please give Milauna, the flight attendant our full attention. I usually just ignore the safety briefings, I am a Platinum Elite member and I have heard these a lot. But Captain Graf was so instructive on the importance of what Milauna was going to tell us that I believe the entire cabin paid attention.*

*When we landed in SLC, the Captain explained the terminal and the walk into the terminal. He and the crew said goodbye to each passenger and thanked us for flying. I have spent a lot of time strapped into airline seats, and this was one of the most enjoyable experiences that I have had. I am not sure how you pass kudos or thanks onto your team members but please let them know that they are doing an exceptional job.*

This is just one of the numerous letters I've received about the professionals who provide an essential part of the national transportation system. Delivering a safe, reliable and professional product to our passengers is critical to our business. Intense competition and domestic capacity reduction will continue to put pressure on the regional industry, and there's no question that regional airlines provide 75% of the nation's airports and air service. Without a doubt, this industry will continue to change, but at the center of our framework is a commitment to safety, reliability and professionalism, and to providing a vital service throughout North America.