MESA AIR GROUP INC
Form 424B4
August 10, 2018
Table of Contents

Filed pursuant to Rule 424(b)(4)

Registration No. 333-226173

PROSPECTUS

9,630,000 Shares

Mesa Air Group, Inc.

Common Stock

This is the initial public offering of our common stock. We are offering 9,630,000 shares.

The initial public offering price is $12.00 per share. Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol MESA.

We are an emerging growth company as defined under the federal securities laws, and, as such, we are subject to reduced public company reporting requirements. See *Prospectus Summary Implications of Being an Emerging Growth Company*.

Investing in our common stock involves risks. See *Risk Factors* beginning on page 19 to read about factors you should consider before buying shares of our common stock.

	Per Share	Total
Initial public offering price	$ 12.00	$ 115,560,000
Underwriting discounts and commissions[1]	$ 0.84	$ 8,089,200
Proceeds to us (before expenses)	$ 11.16	$ 107,470,800

(1) The underwriters will receive no underwriting discount or commission with respect to 900,000 shares sold to certain related parties. See the *Underwriting* section beginning on page 151 for additional information regarding underwriting compensation.

We and the selling shareholders identified in this prospectus have granted the underwriters the right to purchase up to an additional 1,444,500 shares of common stock at the initial public offering price, less underwriting discounts and commissions. The underwriters can exercise this option within 30 days from the date of this prospectus. If the overallotment option is exercised, an aggregate of up to 777,833 shares will be purchased directly from us, and an aggregate of up to 666,667 shares will be purchased directly from the selling shareholders. We will not receive any of the proceeds from the sale of any shares sold by the selling shareholders if the overallotment option is exercised.

Neither the Securities and Exchange Commission, nor any state securities commission, nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to the purchasers on or about August 14, 2018.

RAYMOND JAMES **BofA Merrill Lynch**

Cowen **Stifel** **Imperial Capital**

Prospectus dated August 9, 2018.

Table of Contents

i

Table of Contents

TABLE OF CONTENTS

	Page
PROSPECTUS SUMMARY	1
THE OFFERING	12
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA	14
RISK FACTORS	19
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	41
USE OF PROCEEDS	42
DIVIDEND POLICY	44
CAPITALIZATION	45
DILUTION	47
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA	49
OPERATING DATA	53
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	54
INDUSTRY BACKGROUND	85
BUSINESS	89
MANAGEMENT	104
EXECUTIVE COMPENSATION	114
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	130
PRINCIPAL AND SELLING SHAREHOLDERS	133
DESCRIPTION OF CAPITAL STOCK	138
SHARES ELIGIBLE FOR FUTURE SALE	143
MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS	147
UNDERWRITING	151
LEGAL MATTERS	159
EXPERTS	159
WHERE YOU CAN FIND MORE INFORMATION	159
GLOSSARY OF AIRLINE TERMS	160
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

We are responsible for the information contained in this prospectus or contained in any free writing prospectus prepared by or on behalf of us to which we have referred you. Neither we, the underwriters, nor the selling shareholders have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission and we take no responsibility for any other information that others may give you. We and the selling shareholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, operating results or financial condition may have changed since such date.

Until September 4, 2018 (25 days after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer s obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor any of the underwriters have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Table of Contents

We have obtained federal registration of the Mesa Airlines® trademark. American® and American Eagle® are trademarks of American Airlines, Inc. United® and United Express® are trademarks of United Airlines, Inc. All other trade names, trademarks, and service marks appearing in this prospectus are the property of their respective holders. We have omitted the ® and designations, as applicable, for the trademarks used in this prospectus.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of the offering, but does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, especially the risks of investing in our common stock described under Risk Factors. Unless the context otherwise requires, the terms we, us, our, the Company and Mesa refer to Mesa Air Group, Inc. and its predecessors, direct and indirect subsidiaries and affiliates. Our airline operations are conducted through our subsidiary, Mesa Airlines, Inc. (Mesa Airlines). Certain terms related to the airline industry are described under Glossary of Airline Terms at the end of this prospectus.

Our Company

Mesa Airlines is a regional air carrier providing scheduled passenger service to 110 cities in 38 states, the District of Columbia, Canada, Mexico, Cuba and the Bahamas. All of our flights are operated as either American Eagle or United Express flights pursuant to the terms of capacity purchase agreements we entered into with American Airlines, Inc. (American) and United Airlines, Inc. (United) (each, our major airline partner). We have a significant presence in several of our major airline partners key domestic hubs and focus cities, including Dallas, Houston, Phoenix and Washington-Dulles. We have been the fastest growing regional airline in the United States over our last five fiscal years, based on fleet growth, with a cumulative increase in aircraft of 137%.

As of March 31, 2018, we operated a fleet of 145 aircraft with approximately 610 daily departures. We operate 64 CRJ-900 aircraft under our capacity purchase agreement with American (our American Capacity Purchase Agreement) and 20 CRJ-700 and 60 E-175 aircraft under our capacity purchase agreement with United (our United Capacity Purchase Agreement). Over the last five calendar years, our share of the total regional airline fleet of American and United has increased from 7% to 11% and from 4% to 15%, respectively. Driven by this fleet growth, our total operating revenues have grown by 55% from $415.2 million in fiscal 2013 to $643.6 million in fiscal 2017, respectively. We believe we have expanded our share with our major airline partners because of our competitive cost structure, access to pilots under our labor agreements and track record of reliable performance. All of our operating revenue in our 2017 fiscal year and the six months ended March 31, 2018 was derived from operations associated with our American and United Capacity Purchase Agreements.

Our long-term capacity purchase agreements provide us guaranteed monthly revenue for each aircraft under contract, a fixed fee for each block hour and flight flown, and reimbursement of certain direct operating expenses, in exchange for providing regional flying on behalf of our major airline partners. Our capacity purchase agreements shelter us from many of the elements that cause volatility in airline financial performance, including fuel prices, variations in ticket prices, and fluctuations in number of passengers. In providing regional flying under our capacity purchase agreements, we use the logos, service marks, flight crew uniforms and aircraft paint schemes of our major airline partners. Our major airline partners control route selection, pricing, seat inventories, marketing and scheduling, and provide us with ground support services, airport landing slots and gate access, allowing us to focus all of our efforts on delivering safe, reliable and cost-competitive regional flying.

Regional aircraft are optimal for short and medium-haul scheduled flights that connect outlying communities with larger cities and act as feeders for domestic and international hubs. In addition, regional aircraft are well suited to serve larger city pairs during off-peak times when load factors on larger jets are low. The lower trip costs and operating efficiencies of regional aircraft, along with the

1

competitive nature of the capacity purchase agreement bidding process, provide significant value to major airlines. According to the Regional Airline Association, we were the fifth largest regional airline company in the United States in 2016, as measured by passenger enplanements, and our flights accounted for approximately 8.4% of all passengers carried on U.S. regional airlines.

Regional airlines play a daily, essential role in the U.S. air travel system. According to the Regional Airline Association, 42% of all scheduled passenger flights in the United States in 2016 were operated by regional airlines. Of all the U.S. airports with passenger airline service, 64% are served exclusively by regional airlines. Some of the most popular U.S. airports have more than half of all their flights on regional airlines, including New York-LaGuardia, Philadelphia, Washington-Dulles, Charlotte, Houston-Bush and Chicago-O Hare.

Our Competitive Strengths

We believe that our primary strengths are:

Low-Cost Operator. We believe that we are among the lowest cost operators of regional jet service in the United States. There are several key elements that contribute to our cost efficiencies:

Efficient Fleet Composition. We exclusively operate large regional aircraft with 70+ passenger seats on a single FAA certificate. Operating large regional aircraft allows us to enjoy unit cost advantages over smaller regional aircraft. Larger regional aircraft require less fuel and crew resources per passenger carried, and may also have maintenance cost efficiencies.

Cost Effective, Long-Term Collective Bargaining Agreements. Our pilots and flight attendants ratified new four-year collective bargaining agreements effective as of July 13, 2017 and October 1, 2017, respectively, which are among the longest in the regional airline industry and include labor rate structures through 2023 for our pilots and 2022 for our flight attendants. We believe that our collective bargaining agreements and favorable labor relationships are critical for pilot retention and will provide more predictable labor costs into 2023. We derive cost advantages from efficient work rules and the relatively low average seniority of our pilots.

Low Corporate Overhead. Our general and administrative expenses per block hour have decreased by more than 35% over the five-year period ended September 30, 2017. We have significantly reduced our overhead costs by operating with a modest administrative and corporate team, offering cost-effective benefit programs and implementing automated solutions to improve efficiency.

Competitive Procurement of Certain Operating Functions. We have long-term maintenance agreements with expirations extending from December 2020 to December 2027 with AAR Aircraft Services, Inc. (AAR), GE Engine Services, LLC (GE), StandardAero Limited (StandardAero), Aviall Services, Inc. (Aviall) and Bombardier Aerospace (Bombardier), respectively, to provide parts procurement, inventory and engine, airframe and component overhaul services. We expect that our long-term agreements with these and other strategic vendors will provide predictable high-quality and cost-effective solutions for most maintenance categories over the next several years. In prior periods, we also invested in long-term engine overhauls on

certain aircraft, which we believe will reduce related maintenance obligations in future periods.

Advantages in Pilot Recruitment and Retention. We believe that we are well positioned to attract and retain qualified pilot candidates. Following the ratification of our collective bargaining agreements in July 2017, the average number of new pilot applications per month has increased by 45.3%

2

compared to the six months prior to such ratification. In addition, our average pilot attrition has decreased by 16.2% over the same period.

The following chart presents our cumulative increase in new pilots who have completed training, net of attrition, from July 2017 through June 2018:

We believe that the increased number of new pilot applications per month will continue with the introduction of our Career Path Program (CPP) with United. In addition to offering competitive compensation, bonuses and benefits, we believe the following elements contribute to our recruiting advantage:

Career Path Program. We recently announced our CPP with United, which is designed to provide our qualified current and future pilots a path to employment as a pilot at United. We believe that our CPP will help us continue to attract qualified pilots, manage natural attrition and further strengthen our decades-long relationship with United.

Modern, Large-Gauged Regional Jets. We exclusively operate large regional aircraft with advanced flight deck avionics. We believe that pilot candidates prefer advanced flight deck avionics because they are similar to those found in the larger commercial aircraft types flown by major airlines.

Opportunities for Advancement. We believe that our career progression is among the most attractive in the regional airline industry. During fiscal 2017, our pilots had the opportunity to be promoted from first officer to captain in as little as 12 months.

Stable Labor Relations. Throughout our long operating history, we believe that we have had constructive relationships with our employees and their labor representatives. We have never been the subject of a labor strike or labor action that impacted our operations.

Enthusiastic and Supportive Culture. Our pilots helping pilots philosophy helps us attract, retain and inspire our next generation of pilots. Our team-oriented culture, as demonstrated by the mentorship of our senior pilots, is both encouraged and expected. We strive to create an environment for our personnel where open communication is customary and where we celebrate our successes together.

Table of Contents

Stable, Long-Term Revenue-Guarantee Capacity Purchase Agreements. We have long-term capacity purchase agreements with American and United that extend beyond 2020 for 94 of our 144 aircraft in scheduled service (with 34 aircraft expiring between June and December 2019 and 16 aircraft expiring between January and August 2020, if not extended prior to contract expiration). Both of our capacity purchase agreements are capacity purchase, rather than revenue sharing arrangements. This contractual structure provides us with a predictable revenue stream and allows us to increase our profit margin to the extent that we are able to lower our operating costs below the costs anticipated by the agreements. In addition, we are not exposed to price fluctuations for fuel, certain insurance expenses, ground operations or landing fees as those costs are either reimbursed under our capacity purchase agreements or paid directly to suppliers by our major airline partners.

Fleet Exclusively Comprised of Large, Efficient Regional Jets. We exclusively operate large regional aircraft with 70+ passenger seats. These aircraft are the highest in demand across the regional airline industry and provide us with best-in-class operating efficiencies, providing our major airline partners greater flexibility in route structuring and increased passenger revenues. As of March 31, 2018, we had 145 aircraft (owned and leased) consisting of the following:

	Embraer Regional Jet-175 (76 seats)(1)	Canadair Regional Jet-700 (70 seats)	Canadair Regional Jet-900 (76-79 seats)	Canadair Regional Jet-200 (50 seats)(2)	Total
American Eagle			64		64
United Express	60	20			80
Subtotal	60	20	64		144
Unassigned				1	1
Total	60	20	64	1	145

(1) In February 2018, we mutually agreed with United to temporarily remove two aircraft from service under our United Capacity Purchase Agreement. These aircraft were placed back in service in July 2018 and are reflected here.
(2) CRJ-200 is an operational spare not assigned for service under our capacity purchase agreements.

Longstanding Relationships with American and United. We began flying for United in 1991 and American, through its predecessor entities, in 1992. Since 2013, we have added 26 aircraft to our American Capacity Purchase Agreement and 60 aircraft to our United Capacity Purchase Agreement.

Strong Recent Record of Operational Performance. We were ranked the number one regional airline for on-time performance by DOT Air Travel Consumer Report for three of the first four months of 2018. In addition, we believe that we were the number one regional airline for on-time performance in 2016 and 2017 based on a comparison of our internal data to publicly available DOT data for reporting airlines. Under our capacity purchase agreements, we may receive financial incentives or incur penalties based upon our operational performance, including controllable on-time departures and controllable completion percentages.

Experienced, Long-Tenured Management Team. Our senior management team has extensive operating experience in the regional airline industry. Our Chief Executive Officer and President/Chief Financial Officer have served us in

senior officer positions since 1998, and our management team has helped us navigate through and emerge successfully from bankruptcy in early 2011. From 2013 to September 30, 2017, we have significantly grown the business in the following ways:

- achieved revenue growth of 55%;
- expanded the number of aircraft flown under our American Capacity Purchase Agreement from 38 to 64;

Table of Contents

expanded the number of aircraft flown under our United Capacity Purchase Agreement from 20 to 80;

closed the first enhanced equipment trust certificate (EETC) financing by a regional airline; and

improved our operating efficiencies and maintained our cost advantage.

Our Business Strategy

Our business strategy consists of the following elements:

Maintain Low-Cost Structure. We have established ourselves as a low-cost, efficient and reliable provider of regional airline services. We intend to continue our disciplined cost control approach through responsible outsourcing of certain operating functions, by flying large regional aircraft with associated lower maintenance costs and common flight crews across fleet types, and through the diligent control of corporate and administrative costs. Additionally, we expect our long-term collective bargaining agreements to protect us from significant labor cost increases over the next five years. These efficiencies, coupled with the low average seniority of our pilots, has enabled us to compete aggressively on price in our capacity purchase agreement negotiations.

Attractive Work Opportunities. We believe our employees have been, and will continue to be, a key to our success. Our ability to attract, recruit and retain pilots has supported our industry-leading fleet growth. We intend to continue to offer competitive compensation packages, foster a positive and supportive work environment and provide opportunities to fly state-of-the-art, large-gauged regional jets to differentiate us from other carriers and make us an attractive place to work and build a career.

Maintain a Prudent and Conservative Capital Structure. We intend to continue to maintain a prudent capital structure. We believe that the strength of our balance sheet and credit profile will enable us to optimize terms with lessors and vendors and, when preferred by our major airline partners, allow us to procure and finance aircraft on competitive terms. Also, once we complete this offering, our financial resources and publicly traded securities may allow us to take advantage of attractive acquisition opportunities should they arise. We may use a portion of the offering proceeds to purchase some of our leased aircraft. The purchase of leased aircraft would allow us to lower our operating costs and avoid lease-related use restrictions and return conditions.

Minimize Tail Risk. We have structured our aircraft leases and financing arrangements to minimize or eliminate, as much as possible, so-called tail risk, which is the amount of aircraft-related lease obligations or projected negative equity existing beyond the term of that aircraft s corresponding capacity purchase agreement. We currently have 18 aircraft with leases extending past the term of their corresponding capacity purchase agreements with an aggregate exposure of less than $33.0 million and no financing arrangements with projected negative equity. We intend to continue to align the terms of our aircraft leases and financing agreements with the terms of our capacity purchase agreements in order to maintain low tail risk.

Our Growth Opportunities

During our last five fiscal years, our total operating revenues grew at a compounded annual rate of 11.6% and our fleet size increased from 59 to 140 regional aircraft, a cumulative growth rate of 137%. We believe that our cost discipline, strong operational performance and financial resources will provide additional opportunities to expand our operations, including:

Expand Flying With New and Existing Airline Partners. We enjoy strong relationships with our major airline partners and have significantly expanded our fleet size and flight operations with

5

Table of Contents

American and United over the last five years. As the demand for air travel among our major airline partners continues to grow, we expect to have the opportunity to increase our flight services for each major airline partner. In addition, over the next five years, we expect that capacity purchase agreements representing up to 300 aircraft currently flown by our competitors on behalf of major airlines will expire by their terms and be subject to rebidding or replacement by more desirable types of aircraft. We believe that our cost structure and operational efficiencies position us well to compete for this flying. Additionally, we intend to pursue opportunities to provide regional flying to other major airlines with hub cities that do not overlap with our existing major airline partners. In addition, if a market for regional flying on behalf of low-cost and ultra low-cost carriers materializes, we believe that we are well positioned to partner with them, as one of the lowest cost regional airlines in the United States.

Acquisitions of Other Regional Airlines. In the future, we may evaluate the strategic acquisition of other regional air carriers. The opportunity to make an acquisition may arise if, for example, a major airline makes a divestiture of a captive regional airline, as major airlines have done in the past.

Opportunities in the Air Cargo and Express Package Sector. We believe that our cost structure and business model may be successfully deployed in the burgeoning air cargo and express shipping sectors. Amazon.com, Inc. and several of the largest integrated logistics companies, including United Parcel Service, Inc., FedEx Corporation and DHL International GmbH, utilize contractual arrangements similar to our capacity purchase agreements with regional air cargo carriers to service outlying areas. We intend to explore future regional air cargo opportunities.

Regulatory Relief. We actively support the efforts of trade organizations, industry leaders, policymakers and other airlines to encourage regulatory reforms related to the current shortage of qualified pilots, lowering the cost of pilot training and providing access to air service for small communities. While the regulatory reform agenda and policies of the current administration are not fully known, it is possible that favorable regulatory changes may take place. We believe that favorable regulatory changes by the current administration, were they to occur, could increase the number of qualified pilots, lower our operating costs and create incremental opportunities for us with our existing and other potential future major airline partners.

Recent Developments

Buyout of Leased Aircraft and Refinancing

On June 27, 2018, we refinanced $16.0 million of debt on six CRJ-900 aircraft (due in 2019), with $27.5 million of debt, resulting in net cash proceeds to us of $10.4 million after transaction related fees. The notes payable require quarterly payments of principal and interest through fiscal 2022 bearing interest at LIBOR plus 3.50%. We expect that these new borrowings will increase our interest expense by approximately $1.0 million per year through fiscal 2021.

On June 28, 2018, we purchased nine CRJ-900 aircraft, which were previously leased under the GECAS Lease Facility (as defined below), for $76.5 million. We financed the aircraft purchase with $69.6 million in new debt and proceeds from the June 27, 2018 aircraft refinancing. The notes payable of $69.6 million require quarterly payments of principal and interest through fiscal 2022 bearing interest at LIBOR plus a spread ranging from 3.50% for the senior promissory notes to 7.50% for the subordinated promissory notes (those notes, the Subordinated GECAS Notes). We recorded non-cash lease termination expense of $15.1 million in connection with the lease buyout. Also, as part of the transaction, we (i) received $4.5 million of future goods and services credits and $5.6 million of loan

forgiveness for loans with a maturity date in 2027 from the aircraft manufacturer, and (ii) mutually agreed with GE Capital Aviation Services LLC to terminate a warrant to purchase 250,000 shares of our common stock with an exercise price of $3.20 per share and a five-year maturity (the GE Warrant). We expect that this lease buyout and aircraft acquisition will increase our pre-tax income by approximately $5.5 million per year through fiscal 2021.

Third Quarter 2018 Outlook

Our condensed consolidated financial statements for the quarter ended June 30, 2018 are not yet available. We have presented preliminary estimated ranges of certain of our financial results and operating data below for the quarter ended June 30, 2018 based on information currently available to management. Our financial closing procedures for the quarter ended June 30, 2018 are not yet complete. As a result, our actual results for the quarter ended June 30, 2018 may differ materially from the preliminary estimated financial results set forth below upon the completion of our financial closing procedures, final adjustments, and other developments that may arise prior to the time our financial results are finalized. You should not place undue reliance on these estimates. The preliminary estimated financial results and operating data set forth below have been prepared by, and are the responsibility of, management and are based on a number of assumptions. Our independent registered certified public accounting firm, Deloitte & Touche LLP, has not audited, reviewed, compiled, or performed any procedures with respect to the preliminary estimated financial results. Accordingly, Deloitte & Touche LLP does not express an opinion or provide any other form of assurance with respect thereto. See *Risk Factors*, *Management s Discussion and Analysis of Financial Condition and Results of Operations*, and *Cautionary Note Regarding Forward-Looking Statements* for additional information regarding factors that could result in differences between the preliminary estimated ranges of certain of our financial results and operating data presented below and the actual financial results we will report for the quarter ended June 30, 2018.

Our preliminary estimated ranges of certain of our financial results include a one-time, non-cash lease termination expense of $15.1 million related to our acquisition of nine CRJ-900 aircraft, which were previously leased under our GECAS Lease Facility, for $76.5 million. See *Buyout of Leased Aircraft and Refinancing* and *Management s Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contractual Obligations* for additional information regarding the aircraft acquisition and refinancing.

Our preliminary estimated ranges of certain of our financial results reflect a one-time, non-cash increase in accrued compensation of approximately $14.2 million related to an increase in the value of our stock appreciation rights (SARs) associated with an increase in fair value of our common stock as well as a change in accounting methodology from the intrinsic value method to the fair value method as described in *Management s Discussion and Analysis of Financial Condition and Results of Operations Accounting Methodology for Stock Appreciation Rights.* These changes will result in a general and administrative expense of approximately $11.7 million as well as an offset of approximately $2.5 million to retained earnings as a result of the change in accounting methodology.

The preliminary estimated financial results set forth below should not be viewed as a substitute for full financial statements prepared in accordance with generally accepted accounting principles in the United States (GAAP). We will not publicly file our actual condensed consolidated financial statements and related notes for the quarter ended June 30, 2018 with the U.S. Securities and Exchange Commission (the SEC) until after completion of this offering. In addition, the preliminary estimated financial results set forth below are not necessarily indicative of results we may achieve in any future period. While we currently expect that our actual results will be within the ranges described below, it is possible that our actual results may not be within the ranges we currently estimate. Refer to

7

Table of Contents

Management s Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding our historical financial results.

We have presented the following preliminary estimated ranges of certain of our financial results for the quarter ended June 30, 2018:

	Quarter Ended June 30, 2018	
	Low	**High**
	(in thousands)	
Consolidated Statements of Operations Data:		
Operating revenues:		
Contract revenue	$ 159,700	$ 159,700
Pass-through and other	11,800	11,800
Total operating revenues	171,500	171,500
Total operating expenses	174,300	171,300
Operating (loss) income	(2,800)	200
Total other expense	(14,100)	(14,100)
Loss before taxes	(16,900)	(13,900)
Non-GAAP financial data:		
Loss before taxes	(16,900)	(13,900)
Revaluation of liability awards	12,000	10,000
Lease termination costs	15,100	15,100
Income before taxes, excluding lease termination costs and revaluation of liability awards	$ 10,200	$ 11,200
Adjusted EBITDA(1)	$ 40,300	$ 41,300
Adjusted EBITDAR(1)	$ 58,200	$ 59,200

(1) We define Adjusted EBITDA as earnings before interest, income taxes, and depreciation and amortization, adjusted for the impact of revaluation of liability awards and lease termination costs. We define Adjusted EBITDAR as earnings before interest, income taxes, depreciation and amortization and aircraft rent, adjusted for the impact of revaluation of liability awards and lease termination costs. The most directly comparable GAAP measure is income before taxes.

We present Adjusted EBITDA and Adjusted EBITDAR, which are not recognized financial measures under GAAP, as supplemental disclosures because our senior management believes that these are well recognized valuation metrics in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing companies in our industry. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA and Adjusted EBITDAR, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA and Adjusted EBITDAR. Our presentation of Adjusted EBITDA and Adjusted EBITDAR should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA or Adjusted EBITDAR following this offering, and any such modification may be material.

Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: (i) Adjusted EBITDA and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; (ii) Adjusted EBITDA and Adjusted EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (iii) Adjusted EBITDA and Adjusted EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; (iv) Adjusted EBITDA and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and (vi) Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements for such replacements and other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA and Adjusted EBITDAR should not be considered in isolation or as a substitute for

Table of Contents

performance measures calculated in accordance with GAAP. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of Adjusted EBITDA and Adjusted EBITDAR has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table presents a reconciliation of income before taxes to estimated Adjusted EBITDA and Adjusted EBITDAR for the period presented.

	Quarter Ended June 30, 2018	
	Low	**High**
	(in thousands)	
Reconciliation:		
Loss before taxes	$ (16,900)	$ (13,900)
Revaluation of liability awards	12,000	10,000
Lease termination costs	15,100	15,100
Interest expense	14,100	14,100
Depreciation and amortization	16,000	16,000
Adjusted EBITDA	40,300	41,300
Aircraft rent	17,900	17,900
Adjusted EBITDAR	58,200	59,200

	Quarter Ended June 30, 2018	
	Low	**High**
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 41,700	$ 41,700
Accrued compensation	24,000	22,000
Long-term debt, including current portion	994,100	994,100

	Quarter Ended June 30, 2018
Operating Data	
Block hours	102,939
Departures	57,782

Effectiveness of Stock Split and Increase in Authorized Shares

On August 8, 2018, we filed our second amended and restated articles of incorporation, which, among other things: (i) effected a 2.5-for-1 stock split of our common stock; and (ii) increased the authorized number of shares of our

common and preferred stock to 125,000,000 and 5,000,000, respectively. Except as otherwise noted, all references to share and per share amounts related to common stock, equity awards and non-equity awards in this prospectus, our consolidated financial statements and our condensed consolidated financial statements reflect the stock split and increase in authorized shares.

Table of Contents

Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this prospectus titled Risk Factors immediately following this prospectus summary. These risks include, but are not limited to:

- the supply and retention of qualified airline pilots;
- the volatility of pilot attrition;
- dependence on, changes to, or non renewal of, our capacity purchase agreements;
- increases in our labor costs;
- reduced utilization under our capacity purchase agreements;
- the financial strength of our major airline partners;
- direct operation of regional jets by our major airline partners;
- limitations on our ability to expand regional flying within the flight systems of our major airline partners and those of other major airlines;
- our significant amount of debt and other contractual obligations;
- our compliance with ongoing financial covenants under our credit facilities; and
- our ability to keep costs low and execute our growth strategies.

Corporate Information

We are a Nevada corporation with our principal executive office in Phoenix, Arizona. We were founded in 1982 and reincorporated in Nevada in 1996. In addition to operating Mesa Airlines, we also wholly own Mesa Air Group Airline Inventory Management, LLC, (MAG-AIM), an Arizona limited liability company, which was established to purchase, distribute and manage Mesa Airlines inventory of spare rotable and expendable parts. MAG-AIM s financial results are reflected in our consolidated financial statements.

Our principal executive offices are located at 410 North 44th Street, Suite 700, Phoenix, Arizona 85008, and our telephone number is (602) 685-4000. Our website is located at www.mesa-air.com. The information on, or accessible through, our website does not constitute part of, and is not incorporated into, this prospectus.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act (the JOBS Act), enacted in April 2012. An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act);

10

Table of Contents

- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a large accelerated filer, our annual gross revenue exceeds $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our shareholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Table of Contents

THE OFFERING

Common stock offered by us	9,630,000 shares.
Common stock to be outstanding after the offering	34,131,142 shares (or 34,908,975 shares, if the underwriters exercise in full their overallotment option as described below).
Underwriters option to purchase additional shares	We and the selling shareholders may sell up to an aggregate of 1,444,500 additional shares if the underwriters exercise their option to purchase additional shares.
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $104.9 million (or approximately $113.6 million if the underwriters exercise their overallotment option) after deducting estimated underwriting discounts and commissions and estimated expenses of this offering payable by us.
	We intend to use the net proceeds from this offering to: (i) repay all outstanding indebtedness under our CIT Revolving Credit Facility in the amount of $25.7 million; (ii) repay from $20.0 to $40.0 million of existing indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes; and (iii) in connection with the repayment, refinance the remaining portion of indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes. For a further description of our CIT Revolving Credit Facility, Spare Engine Facility and Subordinated GECAS Notes, see *Management s Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contractual Obligations* elsewhere in this prospectus. We intend to use any remaining proceeds for general corporate purposes, which may include the repayment or refinancing of indebtedness, working capital and capital expenditures, including flight equipment acquisitions and lease buyouts. See *Use of Proceeds*.
	We will not receive any of the proceeds from the sale of any shares sold by the selling shareholders if the underwriters exercise their option to purchase additional shares. See *Principal and Selling Shareholders*.
Risk factors	See *Risk Factors* beginning on page 19 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

NASDAQ trading symbol	MESA

Table of Contents

The number of shares of our common stock outstanding after this offering is based on 12,394,215 shares outstanding as of March 31, 2018, 10,890,905 shares issuable upon exercise of warrants with an exercise price of $0.004 per share, 250,000 shares issuable upon exercise of warrants with an exercise price of $3.20 per share (which were terminated in June 2018) and 966,022 shares of restricted common stock to be issued under our 2018 Equity Incentive Plan (the 2018 Plan) immediately following the completion of this offering in exchange for vested SARs previously issued under the Mesa Air Group, Inc. Amended and Restated Stock Appreciation Rights Plan (the SAR Plan), and excludes:

- 744,497 awarded and unvested shares of common stock under the Mesa Air Group, Inc. 2011 Stock Incentive Plan (the 2011 Plan) as of March 31, 2018;
- 20,843 awarded and unvested shares of common stock under the Mesa Air Group, Inc. 2017 Stock Plan (the 2017 Plan) as of March 31, 2018;
- 323,048 awarded and unvested restricted stock units under the Mesa Air Group, Inc. Restricted Phantom Stock Units Plan (the RSU Plan) as of March 31, 2018; and
- 300,012 shares of restricted common stock to be issued under our 2018 Plan, in exchange for unvested SARs previously issued under our SAR Plan.

We expect that an aggregate of 105,275 shares will vest under our 2011 Plan, 2017 Plan and RSU Plan, net of new awards granted, between March 31, 2018 and the completion of this offering. In addition, immediately following the completion of this offering, the remaining unvested equity awards then outstanding under the 2011 Plan, 2017 Plan and RSU Plan will be cancelled and exchanged for 983,113 shares of restricted common stock under our 2018 Plan, and will remain subject to vesting on the same terms set forth in the prior vesting schedules. The SARs previously issued under our SAR Plan, which currently settle only in cash, will be cancelled and exchanged for an aggregate of 1,266,034 shares of restricted common stock under our 2018 Plan (collectively, the 2018 Plan Issuances), of which 966,022 will be fully vested upon issuance and are included in the number of shares of our common stock outstanding after this offering. See *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus.

Except as otherwise indicated, information in this prospectus reflects or assumes the following:

- the filing and effectiveness of our second amended and restated articles of incorporation in Nevada and the adoption of our amended and restated bylaws, each of which occurred on August 8, 2018;
- no exercise of the underwriters option to purchase up to 1,444,500 additional shares of our common stock from us and the selling shareholders; and
- a 2.5-for-1 forward stock split of our common stock effected on August 8, 2018.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables summarize the financial and operating data for our business for the periods presented. You should read this summary consolidated financial data in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

The summary historical consolidated statement of operations data for our fiscal years ended September 30, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated balance sheet data for the six months ended March 31, 2018 has been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The summary historical consolidated statements of operations data for our fiscal years ended September 30, 2013, 2014 and 2015 have been derived from our consolidated financial statements that are not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the six months ended March 31, 2018 are not indicative of the results expected for the full year.

	Year Ended September 30,					Six Months Ended March 31,	
	2013[1]	**2014[1]**	**2015**	**2016**	**2017**	**2017**	**2018**
	(in thousands, except per share data)						
Operating revenues:							
Contract revenue	$ 382,125	$ 407,408	$ 481,168	$ 569,373	$ 618,698	$ 309,711	$ 310,904
Pass-through and other	33,131	28,617	24,931	18,463	24,878	9,619	21,420
Total operating revenues	**415,256**	**436,025**	**506,099**	**587,836**	**643,576**	**319,330**	**332,324**
Operating expenses:							
Flight operations	78,685	93,092	118,600	141,422	155,516	72,349	103,807
Fuel	13,531	6,092	1,017	753	766	400	198
Maintenance	102,473	123,506	142,643	225,130	210,729	117,422	105,756
Aircraft rent	77,243	80,942	69,083	71,635	72,551	36,060	36,582
Aircraft and traffic servicing	28,363	20,817	13,274	3,936	3,676	1,580	1,744
Promotions and sales[2]	5,406	2,795	11				
General and administrative	31,598	34,501	39,940	42,182	38,996	20,676	21,267
Depreciation and amortization	32,945	33,425	42,296	46,020	61,048	29,600	31,598
Asset impairment	7,942						
	378,186	**395,170**	**426,864**	**531,078**	**543,282**	**278,087**	**300,952**

Total operating expenses							
Operating income	**37,070**	**40,855**	**79,235**	**56,758**	**100,294**	**41,243**	**31,372**
Other (expense) income, net:							
Interest expense	(9,043)	(9,881)	(16,984)	(32,618)	(46,110)	(21,840)	(27,474)
Interest income	71	14	21	325	32	15	19
Other income (expense), net	2,458	(475)	975	381	(514)	(394)	(102)
Total other (expense) income, net	**(6,514)**	**(10,342)**	**(15,988)**	**(31,912)**	**(46,592)**	**(22,219)**	**(27,557)**
Income before taxes	30,556	30,513	63,247	24,846	53,702	19,024	3,815
Income tax (benefit) expense	(11,078)	11,749	24,248	9,926	20,874	7,110	(21,181)
Net income	**$ 41,634**	**$ 18,764**	**$ 38,999**	**$ 14,920**	**$ 32,828**	**$ 11,914**	**$ 24,996**
Net income per share attributable to common shareholders:							
Basic[3]	$ 5.83	$ 2.53	$ 5.03	$ 1.56	$ 3.01	$ 1.11	$ 2.18
Diluted[3]	$ 1.81	$ 0.82	$ 1.61	$ 0.62	$ 1.40	$ 0.51	$ 1.06
Pro forma net income per share attributable to common shareholders (unaudited)[4]:							
Basic					$ 1.61		$ 1.24
Diluted					$ 1.00		$ 0.78
Weighted-average common shares outstanding:							
Basic	7,146,165	7,425,165	7,749,665	9,558,242	10,918,527	10,780,678	11,441,271
Diluted	23,029,960	22,983,286	24,161,935	24,082,114	23,385,778	23,443,541	23,562,884
Non-GAAP financial data:							
EBITDA[5]	$ 72,473	$ 73,805	$ 122,506	$ 103,159	$ 160,828	$ 70,449	$ 62,868

EBITDAR[5]	$	149,716	$	154,747	$	191,589	$	174,794	$	233,379	$	106,509	$	99,450

Table of Contents

(1) Our operations data for our fiscal years ended September 30, 2013 and 2014 include results from our historical *go!* operations. We operated *go!* as an inter-island air carrier in Hawaii from 2006 to 2014.
(2) Promotion and sales primarily consists of reservations and marketing costs related to our historical *go!* operations. We do not pay promotion and sales expenses under our capacity purchase agreements.
(3) See Note 10 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the basic and diluted earnings per share.
(4) Pro forma net income per share attributable to common shareholders data is presented for our fiscal year ended September 30, 2017 and the six months ended March 31, 2018 to give effect to: (i) the issuance of 9,630,000 shares of our common stock pursuant to this offering; (ii) our application of the net proceeds from this offering as set forth under *Use of Proceeds*, based on the initial public offering price of $12.00 per share; and (iii) the issuance of shares of restricted common stock under our 2018 Plan immediately following the completion of this offering as part of the 2018 Plan Issuances. For a description of the method used to calculate the number of shares of restricted common stock to be issued under the 2018 Plan immediately after this offering, see *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus. See *Use of Proceeds* for a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds. This pro forma net income per share attributable to common shareholders data is presented for informational purposes only and does not purport to represent what our pro forma net income (loss) or net income (loss) per share attributable to common shareholders actually would have been had this offering or the 2018 Plan Issuances been completed on October 1, 2016, or to project our net income or net income per share attributable to common shareholders for any future period.
(5) We define EBITDA as earnings before interest, income taxes, and depreciation and amortization. We define EBITDAR as earnings before interest, income taxes, depreciation and amortization and aircraft rent. EBITDA and EBITDAR are included as supplemental disclosure because our senior management believes that they are well recognized valuation metrics in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing companies in our industry.

EBITDA and EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: (i) EBITDA and EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; (ii) EBITDA and EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (iii) EBITDA and EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; (iv) EBITDA and EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; and (vi) EBITDA and EBITDAR do not reflect any cash requirements for such replacements and other companies in our industry may calculate EBITDA and EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, EBITDA and EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. In addition, EBITDAR should not be viewed as a measure of overall performance because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of EBITDA and EBITDAR has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table sets forth a reconciliation of net income and basic and diluted shares used to calculate pro forma basic and diluted net income per share attributable to common shareholders:

	Year Ended September 30, 2017	Six Months Ended March 31, 2018
	(in thousands, except per share data)	
Reconciliation:		
Net income	$ 32,828	$ 24,996
Pro forma adjustment to reflect reduction of interest expense related to the repayment of outstanding indebtedness under our CIT Revolving Credit Facility	270	742
Pro forma adjustment to reflect reduction of interest expense related to partial repayment and refinancing of our Spare Engine Credit Facility and Subordinated GECAS Notes[1]	2,606	2,241
Pro forma adjustment to reflect tax effect at statutory rates[2]	(1,007)	(732)
Total pro forma adjustment[3]	1,869	2,251
Net income used in calculating pro forma net income per share attributable to common shareholders, basic and diluted	$ 34,697	$ 27,247

Table of Contents

	Year Ended September 30, 2017		Six Months Ended March 31, 2018	
	(in thousands, except per share data)			
Weighted average shares outstanding used to calculate net income per share attributable to common shareholders, basic		10,918,527		11,441,271
Pro forma adjustment to reflect issuance of 9,630,000 shares of our common stock pursuant to this offering		9,630,000		9,630,000
Pro forma adjustment to reflect issuance of shares of restricted common stock under our 2018 Plan in exchange for vested SARs		966,022		966,022
Weighted average shares used to calculate pro forma net income per share attributable to common shareholders, basic		21,514,549		22,037,293
Effect of dilutive warrants and unvested shares of common stock		12,467,250		12,121,613
Pro forma effect of dilutive issuance of shares of restricted common stock under our 2018 Plan in exchange for unvested SARs and unvested restricted stock units		736,338		736,338
Weighted average shares used to calculate pro forma net income per share attributable to common shareholders, diluted		34,718,137		34,895,244
Pro forma net income per share attributable to common shareholders:				
Basic	$	1.61	$	1.24
Diluted		1.00		0.78

(1) We have received a nonbinding financing letter relating to a proposed refinancing of the Spare Engine Credit Facility and Subordinated GECAS Notes, which, if completed, would reduce the applicable interest rate from LIBOR plus a spread ranging from 7.25% to 7.50% to LIBOR plus 4.0%. For each 1/8 percent variance in the applicable interest rates in excess of LIBOR plus 4.0%, pro forma interest expense would change by approximately $0.05 million and $0.04 million, respectively, for the periods presented.

(2) We have used a blended federal statutory income tax rate of 24.5% on taxable income earned during our 2018 fiscal year as a result of the Tax Cuts and Jobs Act (the Tax Act). For our 2017 fiscal year, we used a federal statutory income tax rate of 35%.

(3) See *Use of Proceeds* for a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds.

The following table presents the reconciliation of net income to EBITDA and EBITDAR for the periods presented below:

	Year Ended September 30,					Six Months Ended March 31,	
	2013	2014	2015	2016	2017	2017	2018
	(in thousands)						

Reconciliation:							
Net income	$ 41,634	$ 18,764	$ 38,999	$ 14,920	$ 32,828	$ 11,914	$ 24,996
Interest expense	9,043	9,881	16,984	32,618	46,110	21,840	27,474
Interest income	(71)	(14)	(21)	(325)	(32)	(15)	(19)
Income tax expense (benefit)	(11,078)	11,749	24,248	9,926	20,874	7,110	(21,181)
Depreciation and amortization	32,945	33,425	42,296	46,020	61,048	29,600	31,598
EBITDA	72,473	73,805	122,506	103,159	160,828	70,449	62,868
Aircraft rent	77,243	80,942	69,083	71,635	72,551	36,060	36,582
EBITDAR	149,716	154,747	191,589	174,794	233,379	106,509	99,450

Table of Contents

The following table presents our historical balance sheet data as of March 31, 2018:

	As of March 31, 2018	
	Actual	Pro Forma[1]
	(in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 52,699	$ 101,936
Total assets	1,342,638	1,391,875
Long-term debt, including current portion	929,029	873,379
Shareholders equity	248,705	354,650

(1) The unaudited adjusted pro forma consolidated balance sheet gives effect to: (i) the issuance of 9,630,000 shares of our common stock pursuant to this offering; (ii) our application of the net proceeds from this offering as set forth under *Use of Proceeds*, based on the initial public offering price of $12.00 per share; and (iii) the issuance of 966,022 shares of restricted common stock under our 2018 Plan immediately following the completion of this offering as part of the 2018 Plan Issuances. For a description of the method used to calculate the number of shares of restricted common stock to be issued under the 2018 Plan immediately after this offering, see *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus. See *Use of Proceeds* for a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds.

Table of Contents

OPERATING DATA

The following table summarizes certain operating data that we believe are useful indicators of our operating performance for our fiscal years ended September 30, 2013, 2014, 2015, 2016 and 2017, respectively, and the six months ended March 31, 2017 and 2018. The definitions of certain terms related to the airline industry used in the table can be found under *Glossary of Airline Terms* at the end of this prospectus.

	Year Ended September 30,					Six Months Ended March 31,	
	2013[1]	2014[1]	2015	2016	2017	2017	2018
Operating Data							
Block hours	206,431	225,720	308,681	368,468	395,083	199,303	195,559
Departures	134,805	140,165	172,033	208,399	221,990	109,419	107,043
Passengers	7,872,574	8,520,917	10,632,903	12,497,424	13,005,844	6,393,651	6,332,521
Available seat miles ASMs (thousands)	4,283,272	4,932,516	7,356,450	8,823,595	9,471,911	4,828,892	4,621,380
Revenue passenger miles RPMs (thousands)	3,703,837	4,103,834	6,019,316	7,019,586	7,392,688	3,759,481	3,640,092
Contract revenue per available seat mile CRASM (in cents)	¢ 8.92	¢ 8.26	¢ 6.54	¢ 6.45	¢ 6.53	¢ 6.41	¢ 6.73
Operating cost per available seat mile CASM (in cents)	¢ 8.83	¢ 8.01	¢ 5.80	¢ 6.02	¢ 5.74	¢ 5.76	¢ 6.51
Average stage length (miles)	452	475	565	557	561	580	567
Regional aircraft							
Owned	23	40	47	64	66	66	66
Leased	48	37	37	37	37	37	37
Leased from United		7	30	30	37	30	42
Total aircraft	71	84	114	131	140	133	145
E-175	0	7	30	46	55	48	60
CRJ-900	47	57	63	64	64	64	64
CRJ-700	20	20	20	20	20	20	20
CRJ-200	4	1	1	1	1	1	1
Employees (FTE)	1,819	2,186	2,766	3,102	3,132	3,073	3,229

(1) Our operations data for our fiscal years ended September 30, 2013 and 2014 include results from our historical *go!* operations. We operated *go!* as an inter-island air carrier in Hawaii from 2006 to 2014.

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of these risks should occur, our business, results of operations, financial condition or growth prospects could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Business

The supply of pilots to the airline industry is limited and may negatively affect our operations and financial condition.

In July 2013, as directed by the U.S. Congress, the FAA issued more stringent pilot qualification and crew member flight training standards, which increased the required training time for new airline pilots (the FAA Qualification Standards). The FAA Qualification Standards, which became effective in August 2013, require first officers to hold an Airline Transport Pilot (ATP) certificate, requiring 1,500 hours total flight time as a pilot. Previously, first officers were required to have only a commercial pilot certificate, which required 250 hours of flight time. The rule also mandates stricter rules to minimize pilot fatigue. The FAA Qualification Standards (and associated regulations) have dramatically reduced the supply of qualified pilot candidates and has had a negative effect on pilot scheduling, work hours and the number of pilots required to be employed for our operations. To address the diminished supply of qualified pilot candidates, regional airlines, including us, implemented significant pilot wage and bonus increases. The impact of the FAA Qualification Standards (and associated regulations) has substantially increased our labor costs and may continue to negatively impact our operations and financial condition.

In prior periods, the FAA Qualification Standards have negatively impacted our ability to hire pilots at a rate sufficient to support required utilization levels under our American Capacity Purchase Agreement, and, as a result, we have issued credits to American pursuant to the terms of our American Capacity Purchase Agreement. For our fiscal year ended September 30, 2017, and the six-month period ended March 31, 2018, we issued credits of approximately $6.0 million and $3.9 million, respectively, under the American Capacity Agreement. Also, in February 2018, we mutually agreed with United to temporarily remove two aircraft from service under our United Capacity Purchase Agreement. In July 2018, we were able to fully staff flight operations and these aircraft were placed back into service under our United Capacity Purchase Agreement. See *Business Capacity Purchase Agreements.* If we are unable to maintain a sufficient number of qualified pilots to operate our scheduled flights, we may need to request reduced flight schedules with our major airline partners and incur monetary performance penalties under our capacity purchase agreements.

In addition, our operations and financial condition may be negatively impacted if we are unable to train pilots in a timely manner. Due to the industry-wide shortage of qualified pilots, driven by the increased flight hours requirements under the FAA Qualification Standards and attrition resulting from the hiring needs of other airlines, pilot training timelines have significantly increased and stressed the availability of flight simulators, instructors and related training equipment. As a result, the training of our pilots may not be accomplished in a cost-efficient manner or in a manner timely enough to support our operational needs.

Table of Contents

Pilot attrition may continue to negatively affect our operations and financial condition.

In recent years, we have experienced significant volatility in our attrition as a result of pilot wage and bonus increases at other regional air carriers, the growth of cargo, low-cost and ultra low-cost carriers and the number of pilots at major airlines reaching the statutory mandatory retirement age of 65 years. Following the ratification of our new collective bargaining agreement in July 2017, our average pilot attrition per month has decreased by 16.2% compared to the six months prior to the ratification. We believe that we will maintain our pilot attrition rates at this level during our 2018 fiscal year. However, if our actual pilot attrition is materially different than our projections, our operations and financial results could be materially and adversely affected.

We are highly dependent on our agreements with our major airline partners.

We derive all of our operating revenue from our capacity purchase agreements with our major airlines partners. As of March 31, 2018, our American Capacity Purchase Agreement accounted for 54% of our total revenue and our United Capacity Purchase Agreement accounted for 46% of our total revenue. In addition, as of March 31, 2018, all of our aircraft available for scheduled service were operating under a capacity purchase agreement with either American or United.

Our American Capacity Purchase Agreement expires with respect to different tranches of aircraft between 2021 and 2025, unless otherwise extended or amended. In addition, our American Capacity Purchase Agreement is subject to termination prior to expiration, subject to our right to cure, in various circumstances including if our controllable flight completion factor falls below certain levels for a specified period of time.

Our United Capacity Purchase Agreement expires between June and December 2019 with respect to 34 CRJ-700 and E-175 aircraft, between January and August 2020 with respect to 16 E-175 aircraft, and between 2021 and 2028 with respect to 30 of our E-175 aircraft. We are currently in negotiations with United with respect to the 20 CRJ-700 aircraft expiring between August and December 2019. We cannot predict the outcome of these negotiations and there can be no assurance that we will be able to extend these aircraft at acceptable rates, on acceptable terms, or at all. United is also permitted, subject to certain conditions, to terminate the agreement early in its discretion by giving us notice of 90 days or more. Our United Capacity Purchase Agreement is also subject to termination prior to expiration, subject to our right to cure, in various circumstances including if our controllable flight completion factor or departure performance falls below certain levels for a specified period of time.

If our capacity purchase agreements with American or United were terminated or not renewed, we would be significantly impacted and likely would not have an immediate source of revenue or earnings to offset such loss. Neither American nor United are under any obligation to renew their respective capacity purchase agreements with us. A termination or expiration of either of these agreements would likely have a material adverse effect on our financial condition, cash flows, ability to satisfy debt and lease obligations, operating revenues and net income unless we are able to enter into satisfactory substitute arrangements for the utilization of the affected aircraft by other major airline partners, or, alternatively, obtain the airport facilities, gates, ticketing and ground services and make the other arrangements necessary to fly as an independent airline. We may not be able to enter into substitute capacity purchase arrangements, and any such arrangements we might secure may not be as favorable to us as our current agreements. Operating an airline independently from our major airline partners would be a significant departure from our business plan and would likely require significant time and resources, which may not be available to us at that point.

Table of Contents

Increases in our labor costs, which constitute a substantial portion of our total operating costs, may adversely affect our business, results of operations and financial condition.

Our business is labor intensive, with labor costs representing approximately 28%, 30% and 34% of our total operating costs for the fiscal years ended September 30, 2016 and 2017 and the six months ended March 31, 2018, respectively. We are responsible for our labor costs above certain pre-determined reimbursement levels, and we may not be entitled to receive increased payments under our capacity purchase agreements if our labor costs increase above the reimbursement levels. As a result, a significant increase in our labor costs above the reimbursement levels could result in a material reduction in our earnings.

As a result of the 2013 FAA Qualification Standards, the supply of qualified pilots has been dramatically reduced. This shortage of pilots has driven up our pilot salaries and sign-on bonuses and resulted in a material increase in our labor costs. A continued shortage of pilots could require us to further increase our labor costs, which would result in a material reduction in our earnings.

Reduced utilization levels of our aircraft under our capacity purchase agreements would adversely impact our financial results.

Historically, our major airline partners have utilized our flight operations at levels at or near the maximum capacity of our fleet allocations under our capacity purchase agreements, but there can be no assurance that they will continue utilizing our aircraft at that level. If our major airline partners schedule the utilization of our aircraft below historical levels (including taking into account the stage length and frequency of our scheduled flights), we may not be able to maintain operating efficiencies previously obtained, which would negatively impact our operating results and financial condition.

Our American Capacity Purchase Agreement establishes minimum levels of flight operations. In prior periods, the FAA Qualification Standards have negatively impacted our ability to hire pilots at a rate sufficient to support required utilization levels, and, as a result, we have issued credits to American pursuant to the terms of our American Capacity Purchase Agreement. For our fiscal year ended September 30, 2017, and the six-month period ended March 31, 2018, we issued credits of approximately $6.0 million and $3.9 million, respectively, under the American Capacity Agreement.

Our United Capacity Purchase Agreement does not require United to schedule any specified minimum level of flight operations for our aircraft. Additionally, United may remove aircraft from our United Capacity Purchase Agreement with 90 days prior notice to us. While United pays us a fixed monthly revenue amount for each aircraft under contract, a significant reduction in the utilization levels of our fleet in the future or removal of aircraft from our United Capacity Purchase Agreement at United s election could reduce our revenues based on the number of flights and block hours flown for United. In February 2018, we mutually agreed with United to temporarily remove two aircraft from service under our United Capacity Purchase Agreement. In July 2018, we were able to fully staff flight operations and these aircraft were placed back into service under our United Capacity Purchase Agreement. See *Business Capacity Purchase Agreements.*

Continued challenges with hiring, training and retaining replacement pilots may lead to reduced utilization levels of our aircraft and additional penalties under our capacity purchase agreements and our operations and financial results could be materially and adversely terminated. Additionally, our major airline partners may change routes and frequencies of flights, which can negatively impact our operating efficiencies. Changes in schedules may increase our flight costs, which could exceed the reimbursed rates paid by our major airline partners. Reduced utilization levels of our aircraft or other changes to our schedules under our capacity purchase agreements would adversely impact our

financial results.

Table of Contents

If our major airline partners experience events that negatively impact their financial strength or operations, our operations also may be negatively impacted.

We may be directly affected by the financial and operating strength of our major airline partners. Any events 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. In the event of a decrease in the financial or operational strength of any of our major airline partners, such partner may seek to reduce, or be unable to make, the payments due to us under their capacity purchase agreement. In addition, in some cases, they may reduce utilization of our aircraft. Although we receive guaranteed monthly revenue for each aircraft under contract and a fixed fee for each block hour or flight actually flown, there are no minimum levels of utilization specified in our capacity purchase agreements. If any of our other current or future major airline partners become bankrupt, our capacity purchase 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. In addition, any negative events that occur to other regional carriers and that affect public perception of such carriers generally could also have a material adverse effect on our business, financial condition and results of operations.

Our major airline partners may expand their direct operation of regional jets thus limiting the expansion of our relationships with them.

We depend on our major airline partners electing to contract with us instead of operating their own regional jets or operating their own captive regional airlines through wholly owned subsidiaries. Currently, the captive regional airlines include Endeavor Air, Inc. (Endeavor) (owned by Delta Airlines, Inc.), Envoy Air Inc. (Envoy) (owned by American), PSA Airlines, Inc. (PSA) (owned by American), Piedmont Airlines (Piedmont) (owned by American) and Horizon Air Industries, Inc. (Horizon) (owned by Alaska Air Group, Inc.). These major airlines possess the financial and other resources to acquire and operate their own regional jets, create or grow their own captive regional airlines or acquire other regional air carriers instead of entering into contracts with us. In particular, American, which procures approximately 40% of its regional flying from its wholly owned regional subsidiaries, has expressed a goal of increasing their share to a majority of American s regional flying over time. We have no guarantee that in the future our major airline partners will choose to enter into contracts with us, or renew their existing agreements with us, instead of operating their own regional jets, allocating flying to their captive regional airlines or entering into relationships with competing regional airlines. A decision by American or United to phase out or limit our capacity purchase agreements or to enter into similar agreements with our competitors could have a material adverse effect on our business, financial condition or results of operations.

We may be limited from expanding our flying within our major airline partners flight systems and there are constraints on our ability to provide services to airlines other than American and United.

Additional growth opportunities within our major airline partners flight systems are limited by various factors, including a limited number of independent regional aircraft that each such major airline partner can operate in its regional network due to scope clauses in the current collective bargaining agreements with their pilots that restrict the number and size of regional jets that may be operated in their flight systems not flown by their pilots. Except as contemplated by our existing capacity purchase agreements, we cannot be sure that our major airline partners will contract with us to fly any additional aircraft.

We may not have additional growth opportunities, or may agree to modifications to our capacity purchase agreements that reduce certain benefits to us in order to obtain additional aircraft, or for other

22

Table of Contents

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 capacity purchase 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 or transitioning those flying arrangements to their own captive regional carriers. Any one or more of these factors may reduce or eliminate our ability to expand our flight operations with our existing major airline partners.

Additionally, our capacity purchase agreements limit our ability to provide regional flying services to other airlines in certain major airport hubs of American and United. These restrictions may make us a less attractive partner to other major airlines whose regional flying needs do not align with our geographical restrictions.

We have a significant amount of debt and other contractual obligations and that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive and, as a result, we are highly leveraged. As of March 31, 2018, we had approximately $942.3 million in total long-term debt including $10.3 million of capital lease obligations. Substantially all of our long-term debt was incurred in connection with the acquisition of aircraft and aircraft engines. We also have significant long-term lease obligations primarily relating to our aircraft fleet. These leases are classified as operating leases and are therefore not reflected in our consolidated balance sheets. During our fiscal years ended September 30, 2016 and 2017 and the six months ended March 31, 2018, our principal debt service payments totaled $75.5 million, $153.0 million and $110.8 million, respectively, and our principal aircraft lease payments totaled approximately $70.0 million, $107.0 million and $20.4 million, respectively.

We have significant lease obligations with respect to our aircraft, which aggregated to approximately $316.1 million and $295.6 million at September 30, 2017 and March 31, 2018, respectively. At March 31, 2018, we had 37 aircraft under lease (excluding aircraft leased from United), with an average remaining term of 4.25 years. As of March 31, 2018, future minimum lease payments due under all long term operating leases were approximately $307.0 million and debt service obligations were $1,156.4 million, respectively, including capital lease obligations.

We are subject to various financial covenants under our financing agreements and leases with, among others, CIT Bank, N.A. (CIT), Export Development Canada (EDC) and RASPRO Trust 2005, a pass-through trust, (RASPRO) that are typical for credit facilities and leases of this size, type, and tenor. Our ability to make additional borrowings under our credit facility depends upon satisfaction of these covenants. Our ability to comply with these covenants and requirements may be affected by events beyond our control. Our failure to comply with obligations under our credit facility could result in an event of default under the facilities. A default, if not cured or waived, could prohibit us from obtaining further loans under our credit facilities and permit the lenders thereunder to accelerate payment of their loans. In addition, the lenders would have the right to proceed against the collateral we granted to them, which consists of substantially all of our assets. If our debt is accelerated, we cannot be certain that we will have funds available to pay the accelerated debt or that we will have the ability to refinance the accelerated debt on terms favorable to us, or at all. If we could not repay or refinance the accelerated debt, we could be insolvent and could seek to file for bankruptcy protection. Any such default, acceleration, or insolvency would likely have a material and adverse effect on our business. See *We are required to comply with certain ongoing financial and other covenants under certain credit facilities, and if we fail to meet those covenants or otherwise suffer a default thereunder, our lenders may accelerate the payment of such indebtedness* for a discussion of our financial and other covenants.

We cannot assure you that our operations will generate sufficient cash flow to make our required payments, or that we will be able to obtain financing to acquire additional aircraft or make other capital expenditures necessary for expansion. Our ability to pay the high level of fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, the U.S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our fixed obligations could have a material adverse effect on our business, results of operations and financial condition and could:

- require that a substantial portion of our cash flow from operations be used for operating lease and maintenance reserve payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments; and
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations.

Additionally, a failure to pay our operating leases, debt or other fixed cost obligations or a breach of our contractual obligations could result in a variety of further adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition.

We are required to comply with certain ongoing financial and other covenants under certain credit facilities, and if we fail to meet those covenants or otherwise suffer a default thereunder, our lenders may accelerate the payment of such indebtedness.

As of March 31, 2018, we had $924.7 million of long-term secured debt, including capital lease obligations, comprised of the following: (i) the CIT Revolving Credit Facility; (ii) the Spare Engine Facility (as defined below); (iii) the EDC 2015 Credit Facility (as defined below), the EDC January 2016 Credit Facility (as defined below) and the EDC June 2016 Credit Facility (as defined below) (and, together with the EDC 2015 Credit Facility and the EDC January 2016 Credit Facility, the EDC Credit Facilities); (iv) the MidFirst Credit Facility (as defined below) and (v) the Aircraft Notes (as defined below). This amount consisted of $778.4 million in notes payable related to owned aircraft used in continuing operations, $110.3 million of notes payable related to spare engines and engine kits, $25.7 million of our working capital line of credit and $10.3 million of capital lease obligations. The obligations under these credit facilities are secured primarily by a first priority lien on certain engines, equipment, spare parts and related collateral, including engine warranties and proceeds of the foregoing, and the aircraft acquired with the proceeds of

such indebtedness. As of March 31, 2018, we had $17.6 million of long-term unsecured debt.

Under (i) the CIT Revolving Credit Facility (as defined below), we are required to comply with a minimum consolidated interest and rental coverage ratio at the end of each fiscal quarter during the term of such credit facility, (ii) the EDC January 2016 Credit Facility, we are required to comply with a

minimum fixed charge coverage ratio at the end of each fiscal quarter during the term of such credit facility, and (iii) the RASPRO Lease Facility (as defined below), we are required to comply with minimum current ratio and debt ratio covenants and a minimum available cash covenant until all amounts outstanding thereunder have been paid in full.

Failure to comply with the terms of these credit facilities and financing arrangements and the ongoing financial and other covenants thereunder would result in an event of default (as defined in the applicable credit facility and financing agreement) and, to the extent the applicable lenders so elect, an acceleration of our existing indebtedness following the expiration of any applicable cure periods, causing such debt to be immediately due and payable. Acceleration of such indebtedness would also trigger cross-default clauses under our other indebtedness. It could also result in the termination of all commitments to extend further credit under our CIT Credit Facility. We currently do not have sufficient liquidity to repay all of our outstanding debt in full if such debt were accelerated. If we are unable to pay our debts as they come due, or obtain waivers for such payments, our secured lenders could foreclose on any of our assets securing such debt. These events could materially adversely affect our business, results of operations and financial condition.

The residual value of our owned aircraft may be less than estimated in our depreciation policies.

As of March 31, 2018, we had approximately $1,182.8 million of property and equipment and related assets, net of accumulated depreciation, of which, $1,001.6 million relates to owned aircraft. 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, 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. An impairment on any of our aircraft types we operate or an increased level of depreciation expense resulting from a change to our depreciation policies could result in a material negative impact to our financial results.

The amounts we receive under our capacity purchase agreements may be less than the corresponding costs we incur.

Under our capacity purchase agreements with American and United, a portion of our compensation is based upon pre-determined rates typically applied to production statistics (such as departures and block hours flown). The primary operating costs intended to be compensated by the pre-determined rates include labor costs, including crew training costs, certain aircraft maintenance expenses and overhead costs. During the year ended September 30, 2017 and the six months ended March 31, 2018, approximately $24.5 million and $21.5 million, or 4.2% and 6.7%, of our operating costs under our capacity purchase agreements were pass-through costs, excluding fuel which is paid directly to suppliers by our major airline partners. If our operating costs for labor, aircraft maintenance and overhead costs exceed the compensation earned from our pre-determined rates under our revenue-guarantee arrangements, our financial position and operating results will be negatively affected.

Table of Contents

Strikes, labor disputes and increased unionization of our workforces may adversely affect our ability to conduct our business and reduce our profitability.

As of March 31, 2018, approximately 76.7% of our workforce was represented by labor unions, including the Air Line Pilots Association, International (ALPA) and the Association of Flight Attendants (AFA). On July 13, 2017, our pilots, represented by the ALPA, ratified a new four-year collective bargaining agreement. Similarly, on October 1, 2017, our flight attendants, represented by the AFA, ratified a new four-year collective bargaining agreement. The terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency or other factors, to bear higher costs than we can. In addition, if we are unable to reach agreement with any of our unionized work groups in future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions, stoppages or shortages. We may also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize. We are also subject to various ongoing employment disputes outside of the collective bargaining agreements. We consider these to not be material, but any current or future dispute could become material.

Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act (RLA). Under the RLA, collective bargaining agreements generally contain amendable dates rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board (NMB). This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to self-help by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

Any strike, labor dispute or increased unionization among our employees could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies. For example, if a labor strike were to continue for several consecutive days, United may have cause to terminate our United Capacity Purchase Agreement. As a result, our business, results of operations and financial condition may be materially adversely affected.

We face tail risk in that we have aircraft lease commitments that extend beyond our existing capacity purchase agreement contractual term on certain aircraft.

We currently have 18 aircraft with leases extending past the term of their corresponding capacity purchase agreement with an aggregate exposure of less than $33.0 million. We may not be successful in extending the flying contract terms on these aircraft with our major airline partners. In that event, we intend to pursue alternative uses for those aircraft over the remaining portions of their leases including, but not limited to, operating the aircraft with another major airline under a negotiated capacity purchase agreement, subleasing the aircraft to another operator or marketing them for sale. Additionally, we may negotiate an early lease return agreement with an aircraft s lessor. In connection with this, we may incur cash and non-cash early lease termination costs that would negatively impact our operations and financial condition. Additionally, if we are unable to extend a flying contract with an existing major airline partner, but reach an agreement to place an aircraft into service with a different major airline partner, we likely will incur inefficiencies and incremental costs, such as changing the aircraft livery, which would negatively impact our financial results.

We may incur substantial maintenance costs as part of our leased aircraft return obligations.

Our aircraft lease agreements contain provisions that require us to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the actual return

26

condition of the equipment. These lease return costs are recorded in the period in which they are incurred, and may be materially different than our projections. Any unexpected increase in maintenance return costs may negatively impact our financial position and results of operations.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including employment, commercial, product liability, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management s attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.

Disagreements regarding the interpretation of our capacity purchase agreements with our major airline partners could have an adverse effect on our operating results and financial condition.

To the extent that we experience disagreements regarding the interpretation of our capacity purchase 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, 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 or that we would be able to exercise sufficient leverage in any proceeding relative to our major airline partner to achieve a favorable outcome. 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 rely on third-party suppliers as the sole manufacturers of our aircraft and aircraft engines.

We depend upon Bombardier and Embraer S.A. (Embraer) as the sole manufacturers of our aircraft and GE as the sole manufacturer of our aircraft engines. Our operations could be materially and adversely affected by the failure or inability of Bombardier, Embraer or GE to provide sufficient parts or related maintenance and support services to us in a timely manner, or the interruption of our flight operations as a result of unscheduled or unanticipated maintenance requirements for our aircrafts or engines.

Maintenance costs will likely increase as the age of our regional jet fleet increases.

The average age of our E-175, CRJ-900 and CRJ-700 type aircraft is approximately 2.4, 11.5 and 14.2 years, respectively. We have incurred relatively low maintenance expenses on our E-175 aircraft because most of the parts are under multi-year warranties and a limited number of heavy airframe checks and engine overhauls have occurred. Our maintenance costs will increase significantly, both on an absolute basis and as a percentage of our operating expenses, as our fleet ages and the E-175 warranties expire. In addition, because our current aircraft were acquired over a relatively short period of time, significant maintenance events scheduled for these aircraft will occur at roughly the same intervals, meaning we will incur our most expensive scheduled maintenance obligations across our present fleet at approximately the same time. These more significant maintenance activities result in out-of-service periods during which aircraft are dedicated to maintenance activities and unavailable for

27

flying under our capacity purchase agreements. Any unexpected increase in our maintenance costs as our fleet ages or decreased revenues resulting from out-of-service periods could have an adverse effect on our cash flows, operating results and financial condition.

If we face problems with any of our third-party service providers, our operations could be adversely affected.

Our reliance upon others to provide essential services on behalf of our operations may limit our ability to control the efficiency and timeliness of contract services. We have entered into agreements with contractors to provide various facilities and services required for our operations, including aircraft maintenance, ground facilities and IT services, and expect to enter into additional similar agreements in the future. In particular, we rely on AAR and Aviall to provide fixed-rate parts procurement and component overhaul services for our aircraft fleet and GE to provide engine support. Our agreement with AAR, and other service providers, are subject to termination after notice. If our third-party service providers terminate their contracts with us, or do not provide timely or consistently high-quality service, we may not be able to replace them in a cost-efficient manner or in a manner timely enough to support our operational needs, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our operations could be materially and adversely affected by the failure or inability of AAR, Aviall or GE to provide sufficient parts or related maintenance and support services to us in a timely manner.

Regulatory changes or tariffs could negatively impact our business and financial condition.

We import a substantial portion of the equipment we need. For example, the sole manufacturers of our aircraft, Bombardier and Embraer, are headquartered in Canada and Brazil, respectively. We cannot predict the impact of potential regulatory changes or action by U.S. regulatory agencies, including the potential impact of tariffs or changes in international trade treaties on the cost and timing of parts and aircraft. Our business may be subject to additional costs as a result of potential regulatory changes, which could have an adverse effect on our operations and financial results.

The issuance of operating restrictions applicable to one of the fleet types we operate could negatively impact our business and financial condition.

We rely on a limited number of aircraft types, including CRJ-700s, CRJ-900s and E-175s. The issuance of FAA or manufacturer directives restricting or prohibiting the use of the aircraft types we operate could negatively impact our business and financial results.

If we have a failure in our technology or security breaches of our information technology infrastructure our business and financial condition may be adversely affected.

The performance and reliability of our technology, and the technology of our major airline partners, are critical to our ability to compete effectively. Any internal technological error or failure or large scale external interruption in the technological infrastructure we depend on, such as power, telecommunications or the internet, may disrupt our internal network. Any individual, sustained or repeated failure of our technology or that of our major airline partners could impact our ability to conduct our business, lower the utilization of our aircraft and result in increased costs. Our technological systems and related data, and those of our major airline partners, may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues.

In addition, as a part of our ordinary business operations, we collect and store sensitive data, including personal information of our employees and information of our major airline partners. Our information

28

systems are subject to an increasing threat of continually evolving cybersecurity risks. 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 sabotage systems are constantly evolving, and may be difficult to anticipate or to detect for long periods of time. We may not be able to prevent all data security breaches or misuse of data. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of, or access to, employees or business partners information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business and financial condition.

Our business could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of Jonathan G. Ornstein, our Chairman and Chief Executive Officer, and Michael J. Lotz, our President and Chief Financial Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without an adequate replacement, or the inability to attract new qualified personnel, could have a material adverse effect on our business, results of operations and financial condition.

We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise, including those relating to emissions to the air, discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. We are or may be subject to new or proposed laws and regulations that may have a direct effect (or indirect effect through our third-party specialists or airport facilities at which we operate) on our operations. In addition, U.S. airport authorities are exploring ways to limit de-icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition.

Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

As of September 30, 2017, we had aggregate federal and state net operating loss carryforwards of approximately $299.8 million and $172.3 million, which expire in 2027-2036 and 2018-2037, respectively, with approximately $20.1 million of state net operating loss carryforwards expiring in 2018. Our unused losses generally carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before such unused losses expire. In addition, if a corporation undergoes an ownership change (generally defined as a

29

greater than 50% cumulative change in the equity ownership of certain shareholders over a rolling three-year period) under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), the corporation s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset future taxable income or taxes may be limited. We have experienced ownership changes in the past and may experience ownership changes in connection with this offering or as a result of future changes in our stock ownership (some of which changes may not be within our control). This, in turn, could materially reduce or eliminate our ability to use our losses or tax attributes to offset future taxable income or tax and have an adverse effect on our future cash flows. See *Our corporate charter limits certain transfers of our stock, which limits are intended to preserve our ability to use our net operating loss carryforwards, and these limits could have an effect on the market price of our common stock.*

We may not be able to successfully implement our growth strategy.

Our growth strategy includes, among other things, providing regional flying to other major airlines and/or entering into the cargo and express shipping business. We face numerous challenges in implementing our growth strategy, including our ability to:

- provide regional flying to other major airlines with hub cities that overlap with our existing major airline partners; and

- enter into relationships with third-parties to carry their cargo on terms that are acceptable to us.

Our capacity purchase agreements limit our ability to provide regional flying services to other airlines in certain major airport hubs of American and United. These restrictions may make us a less attractive partner to other major airlines whose regional flying needs do not align with our geographical restrictions.

The potential benefits of entering the air cargo and express shipping sector will depend substantially on our ability to enter into relationships with integrated logistics companies and transition our existing business strategies into a new sector. We may be unsuccessful in entering into relationships with integrated logistics companies to carry cargo on terms that are acceptable to us. Additionally, our ability to transition our existing business strategies into a new sector may be costly, complex and time-consuming, and our management will have to devote substantial time and resources to such effort. Should we transition into this new sector, we may experience difficulties or delays in securing gate access and other airport services necessary to operate in the air cargo and express shipping sector. Our inability to successfully implement our growth strategies, could have a material adverse effect on our business, financial condition and results of operations and any assumptions underlying estimates of expected cost savings or expected revenues may be inaccurate.

We may not be able to make opportunistic acquisitions should we elect to do so as part of our growth strategy.

If we elect to pursue an acquisition, our ability to successfully implement this transaction would depend on a variety of factors, including the approval of our acquisition target s major airline partners, obtaining financing on acceptable terms and compliance with the restrictions contained in our debt agreements. If we need to obtain our lenders consent prior to an acquisition, they may refuse to provide such consent or condition their consent on our compliance with additional restrictive covenants that limit our operating flexibility. Acquisition transactions involve risks, including those associated with integrating the operations or (as applicable) separately maintaining the operations, financial reporting, disparate technologies and personnel of acquired companies; managing geographically dispersed operations; the diversion of management s attention from other business concerns; unknown risks; and the

potential loss of key employees. We may not successfully integrate any businesses we may acquire in the future and may not achieve anticipated revenue and cost benefits relating to any such transactions. Strategic transactions may be expensive, time consuming and may strain our resources. Strategic transactions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, one-time write-offs of goodwill and amortization expenses of other intangible assets. In addition, strategic transactions that we may pursue could result in dilutive issuances of equity securities.

Our ability to obtain financing or access capital markets may be limited.

There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including our significant debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition.

Our business strategy includes the implementation of our major airline partners brand and product in order to increase customer loyalty and drive future ticket sales. In addition, we also receive certain amounts under our United Capacity Purchase Agreement based upon the results of passenger satisfaction surveys. However, we may experience a high number of passenger complaints related to, among other things, our customer service. These complaints, together with delayed and cancelled flights, and other service issues, are reported to the public by the DOT. If we do not meet our major airline partners expectations with respect to reliability and service, our and our major airline partners brand and product could be negatively impacted, which could result in customers deciding not to fly with our major airline partners or with us. If we are unable to provide consistently high-quality customer service, it could have an adverse effect on our relationships with our major airline partners.

Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect us.

Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition.

We emphasize compliance with all applicable laws and regulations and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third-party specialists and partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third-party specialists or partners will adhere to our code of ethics, other policies or other legal requirements. If we fail to enforce our policies and

31

procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe or have reason to believe our employees, third-party specialists or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs which in turn may materially adversely affect our reputation and could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Industry

The airline industry is highly competitive and has undergone a period of consolidation and transition leaving fewer potential major airline partners.

The airline industry is highly competitive. We compete primarily with other regional airlines, some of which are owned by or operated by major airlines. In certain instances, our competitors are larger than us and possess significantly greater financial and other resources than we do. The airline industry has undergone substantial consolidation, including the mergers between Alaska Airlines and Virgin America Inc. in 2016, American and US Airways in 2013, Southwest Airlines Co. and AirTran Airways in 2011, United and Continental Airlines in 2010 and Delta and Northwest Airlines in 2008. Any additional consolidation or significant alliance activity within the airline industry could further limit the number of potential partners with whom we could enter into capacity purchase agreements.

We are subject to significant governmental regulation.

All interstate air carriers, including us, 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; record keeping 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 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 and require that we incur substantial on-going costs.

Airlines are often affected by factors beyond their control including: air traffic congestion at airports; air traffic control inefficiencies; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel related taxes or the outbreak of disease, any of which could have a material adverse effect on our business, results of operations and financial condition.

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, increased security measures, new travel-related taxes and fees, adverse weather conditions, natural disasters and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase operating costs and decrease revenues, which in turn could adversely affect profitability. The federal government singularly controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U.S. air travel, U.S. and foreign air-traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect

32

routes resulting in delays. In addition, there are currently proposals before Congress that could potentially lead to the privatization of the United States air traffic control system, which could adversely affect our business. Further, implementation of the Next Generation Air Transport System by the FAA would result in changes to aircraft routings and flight paths that could lead to increased noise complaints and lawsuits, resulting in increased costs. There are additional proposals before Congress that would treat a wide range of consumer protection issues, including, among other things, proposals to regulate seat size, which could increase the costs of doing business.

Adverse weather conditions and natural disasters, such as hurricanes, winter snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other, larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

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. If additional terrorist attacks are launched against the airline industry, there will be lasting consequences of the 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 security. We cannot provide any assurance that these events will not harm the airline industry generally or our operations or financial condition in particular.

The occurrence of an aviation accident involving our aircraft would negatively impact our operations and financial condition.

An accident or incident involving 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.

An outbreak of a disease or similar public health threat could have a material adverse impact on our business, financial position and results of operations.

An outbreak of a disease or similar public health threat that affects travel demand, travel behavior, or travel restrictions could have a material adverse impact on our business, financial condition and results of operations.

Risks Related to Owning Our Common Stock

The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline.

Prior to this offering, there has been no public market for shares of our common stock, and an active public market for these shares may not develop or be sustained after this offering. We and the

33

Table of Contents

representatives of the underwriters determined the initial public offering price of our common stock through negotiation. This price does not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, the market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- announcements concerning our major airline partners, competitors, the airline industry or the economy in general;
- strategic actions by us, our major airline partners, or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or the aircraft type we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- announcements concerning the availability of the type of aircraft we use;
- significant volatility in the market price and trading volume of companies in the airline industry;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts performance expectations;
- sales of our common stock or other actions by insiders or investors with significant shareholdings, including sales by our principal shareholders; and
- general market, political and other economic conditions.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock.

In the past, shareholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management s attention and resources and have a material adverse effect on our business, results of operations and financial condition.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us regularly, demand for our stock could decrease, which may cause the trading price of our common stock and the trading volume of our common stock to decline.

Purchasers of our common stock in this offering will experience immediate and substantial dilution in the tangible net book value of their investment.

If you purchase common stock in this offering, you will incur immediate and substantial dilution of $2.17 per share, representing the difference between the initial public offering price of $12.00 per share, after deducting the estimated underwriting discounts and estimated offering expenses payable by us, and our pro forma net tangible book value per share after giving effect to this offering and the issuance of 966,022 shares of restricted common stock under our 2018 Plan immediately following the completion of this offering. The future vesting of our restricted stock awards (including unvested restricted shares issued in connection with the 2018 Plan Issuances) and the exercise of outstanding warrants to

purchase our common stock will result in further future dilution. See the section titled *Dilution* elsewhere in this prospectus for a further description of the dilution you will experience immediately after this offering.

The value of our common stock may be materially adversely affected by additional issuances of common stock by us or sales by our principal shareholders.

Any future issuances or sales of our common stock by us will be dilutive to our existing common shareholders. We had 12,394,215 shares of common stock outstanding as of March 31, 2018. All of the shares of common stock sold in this offering will be freely tradeable without restrictions or further registration under the Securities Act of 1933, as amended (the Securities Act). The holders of 98% of our outstanding shares of our common stock have signed lock-up agreements with the underwriters of this offering, under which they have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, without the prior written consent of certain of the underwriters, for a period of 180 days after the date of this prospectus. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could adversely affect the prevailing price of our common stock.

The value of our common stock may be materially adversely affected by additional issuances of common stock underlying our outstanding warrants.

As of March 31, 2018, we had outstanding warrants to purchase an aggregate of 11,140,905 shares of our common stock, 250,000 of which were terminated in June 2018. Of this amount, 10,890,905 were originally issued to non-U.S. citizens who were claimholders in our bankruptcy proceedings in order to maintain compliance with restrictions imposed by federal law on foreign ownership of U.S. airlines. Any future warrant exercises by our existing warrant holders will be dilutive to our existing common shareholders. All of the shares of common stock issuable upon exercise of our warrants will be freely tradeable without restrictions or further registration under the Securities Act. The holders of substantially all of our outstanding warrants have signed lock-up agreements with the underwriters of this offering, under which they have agreed, subject to certain exceptions, not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, enter into a transaction which would have the same effect, without the prior written consent of certain of the underwriters, for a period of 180 days after the date of this prospectus. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could adversely affect the prevailing price of our common stock.

Provisions in our charter documents might deter acquisition bids for us, which could adversely affect the price of our common stock.

Our second amended and restated articles of incorporation and amended and restated bylaws contain provisions that, among other things:

- authorize our Board of Directors, without shareholder approval, to designate and fix the voting powers, designations, preferences, limitations, restrictions and relative rights of one or more series of preferred stock and to issue shares of one or more series of preferred stock so designated, or rights to acquire such preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock and could

also have the effect of discouraging, delaying or preventing a change of control;

establish advance notice procedures that shareholders must comply with in order to nominate candidates to our Board of Directors and propose matters to be brought before an annual or special meeting of our shareholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer s own slate of directors or otherwise attempting to obtain control of our company;

authorize a majority of our Board of Directors to appoint a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which may prevent shareholders from being able to fill vacancies on our Board of Directors;

restrict the number of directors constituting our Board of Directors to within a set range, and give our Board of Directors exclusive authority to increase or decrease the number of directors within such range, which may prevent shareholders from being able to fill vacancies on our Board of Directors; and

restrict the ability of shareholders to call special meetings of shareholders.

Our corporate charter includes provisions limiting ownership by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our second amended and restated articles of incorporation restrict the ownership and voting of shares of our common stock by people and entities who are not citizens of the United States as that term is defined in 49 U.S.C. § 40102(a). That statute defines citizen of the United States as, among other things, a U.S. corporation, of which the president and at least two-thirds of the board of directors and other managing officers are individuals who are citizens of the United States, which is under the actual control of citizens of the United States and in which at least 75% of the voting interest is owned or controlled by persons who are citizens of the United States. Our second amended and restated articles of incorporation prohibit any non-U.S. citizen from owning or controlling more than 24.9% of the aggregate votes of all outstanding shares of our common stock or 49.0% of the total number of outstanding shares of our capital stock. The restrictions imposed by the above-described ownership caps are applied to each non-U.S. citizen in reverse chronological order based on the date of registration on our foreign stock record. At no time may shares of our capital stock held by non-U.S. citizens be voted unless such shares are reflected on the foreign stock record. The voting rights of non-U.S. citizens having voting control over any shares of our capital stock are subject to automatic suspension to the extent required to ensure that we are in compliance with applicable law. In the event any transfer or issuance of shares of our capital stock to a non-U.S. citizen would result in non-U.S. citizens owning more than the above-described cap amounts, such transfer or issuance will be void and of no effect.

As of March 31, 2018, there were 10,890,905 outstanding warrants to purchase shares of our common stock, with an exercise price of $0.004 per share and 250,000 outstanding warrants to purchase shares of our common stock with an exercise price of $3.20 per share (which were terminated in June 2018). The warrants are not exercisable in violation of the ownership restrictions described above. We are currently in compliance with all applicable foreign ownership restrictions. See *Business Foreign Ownership* and *Description of Capital Stock Anti-Takeover Provisions of Our Articles of Incorporation, Bylaws and Nevada Law Limited Ownership and Voting by Foreign Owners*.

Our corporate charter limits certain transfers of our stock, which limits are intended to preserve our ability to use our net operating loss carryforwards, and these limits could have an effect on the market price and liquidity of our common stock.

To reduce the risk of a potential adverse effect on our ability to use our net operating loss carryforwards for federal income tax purposes, our second amended and restated articles of

incorporation prohibit the transfer of any shares of our capital stock that would result in (i) any person or entity owning 4.75% or more of our then-outstanding capital stock, or (ii) an increase in the percentage ownership of any person or entity owning 4.75% or more of our then-outstanding capital stock. These transfer restrictions expire upon the earliest of (i) the repeal of Section 382 of the Code or any successor statute if our Board of Directors determines that such restrictions are no longer necessary to preserve our ability to use our net operating loss carryforwards, (ii) the beginning of a fiscal year to which our Board of Directors determines that no net operating losses may be carried forward, or (iii) such other date as determined by our Board of Directors. These transfer restrictions apply to the beneficial owner of the shares of our capital stock. The clients of an investment advisor are treated as the beneficial owners of stock for this purpose if the clients have the right to receive dividends, if any, the power to acquire or dispose of the shares of our capital stock, and the right to proceeds from the sale of our capital stock. Certain transactions approved by our Board of Directors, such as mergers and consolidations meeting certain requirements set forth in our articles of incorporation, are exempt from the above-described transfer restrictions. Our Board of Directors also has the ability to grant waivers, in its discretion, with respect to transfers of our stock that would otherwise be prohibited. Our Board of Directors has agreed to waive the above-referenced restrictions in our second amended and restated articles of incorporation to those persons or entities that acquire shares of our common stock in excess of the 4.75% threshold in this offering. Any transfer of common stock in violation of these restrictions will be void and will be treated as if such transfer never occurred.

The transfer restrictions contained in our second amended and restated articles of incorporation may impair or prevent a sale of common stock by a shareholder and may adversely affect the price at which a shareholder can sell our common stock. In addition, this limitation may have the effect of delaying or preventing a change in control of the Company, creating a perception that a change in control cannot occur or otherwise discouraging takeover attempts that some shareholders may consider beneficial, which could also adversely affect the market price of the our common stock. We cannot predict the effect that this provision in our second amended and restated articles of incorporation may have on the market price of the our common stock.

We currently do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We have not historically paid dividends on shares of our common stock and do not expect to pay dividends on such shares in the foreseeable future. Additionally, our Investor Rights Agreement with US Airways, Inc., dated March 1, 2011, which was later assigned to American following the merger of US Airways, Inc. and American (the Investor Rights Agreement), RASPRO Lease Facility and GECAS Lease Facility (each as defined below) contain restrictions that limit our ability to or prohibit us from paying dividends to holders of our common stock. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, capital requirements, restrictions contained in current or future leases and financing instruments, business prospects and such other factors as our Board of Directors deems relevant, including restrictions under applicable law. Consequently, your only opportunity to achieve a positive return on your investment in us will be if the market price of our common stock appreciates.

We have broad discretion over the use of the net proceeds from this offering and we may not use them effectively.

We cannot specify with any certainty the particular uses of the net proceeds that we will receive from this offering. Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in Use of Proceeds, and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used

Table of Contents

appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these proceeds effectively could adversely affect our business, results of operations, and financial condition. Pending their use, we may invest our proceeds in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our common stock.

We are an emerging growth company, and the reduced disclosure and regulatory requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We qualify as an emerging growth company as defined in the JOBS Act, and therefore we may take advantage of reduced disclosure and regulatory requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- We may present only two years of audited financial statements and related Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations;
- We are not required to obtain an attestation and report from our independent registered public accounting firm on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act;
- We may present reduced disclosure regarding executive compensation in our periodic reports and proxy statements; and
- We are not required to hold nonbinding advisory shareholder votes on executive compensation or golden parachute arrangements.

We may take advantage of these reduced requirements until we are no longer an emerging growth company, which will occur upon the earliest of (i) the last day of the fiscal year following the fifth anniversary of this offering, (ii) the last day of the first fiscal year in which our annual gross revenue is $1.07 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than $1.0 billion in non-convertible debt securities and (iv) the date on which we are deemed to be a large accelerated filer as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act). Investors may find our common stock less attractive or our company less comparable to certain other public companies because we will rely on these reduced requirements.

In addition, the JOBS Act permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards. This effectively permits the delayed adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are electing to opt out of such extended transition period and, as a result, we will comply with new or revised accounting standards on the dates for which compliance is required for non-emerging growth companies. This election is irrevocable.

The requirements of being a public company may strain our resources, increase our operating costs, divert management s attention and affect our ability to attract and retain qualified board members or executive officers.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the Nasdaq Global Select Market, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial

compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management s attention may be diverted from other business concerns, which could harm our business and results of operations. We will need to hire additional employees or engage outside consultants to comply with these requirements, increasing our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may suffer.

We also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our board committees, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could suffer, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, financial condition and results of operations.

We will be required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, result in significant expenses to remediate any internal control deficiencies and have a material adverse effect on our business, results of operations and financial condition.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the closing of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control

over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an accelerated filer or a large accelerated filer, each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. We are beginning the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, and we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion or at all.

In future periods, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material adverse effect on our business, results of operations and financial condition.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- the supply and retention of qualified airline pilots;
- the volatility of pilot attrition;
- dependence on, and changes to, or non renewal of, our capacity purchase agreements;
- increases in our labor costs;
- reduced utilization under our capacity purchase agreements;
- the financial strength of our major airline partners;
- direct operation of regional jets by our major airline partners;
- limitations on our ability to expand regional flying within the flight systems of our major airline partners and those of other major airlines;
- our significant amount of debt and other contractual obligations;
- our compliance with ongoing financial covenants under our credit facilities;
- our ability to keep costs low and execute our growth strategies; and
- other risk factors included under Risk Factors in this prospectus.

In addition, in this prospectus, the words believe, may, estimate, continue, anticipate, intend, expect, pre and similar expressions, as they relate to our company, business or management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. Further, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this prospectus. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $104.9 million, or approximately $113.6 million if the overallotment option is exercised in full, based on the initial public offering price of $12.00 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable.

Pursuant to an overallotment option, we and the selling shareholders have offered an aggregate of up to 1,444,500 shares of our common stock for sale in this offering. We will not receive any proceeds from the sale of shares by the selling shareholders.

We intend to use the net proceeds from this offering to: (i) repay all outstanding indebtedness under our CIT Revolving Credit Facility in the amount of $25.7 million; (ii) repay from $20.0 to $40.0 million of existing indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes; and (iii) in connection with the repayment, refinance the remaining portion of indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes. Our CIT Revolving Credit Facility permits revolving borrowings of up to $35.0 million and bears interest at LIBOR plus a margin of 4.25%. Following our repayment of funds drawn under our CIT Revolving Credit Facility, the $35.0 million commitment amount will remain available for future borrowing through the maturity date of August 12, 2019. As of March 31, 2018, $92.3 million of borrowings were outstanding under our Spare Engine Facility. Funds drawn under this facility bear interest at the rate of 7.25% per annum plus the greater of (a) 0.5% or (b) the Eurodollar rate. There are four tranches of debt under our Spare Engine Facility, which mature between January 2022 and February 2023. As of June 28, 2018, the date of issuance, we had an aggregate of $29.4 million of borrowings outstanding under our Subordinated GECAS Notes, each of which bear interest at LIBOR plus 7.50% and mature on February 1, 2022. We can give no assurance that we will be able to refinance the Spare Engine Facility or the Subordinated GECAS Notes at acceptable rates, on acceptable terms, or at all. For a further description of our CIT Revolving Credit Facility, Spare Engine Facility and Subordinated GECAS Notes, see *Management s Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contractual Obligations* elsewhere in this prospectus. Imperial Capital, LLC or its affiliates may receive a restructuring fee in connection with our repayment of debt. For a further discussion, see *Underwriting Relationships and Conflicts of Interest.*

We intend to use any remaining proceeds for general corporate purposes, which may include the repayment of other indebtedness, working capital and capital expenditures, including flight equipment acquisitions and lease buyouts. Currently, we do not know the amounts that we intend to use for each of these general corporate activities. Accordingly, our management will have broad discretion over the uses of the net proceeds in this offering.

Table of Contents

We have presented pro forma data in this prospectus that give effect to our application of the net proceeds from this offering. These pro forma adjustments have been made based on available information and assumptions that we believe are reasonable in order to reflect, on a pro forma basis, the impact of these transactions on our historical financial information. The assumptions underlying the pro forma data related to our anticipated use of proceeds are set forth below:

- We will repay all outstanding indebtedness under our CIT Revolving Credit Facility in the amount of $25.7 million;

- We will repay $30 million of existing indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes (which is the mid-point of the $20.0 to $40.0 million estimated repayment range set forth above) as part of a refinancing transaction; and

- We will refinance the remaining portion of indebtedness under our Spare Engine Facility and the Subordinated GECAS Notes, reducing the applicable interest rate from LIBOR plus a spread ranging from 7.25% to 7.50% to LIBOR plus 4.0%.

The pro forma data, adjustments and underlying assumptions are presented for illustrative purposes only and do not necessarily indicate our future results of operations. We urge you to read the pro forma data in conjunction with our financial statements, the accompanying notes, and the other financial information included elsewhere in this prospectus. For a reconciliation of net income and basic and diluted shares used to calculate pro forma basic and diluted net income per share attributable to common shareholders, see *Summary Historical Consolidated Financial and Operating Data.*

Table of Contents

DIVIDEND POLICY

We have never paid cash dividends on our common stock and we do not presently anticipate paying cash dividends after the completion of this offering. In addition, our Investor Rights Agreement, RASPRO Lease Facility and GECAS Lease Facility (each as defined below) contain negative covenants prohibiting us from paying dividends to our shareholders and future financing arrangements may similarly restrict us from paying dividends. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our Board of Directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, covenant compliance, capital requirements, business prospects and other factors our Board of Directors may deem relevant, including restrictions imposed under applicable law.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents, current maturities of long-term debt and capitalization as of March 31, 2018:

- on an actual basis; and

- on a pro forma basis to give effect to: (i) the issuance of 9,630,000 shares of our common stock pursuant to this offering; (ii) our application of the net proceeds from this offering as set forth under *Use of Proceeds*; and (iii) the issuance of 966,022 shares of restricted common stock under our 2018 Plan immediately following the completion of this offering as part of the 2018 Plan Issuances. See *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances*. For a description of the assumptions underlying the pro forma data related to our anticipated use of proceeds, see *Use of Proceeds.*

You should read this capitalization table together with our financial statements and the related notes appearing at the end of this prospectus, the *Management s Discussion and Analysis of Financial Condition and Results of Operations* section, and other financial information included in this prospectus.

	As of March 31, 2018	
(in thousands, except per share data)	**Actual**	**Pro Forma**
Cash and cash equivalents	$ 52,699	$ 101,936
Long-term debt, including current portion	929,029	873,379
Shareholders equity:		
Preferred stock, no par value, 5,000,000 shares authorized; no shares issued and outstanding		
Common stock of no par value and additional paid-in capital, 125,000,000 shares of common stock authorized, 12,394,215 shares issued and outstanding and 11,140,905 warrants issued and outstanding; 125,000,000 shares of common stock authorized pro forma, 22,990,237 shares issued and outstanding pro forma and 11,140,905 warrants issued and outstanding pro forma	115,275	221,220
Retained earnings	133,430	133,430
Total shareholders equity	248,705	354,650
Total capitalization	$ 1,177,734	$ 1,228,029

Table of Contents

The number of shares of our common stock outstanding after this offering is based on 12,394,215 shares outstanding as of March 31, 2018, 10,890,905 shares issuable upon exercise of warrants with an exercise price of $0.004 per share, 250,000 shares issuable upon exercise of warrants with an exercise price of $3.20 per share (which were terminated in June 2018) and 966,022 shares of restricted common stock to be issued under our 2018 Plan immediately following the completion of this offering in exchange for vested SARs previously issued under our SAR Plan, and excludes:

- 744,497 awarded and unvested shares of common stock under our 2011 Plan as of March 31, 2018;
- 20,843 awarded and unvested shares of common stock under our 2017 Plan as of March 31, 2018;
- 323,048 awarded and unvested restricted stock units under our RSU Plan as of March 31, 2018; and
- 300,012 shares of restricted common stock to be issued under our 2018 Plan, in exchange for unvested SARs previously issued under our SAR Plan.

We expect that an aggregate of 105,275 shares will vest under our 2011 Plan, 2017 Plan and RSU Plan, net of new awards granted, between March 31, 2018 and the completion of this offering. In addition, immediately following the completion of this offering, the remaining unvested equity awards then outstanding under the 2011 Plan, 2017 Plan and RSU Plan will be cancelled and exchanged for 983,113 shares of restricted common stock under our 2018 Plan, and will remain subject to vesting on the same terms set forth in the prior vesting schedules. The SARs previously issued under our SAR Plan, which currently settle only in cash, will be cancelled and exchanged for an aggregate of 1,266,034 shares of restricted common stock under our 2018 Plan, of which 966,022 will be fully vested upon issuance and are included in the number of shares of our common stock outstanding after this offering. See *Shares Eligible for Future Sale Proposed Equity Exchange and 2018 Plan Issuances* elsewhere in this prospectus.

Table of Contents

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after the offering, giving effect to the 2018 Plan Issuances.

The historical net tangible book value (deficit) of our common stock as of March 31, 2018 was $237.2 million, or $19.14 per share on an outstanding shares basis and $10.07 per share on a fully-diluted basis. Historical net tangible book value per share is determined by dividing the net tangible book value by the number of shares of outstanding common stock. If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock.

After giving effect to (i) our issuance of 9,630,000 shares of common stock, after deducting estimated underwriting discounts and estimated offering expenses payable by us, and (ii) the 2018 Plan Issuances. Our pro forma net tangible book value as adjusted as of March 31, 2018 would have been approximately $343.1 million, or approximately $14.92 per pro forma share of common stock ($9.83 per share on a fully-diluted basis). This represents an immediate decrease in pro forma net tangible book value of $0.24 per share to our existing shareholders and an immediate dilution of $2.17 per share to new investors in this offering, each on a fully-diluted basis.

The following table illustrates this dilution on a fully-diluted per share basis to new investors, after giving effect to the 2018 Plan Issuances, which will occur immediately following the completion of this offering:

Initial public offering price per share		$ 12.00
Historical net tangible book value per share as of March 31, 2018	10.07	
Decrease in pro forma net tangible book value per share attributable to this offering, giving effect to the 2018 Plan Issuances	(0.24)	
Pro forma net tangible book value per share, as adjusted(1)		9.83
Dilution in pro forma net tangible book value per share to new investors in this offering		$ 2.17

(1) Pro forma net tangible book value per share, as adjusted, gives effect to this offering, and the 2018 Plan Issuances. We will not receive any of the proceeds from the sale of any shares by the selling shareholders if the overallotment option is exercised; accordingly, there is no dilutive impact as a result of these sales.

Table of Contents

The table below summarizes as of March 31, 2018, on a pro forma as adjusted basis described above, the number of shares of our common stock, the total consideration and the average price per share (i) paid to us by existing shareholders, and (ii) to be paid by new investors purchasing our common stock in this offering at the initial public offering price of $12.00 per share (in thousands except per share and percentage data) and giving effect to the 2018 Plan Issuances.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing shareholders[(1)]	13,360	58.1%	$ 12.52	0.01%	$ 0.001
New investors	9,630	41.9%	$ 115,560	99.99%	$ 12.000
Total	22,990	100.00%	$ 115,572	100.00%	$ 5.027

(1) The number of shares purchased by existing shareholders is based upon the exercise of warrants to purchase shares of our common stock over the past five years, each with an exercise price of $0.004 per share. The remaining shares held by existing shareholders, listed at zero cost, were either (i) issued to claimholders in our bankruptcy proceedings, or (ii) issued in connection with the vesting of equity awards under our 2011 Plan, 2017 Plan or RSU Plan.

The number of shares of our common stock outstanding after this offering is based on 12,394,215 shares outstanding as of March 31, 2018, 10,890,905 shares issuable upon exercise of warrants with an exercise price of $0.004 per share, 250,000 shares issuable upon exercise of warrants with an exercise price of $3.20 per share (which were terminated in June 2018) and 966,022 shares of restricted common stock to be issued under our 2018 Plan immediately following the completion of this offering in exchange for vested SARs previously issued under our SAR Plan.

If the underwriters exercise in full their option to purchase additional shares of our common stock from us, our existing shareholders would own 53.4% and our new investors would own 46.6% of the total number of shares of our common stock outstanding upon completion of this offering. The total consideration paid by our existing shareholders would be approximately $12.52, or 0.001%, and the total consideration paid by investors purchasing shares in this offering would be $132.9 million, or 99.9%.

Table of Contents

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

You should read the following selected consolidated historical financial and operating data below in conjunction with *Management s Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements, related notes and other financial information included in this prospectus. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the financial statements and related notes included in this prospectus.

The selected consolidated statement of operations data for our fiscal years ended September 30, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data for the six months ended March 31, 2018 has been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. The selected consolidated statements of operations data for our fiscal years ended September 30, 2013, 2014 and 2015 have been derived from our consolidated financial statements that are not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the six months ended March 31, 2018 are not indicative of the results expected for the full year.

	Year Ended September 30,					Six Months Ended March 31,	
	2013[1]	2014[1]	2015	2016	2017	2017	2018
	(in thousands, except per share data)						
Operating revenues:							
Contract revenue	$ 382,125	$ 407,408	$ 481,168	$ 569,373	$ 618,698	$ 309,711	$ 310,904
Pass-through and other	33,131	28,617	24,931	18,463	24,878	9,619	21,420
Total operating revenues	**415,256**	**436,025**	**506,099**	**587,836**	**643,576**	**319,330**	**332,324**
Operating expenses:							
Flight operations	78,685	93,092	118,600	141,422	155,516	72,349	103,807
Fuel	13,531	6,092	1,017	753	766	400	198
Maintenance	102,473	123,506	142,643	225,130	210,729	117,422	105,756
Aircraft rent	77,243	80,942	69,083	71,635	72,551	36,060	36,582
Aircraft and traffic servicing	28,363	20,817	13,274	3,936	3,676	1,580	1,744
Promotions and sales[2]	5,406	2,795	11				
General and administrative	31,598	34,501	39,940	42,182	38,996	20,676	21,267
Depreciation and amortization	32,945	33,425	42,296	46,020	61,048	29,600	31,598
Asset impairment	7,942						