



Don Conrard

Alaska Airlines collected a little more than \$6 million in the first month after it began charging for a first checked bag.

The \$14 solution

Update: How Alaska is faring in boosting revenue, cutting costs

By Don Conrard

How much money does Alaska Air Group need to reach its goal of a 10-percent profit margin? About \$14 per passenger. That may not sound like much, but achieving it during the worst recession since the Great Depression isn't easy.

For one thing, Alaska carried more than 1 million fewer passengers during the first seven months of the year. That's about 10 percent less than 2008, resulting in almost \$200 million in lost passenger revenue.

"But reaching our goal of \$14 per passenger is still possible," Chief Financial Officer **Glenn Johnson** says. "It will take time and a focus on optimizing the amount of revenue we receive from each passenger, effective cost control and maintaining good operational performance."

Many of the airline's revenue and cost reduction efforts are still in their infancy and will depend on an economic recovery to reach their full potential, notes **Brandon Pedersen**, vice president of finance and controller.

"But we are sowing the seeds for future success," Pedersen says. "We don't look at this as a one-year effort, but rather as an ongoing strategy to ensure the competitiveness of Alaska Airlines and Horizon Air for many years to come."

The two carriers have already cut capacity (total seats in the fleet multiplied by miles flown) to save money on unprofitable routes and help boost ticket prices. Beyond that, the airlines have made increasing the revenue they receive from each passenger and further reducing costs their top strategic goal for 2009.

Specifically, Alaska and Horizon are working to generate \$9 to \$10 more in revenue from each passenger and saving the equivalent of \$4 to \$5 per customer. Here's how the company is faring on both fronts. ➤

Revenue: \$9 to \$10 more per passenger

Alaska Airlines is working to boost revenue from each passenger by \$9 to \$10 through fare increases, service fees, better managing the number of dis-

count seats the carrier offers, redeploying aircraft to more profitable routes and flying them more each



Continued on The Back Page

Reducing costs: \$4 to \$5 a passenger

To reduce expenses at Alaska and Horizon by \$4 to \$5 per passenger, the company is focusing its efforts on:

Lower fuel consumption: \$25 mil-

lion a year. By retiring its MD-80 fleet, reducing auxiliary power unit (APU) use, installing winglets on



Continued on The Back Page

Shrinking flight schedule leads to smaller workforce

Voluntary efforts reduce forced cuts during the past year to 406 positions

By Don Conrard

Responding to record-high fuel prices and a crumbling economy, Alaska Airlines began trimming its schedule in the fall of 2008, resulting in management and frontline staff cutbacks that have continued this year.

At the time, Alaska predicted it would cut 2009 capacity (available seat miles) 5 percent to 10 percent, resulting in the elimination of 850 to 1,000 positions. Capacity reductions are now expected to be 5 percent this year, thanks to lower fuel prices, redeploying aircraft from money-losing routes to those with better profit potential and other efforts.

Even so, the schedule for this fall and winter is 9.6 percent smaller than the summer. That translates to about 40 fewer flights a day. As a result, Alaska's workforce reduction this fall amounts to 5.6 percent, or 566 positions, which includes some seasonal furloughs.

Overall, the airline will employ about 1,100 fewer people than when it began its staff reduction in late summer 2008. Voluntary efforts — including extended leaves of absence, early-out programs, offers of part-time employment, leaving vacant positions unfilled and other career development opportunities — have reduced the number of forced furloughs to about 400 employees.

The airline also saved jobs by entering new markets. Since the first of the year, Alaska has launched flights to Austin, beefed up Hawaii flying, and will soon begin serving Houston and Atlanta. These new markets account for about 7 percent of Alaska's capacity, saving some 800 jobs.

"Impacting our employees is always a last-resort option — one we've done our best to avoid during this severe economic downturn," President **Brad Tilden** said. "The harsh fact is we've flown more than a million fewer customers this year and demand will drop off further this fall and winter. That means we have needed to adjust our flight schedule. Unfortunately, frontline employee reductions are directly driven by our smaller number of departures."

The company is also assessing its management ranks. Forty-three positions are being eliminated, which includes a handful of employees moving from full-time to part-time status. This

is in addition to 85 management positions that were cut last fall.

"This process is hard and, unfortunately, it will have a negative impact on our employees," Tilden said. "Our goal is to ensure we have the right staffing focused on the right projects in order to be as productive as possible."

Cutbacks at Alaska mirror an industry retrenchment described by the news media as the deepest since World War II. Capacity at the six largest U.S. airlines will shrink 6.8 percent by year end from 2008 levels, according to data compiled by the Official Airline Guide.

That's equivalent to eliminating U.S. Airways' entire domestic network.

Resulting job losses at other airlines this fall include: 1,700 at Continental, 1,000 at United and 921 at American. About 1,400 employees at Southwest Airlines accepted the carrier's first-ever early-out program. Delta Air Lines recently granted voluntary buyouts to



THE HARSH FACT IS WE'VE FLOWN MORE THAN A MILLION FEWER CUSTOMERS THIS YEAR AND DEMAND WILL DROP OFF FURTHER THIS FALL AND WINTER.

— PRESIDENT
BRAD TILDEN

more than 2,100 employees and has hinted at more job cuts this fall and winter.

"U.S. airlines lost a record 27,000 jobs in May 2008 alone," said John Heimlich, vice president and chief economist for the Air Transport Association.

Depending on contract language and bid schedules, furloughs of Alaska pilots, flight attendants, customer service agents, reservations sales agents and employees in other work groups will take place by mid-October.

"I'm sure I speak for all of the company's leaders when I say the decision to furlough employees has been very tough," said **Kelley Dobbs**, vice president of human resources and labor relations.

Tilden echoed those sentiments. "I know the uncertainty is extremely difficult, but our commitment to our employees is still strong," he said. "We will continue to adapt our schedule to customer demand, and I look forward to calling back as many furloughed employees as possible once the economy improves." ➤



Alaska's World

in August



NETWORK

Texas service expanded to Austin and Houston

Alaska Airlines began flying between Seattle and Austin on Aug. 3. Earlier this year, the carrier moved quickly to offer service after American Airlines announced it was pulling out of the market.

Alaska also launched a daily roundtrip between Austin and San Jose on Sept. 2 and announced it will add a second daily flight between the two cities starting March 14, 2010.

In its ongoing effort to redeploy seats from poor-performing markets, Alaska also plans to begin flying to Houston in late September, Atlanta in October, and Oakland and Hawaii in November. Despite the new service, the airline's capacity is down 6 percent from a year ago.

— Posted to the Web on Aug. 3 and 26

LABOR RELATIONS

Aircraft technicians ratify two-year contract extension

Alaska Airlines and the Aircraft Mechanics Fraternal Association jointly announced ratification of a two-year contract extension covering the airline's 658 aircraft technicians. The AMFA contract extension was ratified by more than 77 percent of the technicians who voted.

The extended contract, which becomes amendable on Oct. 17, 2011, provides technicians with a 1.5-percent pay scale increase on Oct. 17 of 2009 and 2010.

In addition, technicians will no longer participate in the company's Variable Pay Plan. Instead, they will participate in the Performance Based Pay

On the Web

August's most-read stories

- 1) Texas times two - Seattle-Austin inaugural flight
- 2) Alaska Airlines launching Portland-Chicago service
- 3) Temporary nonrev travel ban from Orange County to Portland
- 4) In memoriam: A passion for flying defined Captain Thigpen
- 5) Pumping up your paycheck: Annual bonus plans augment Alaska's monthly OPR payouts.

Read full versions of these and other stories online. Click the *News Archives* button on the alaskasworld.com home page, then click August 2009.

(PBP) annual bonus plan, which covers all other Alaska Airlines employees (aircraft technicians, dispatchers, flight attendants, pilots and management) except those represented by the International Association of Machinists and Aerospace Workers (IAM).

— Posted to the Web on Aug. 6

NETWORK

Chicago service expanding with flights from Portland

Alaska Airlines announced it will inaugurate daily service between Portland and Chicago, starting Nov. 16. The new flights augment the carrier's exist-

ing service to the Windy City, which includes three daily roundtrips to Seattle and two to Anchorage during the summer.

Flights will depart Portland at 10:10 a.m. and arrive at Chicago's O'Hare International Airport at 4 p.m. local time. Flights will depart Chicago at 4:45 p.m. and arrive in Portland at 7:10 p.m.

To accommodate the new service, Alaska is discontinuing one of its two daily roundtrips between Portland and Denver.

— Posted to the Web on Aug. 12

RELIABILITY

On-time rate hotter than summer in Phoenix

Except for going to Hawaii on the state's namesake carrier in June, the only way air travelers in the United States were able to arrive on time more often was by flying Alaska Airlines.

The carrier ranked second among all domestic carriers for on-time performance in June and first compared with its 10 relevant competitors, according to the Department of Transportation's Air Travel Consumer Report.

Alaska Airlines finished July with even better reliability than June — achieving a DOT on-time rate of 87.2 percent — while the carrier's load factor hit an all-time high of 84.3 percent. Alaska's previous load factor record was 83.4 percent in July 2007.

For the first seven months of 2009, the carrier's average on-time performance was 80.2 percent, two points ahead of the same period last year.

Employees also exceeded the customer satisfaction goal for July. Along with meeting the on-time goal, this means every employee will receive a \$100 bonus under the Operational Performance Rewards (OPR) program. The customer satisfaction score of 76.8 percent beat the goal of 75 percent, while showing a drop from recent record high scores.

— Posted to the Web on Aug. 4 and 19

AIR CARGO

Alaska faring better than competition

Despite the bad economy, Alaska Air Cargo's volume was down just 5½ percent through June compared with 2008, while revenues are down about 10 percent. **John Husby**, manager of the Seattle cargo warehouse, attributed the performance to the airline's close connection with businesses in the state of Alaska.

Reduced demand has hit many air cargo providers more severely, lowering volumes for American, Delta and other carriers by more than 20 percent.

— Posted to the Web on Aug. 24



Alaska Airlines dashboard

August 2008

DOT on-time performance

Goal: 80%

2009 85.7%
2008 78.7%

↑ 7.0 points

Scheduled completion rate

Goal: 99%

2009 99.6%
2008 98.8%

↑ 0.8 points

Baggage time to carousel

Average at SEA

First bag 13:37 minutes
Last bag 18:31 minutes

Mishandled baggage rate

Goal: 4 or fewer per 1,000

2009 4.4
2008 4.3

↓ 0.1 bags

Cargo shipped

Pounds of freight & mail

2009 12.1 million
2008 11.3 million

↑ 6.6%

Customer satisfaction overall OPR score

Goal: 72%

July 2009 76.8%
July 2008 76.0%

↑ 0.8 points

Load factor

2009 84.3%
2008 82.5%

↑ 1.8 points

Fuel cost

(AAG price per gallon, inc. hedging)

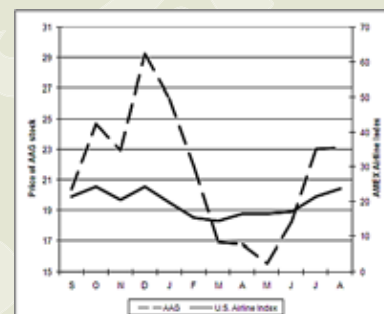
July 2009 \$3.61
July 2008 \$2.07

↓ 42.7%

OPR payouts

To be paid in October \$250
Year to date \$600

Air Group stock price



Close (Aug. 31).... \$25.23
52-week range.... \$12.89 - \$30.95



Don Conrad

Fred Mohr, vice president of Maintenance & Engineering (seated right) and Earl Clark, line aircraft technician and AMFA Region 1 director, (seated left) signed a two-year extension of the AMFA contract for the airline and union, respectively. Also at the ceremony were members of the Alaska and AMFA negotiating teams. They are, (standing, from left), Line Aircraft Technician Louie Key; Lead Line Inspector Jarod Mills; Line Avionics Technician Jason Munson; Line Aircraft Technician Mark Dahl; Lead Line Avionics Technician Tim Cullen; Kurt Kinder, managing director of line maintenance; Sonia Alvarado, manager of labor services; and Dennis Hamel, vice president of labor contract negotiations.

Employees rate Alaska more highly

Survey results show they also want better communication, accountability

By Christy True

Alaska Airlines employees are more engaged than most, however, they believe management needs to improve accountability and two-way communication. Those were among the findings in an employee engagement survey that was administered in June.

Fifty-nine percent of Alaska employees participated in the online survey, which was designed to help company leaders better understand key behaviors that motivate employees.

That compares to 61 percent who participated in the last survey in fall 2007. Company leaders plan to link this year's results to key initiatives involving customer satisfaction and better performance.

"We're already learning a lot from this year's survey, and we plan to use the same survey in coming years so we can see where we're improving and where we still need to do more work," said Kelley Dobbs, vice president of human resources and labor relations. "We will also be using the survey results during the officers' 2010 planning session this month to hone in on what is working to engage employees — as well as study the links between employee engagement and customer satisfaction."

The survey, administered by the employee services consulting firm Kenexa, consisted of statements that employees ranked on a five-point scale from "strongly disagree" to "strongly

agree." Responses of "strongly agree" or "agree" were considered a favorable response, while "strongly disagree" or "disagree" were counted as unfavorable. There was also a "neutral" rating, and employees were asked for comments in an open-ended question.

At 72 percent, the level of engagement for Alaska Airlines employees is higher than Kenexa's average score of 67 percent and close to "best in class" status. This score came from rankings of statements such as "I am proud to work for this company" and "I would gladly refer a good friend or family member to this company for employment."

Levels of engagement by employees ranged from a high of 91 percent among Board Room staff followed by 77 percent among flight attendants to a low of 44 percent among pilots.

But only 29 percent of employees said they thought people are held accountable for poor performance. "Poor performers are allowed to continue doing the same poor performance for years," one respondent wrote in the comments section.

"We obviously need to continue improving accountability — and at the same time work on recognizing our folks who are going above and beyond," Dobbs said.

And just 39 percent believe there is open, honest two-way communication. Only 36 percent, for example, thought their ideas and suggestions count.


This is the first time Kenexa administered the survey, so the results can-

not be directly matched to previous surveys. Some questions were similar enough, however, to compare responses, said Patrick Hopp, acting director of organizational learning and development.

Among all the topics that were previously surveyed, employees rated the company more highly. Compared with 18 months ago, employees rated Alaska 27 percentage points better for providing training and resources to do their job effectively, for example, and 23 percentage points higher for making them feel a part of a team.

The results indicated the most significant driver of employee engagement is "future vision," or the need to define where the company is going and why.

Four of the top 10 priority items that best predicted employees' level of engagement were related to future vision, Hopp said. Fifty-eight percent of employees felt favorable about the future vision of Alaska, compared with an average of 63 percent for all companies surveyed.

"Kenexa has been seeing significantly lower scores on the future/vision category of similar surveys for the past several months during this time of economic uncertainty," Hopp said. "The interpretation is that because employees are anxious about their futures, they are needing and wanting more compelling and reassuring visions and plans from their leaders about how the company and their jobs will survive the crisis." 

Speaking out

A sampling of employee comments in response to the question: "If you could change one thing that would improve this airline, what would it be?"

"More cross-divisional collaboration. We too often fight to keep our fiefdom at the detriment of the company."

"I don't believe upper management listens to Reservations, CSAs or Customer Care when we have suggestions. Our upper management has no idea what the workers of this company go through, nor do they care."

"We need to enable managers to make more decisions. There are too many processes and people involved in every decision that is made."

"I wouldn't change anything currently. I feel that our company is responding promptly to economic changes to cut costs and make every effort to achieve a profit."

"Consider what passengers want: technology! Wi-Fi, outlets and inflight entertainment."

"I would have people who actually fly make the policies and procedures that are utilized on-board the airplane."

"Stay the course!"

"Holding poor performers accountable and more recognition for individual performance."

"Have better employee input channels and take cost-streamlining suggestions seriously"

"While Alaska Airlines does a good job with customers' experiences, I would like to see the company turn some energy toward the employees. We have gotten away from events where cross-divisions of people are represented."

Strategic Goals

1. Be No. 1 in safety and compliance
2. Work together to build a diverse and inclusive company where everyone is valued, committed and connected.
3. Deliver on core operational promises: run a reliable, on-time airline.
4. Make flying easy. Provide caring service and great value to keep and win customers.
5. Generate profits that adequately compensate our investors and enable us to fund our future.

2009 employee survey highlights

Kenexa compared Alaska Airlines' responses to those from some 400 other companies for which it administers surveys. This average score, or "norm," is included with Alaska's scores below.

Most positive scores

Customer focus

- 88 percent said Alaska has a strong emphasis on customer service (9 points above the norm).
- 66 percent said customer problems are dealt with quickly (same as the norm).

Employee engagement

- 81 percent are proud to work for Alaska (6 points above the norm).

Teamwork

- 81 percent said the people they work with cooperate to get the job done (6 points above the norm).
- 71 percent feel like they're part of a team. (6 points above the norm).

Alignment

- 72 percent see a clear link between their work and the company's objectives (3 points above the norm).

Growth and development

- 70 percent said they have the training they need to do their job effectively (1 point below the norm).

Future/Vision

- 66 percent believe Alaska Airlines has an outstanding future. (6 points below the norm)

The job itself

- 74 percent said their work gives them a feeling of personal accomplishment (1 point above the norm)
- 69 percent said their job makes good use of their skills and abilities. (1 point below the norm)

Communication

- 64 percent said they receive the information and communication they need to do their job effectively (2 points below the norm).

Least positive scores

Manager effectiveness

- 46 percent said their manager was an outstanding leader (17 points below the norm).

Growth and development

- 50 percent are satisfied with the career opportunities available at Alaska (5 points below the norm).
- 36 percent said their manager has made a personal investment in their growth and development (21 points below the norm)

Recognition

- 43 percent said they regularly receive appropriate recognition when they do a good job. (15 points below the norm).

Teamwork

- 41 percent said there is good collaboration across different departments at Alaska (7 points below the norm).

Communication

- 39 percent said there is open, honest two-way communication at Alaska. (14 points below the norm).

Survey credibility

- 39 percent believe positive change will occur as a result of this survey (9 points below the norm).

Community involvement

- 37 percent said management supports them in their efforts to get involved in the community. However, almost half chose the "neutral" response. (No norm given).

Performance management

- 29 percent said people are held accountable for poor performance (15 points below the norm).

A smile is universal

Anchorage CSA gives back through 'voluntourism' in Vietnam

By Marianne Lindsey

Peering into the thick-walled fortress of a Vietnamese orphanage, Anchorage Customer Service Agent **Kellene Spinde** took a deep breath. Windows were open inside, but the room was dark to ward off the stifling heat. Children were sprawled everywhere — on the floor and in little beds crammed side by side. A young boy tossed items into a droning fan.

It was the vacation Spinde had longed for.

Having seen images of the Vietnam War as a child, the 21-year Alaska Airlines veteran always dreamed of visiting the country.

"I wanted to help, to do my part," Spinde says. Online research through a site called gapyearinasia.com led her to Phu My Orphanage, a Catholic home for abandoned children.

Located in Ho Chi Minh City, formerly known as Saigon, the orphanage houses more than 400 children with physical and mental disabilities, some caused by the effects of Agent Orange, a chemical used during the war.

Spinde and her traveling companions — a cousin who was taking the trip to celebrate his 60th birthday and his wife — worked eight hours a day for five days last April as volunteer caregivers for the children.

In the morning, they'd help feed them a mush of vegetables and beef and then take them outside for fresh air. Schooling and daycare were also offered.

"The children became very attached, just in the short five days that we were there," Spinde says. "And we did, too."

While many of the children were severely disabled, Spinde says they did not lack spirit or humor. One little girl, whom they called "the shoe princess," picked out her favorite pair among the volunteers' shoes at the door each day and wore them proudly.

"She was such a character," Spinde recalls.

After Spinde finished her shift, she would travel across the city to help serve meals at a hospital, and then move on to a soup kitchen operating out of a garage, where she helped feed upwards of 300 people each evening.

Despite being only one of three Westerners, Spinde felt comfortable.

"We were very welcomed," she says. "I believe you get what you give. If I smiled, people would smile back. It was heartwarming."

Unlike most volunteer work, where accommodations are provided without charge, Spinde and her companions paid for the opportunity. They stayed as guests in a home, where all three slept in the same room.

"It was modest, but all that we needed," Spinde says.

She is among a growing number of volunteer travelers who are doing their part for humanity while also getting away. "Voluntourism" opportunities are plentiful today. They provide not only the chance to give back, but also



Kellene Spinde, who believes 'you get what you give,' spent a recent vacation working as a volunteer caregiver in a Vietnamese orphanage for children with physical and mental disabilities. She also spent time in a soup kitchen, helping to feed upwards of 300 hungry people a day.



Kellene Spinde kayaks in Vietnam during her volunteer mission there helping orphaned children. **Right:** Spinde and her fellow volunteers at the orphanage called this young girl 'the shoe princess' for her love of wearing the volunteers' shoes.




to see parts of the world that are off the beaten track.

In addition to Ho Chi Minh City, Spinde visited Hanoi and Cambodia. These touring sites held significance from the war, including the "Hanoi Hilton" and the tunnels used by the Viet Cong to navigate the dense jungles.

Spinde used her flight benefits to get there, paying ZED fares to fly Eva Air from Seattle and China Airlines to get back home. Her co-workers donated

two suitcases full of children's clothes, shoes and books that Spinde gave to the orphanage.

To fellow employees who may want to try a volunteer vacation, Spinde offers the following advice.

"It is an experience like no other — both rewarding and heartbreaking at the same time," she says. "You have to be able to get by on the basics, and to have patience and flexibility. But even more so, you have to be polite. A smile goes a long way in any language." 

Coming to an airport near you this fall

Employees invited to regional meetings

All employees are invited to attend one of several regional meetings this fall. Come meet senior executives, ask questions and make suggestions, and hear an update on major initiatives such as the first bag fee, service to new cities and the Performance Based Pay annual bonus plan. Meetings will be held on Sept. 30 in Seattle, Oct. 9 in San Francisco and Oakland, Oct. 13 in Anchorage and Oct. 27 in Los Angeles.

Employees are also invited to a reception after the employee meetings in Anchorage, Los Angeles and Seattle, which are being organized by the Latin Culture Employee Resource Group in recognition of Hispanic Heritage Month.

More regional employee meetings will be held in these and other cities throughout 2010.

Regional employee meetings

Seattle Sept. 30

- Central Auditorium / SEA Airport, 10 a.m. to noon
- Sea-Tac Doubletree Hotel, 1:30 to 3:30 p.m.
- Reception at Sea-Tac Doubletree Hotel, 3:30 to 6 p.m.

San Francisco Oct. 9

- Airport Conference Room, 10 a.m. to noon

Oakland Oct. 9

- Airport Conference room, 2 to 4 p.m.

Anchorage Oct. 13

- Susitna Conference Room, 10 a.m. to noon
- Susitna Conference Room 1:30 to 3:30 p.m.

- Reception at Anchorage Airport Railroad Depot, 3:30 to 6 p.m.

Los Angeles Oct. 27

- LAX Airport Pilot Lounge, 10 a.m. to noon.
- House of Blues / Sunset Strip, 1:30 to 3:30 p.m.
- Reception at House of Blues/ Sunset Strip, 3:30 to 6 p.m.



All photos by Scott Hansen

Finger Bay is a scenic inlet that is also one access point to the wilderness area, but only for intrepid hikers. This cabin was long ago abandoned.

A land far, far away

Twice-weekly flights represent a lifeline to Adak

By Christy True

Adak, population 263, is unique in the Alaska Airlines route system and perhaps the most obscure location in the United States served by a major carrier.

The tiny village, perched near the tip of the Aleutian Islands chain, is a place of extremes: in remoteness, weather and ruggedness. That's in addition to its status as the southernmost community in Alaska (Ketchikan sits about 240 miles farther north) and westernmost town in the nation (Kauai is roughly 850 miles to the east).

The two Alaska Airlines 737-400 Combi flights per week — on Thursdays and Sundays from Anchorage — are subsidized under the U.S. government's "Essential Air Service" program, which is literally a lifeline to residents. No other airlines offer regular service to Adak — for passengers or cargo. In a given week, Alaska handles 6,000 to 10,000 pounds of cargo at the distant outpost.

Alaska Airlines has been serving Adak since 2003. Its Essential Air Service contract comes up for renewal ev-

ery two years and the current one expires June 30, 2010.

Isaac Helmericks manages Alaska Airlines' service in Adak, and he employs a handful of contractors on flight days to get passengers checked in and the planes loaded and unloaded.

Helmericks has a home in Adak and is raising a family there. While most employees might find Adak too isolated, Helmericks says "it's a big town" compared to where he grew up in Colville Village. Living 60 miles west of Prudhoe Bay in this homestead begun by his grandfather in the 1940s, Helmericks was homeschooled by his mother and the family survived on wild game and fish.

He has a bachelor's degree in aviation management and holds a private pilot's license. Aviation runs in his blood — Helmericks' father and brothers are also pilots and the family ran an

air taxi service from the early 1970s until about 2004.

A recent flight from Anchorage was dominated by hunters, fishermen, Alaska Airlines employees and a few government workers stationed on Adak. The fishermen go there for salmon while hunters seek caribou, which were introduced by the military in the 1940s and now number in the thousands.

Only a few hundred people live in the town of Adak, but an aerial view would suggest it's inhabited by many more. That's because the U.S. Navy used Adak as an active base starting in World War II until it abruptly pulled out in 1997.

From a distance, Adak looks like a thriving 1980s-era suburb with housing for 6,500 people, a McDonald's restaurant, bowling alley, and large schools and community centers. Upon closer inspection, most of these buildings are vacant and in decay.

After the Navy left, the government sold most of the land and facilities to the Aleut Corp., which manages the property now. A portion of the island remains within the Alaska Maritime

National Wildlife Refuge and the Navy retains ownership of part of the north end of the island.

Exploring the mostly empty town is interesting, if a little unsettling. Some buildings are in fairly good shape, while others have missing siding, broken windows and other vandalism. Cabins perched on incredibly scenic vistas are open to the elements and filled with broken furniture and liquor bottles.

Vistas of the surrounding wilderness a mile or two outside of town are spectacular. Green tundra covers the rolling hills but there are few trees — openness reminiscent of Ireland. Crystal-clear high lakes and streams create gorgeous waterfalls.

A road to Clam Lagoon, an area rich in wildlife just six miles from town, makes a pleasant drive or walk.

While the local map shows hiking trails, my partner and I found these to be nonexistent or so faint as to be impossible to follow. Instead, hikers or hunters on foot walk mostly on boggy tundra, which makes for unstable footing and wet feet.


And despite the large numbers of caribou, they are not easy to find, at least near town.

Bald eagles, however, are abundant in town. Adak attracts a few determined bird watchers — for the eagles, but also for more exotic species such as the Marsh Sandpiper, Temminck's Stint and Gray Wagtail, according to one birder Web site.

Services on Adak are few and they're expensive. The only lodging is the "Adak Inn" — former military townhouses that are rented out for at least \$230 a night. While pricey, the units are clean, modern and spacious with kitchens and laundry facilities.

High winds and chilly temperatures that are common on Adak throughout the year make camping challenging.

The only vehicle rentals are from Jim, a local who meets the incoming flights and offers the choice of a rusty, dilapidated pickup truck for about \$100 a day or a rusty, dilapidated van for \$113 a day. The vehicles are left over from the military and appear to have had only minimal maintenance since then.

There is a fairly well-stocked grocery store on Adak — it's located in the former high school cafeteria. For most items, expect to pay about three times more than you would in major cities in the Lower 48. 

Read the full version of this story and see more pictures of Adak on alaskasworld.com



Adak Station Manager Isaac Helmericks with contractors Rachel Hines (left) and Lacy Plummer. Helmericks works at the station five days a week.



Much of the former military housing has been abandoned and is falling into disrepair or has been vandalized.

September 2009

→

25 YEARS

Jeffrey Butler
Vice President Customer Service – Airports/KVY

Gaylene Donner
Employee Programs & Events Specialist/SEA

Robert Driscoll
Captain/LAX

Lewis Foust
Flight Attendant/SEA

Kathryn Gift
Flight Attendant/SEA

Linda Hytinen
Flight Attendant/LAX

Mark Laura
Captain/SEA

David Linn
Captain/LAX

Lon Lowe
Captain/SEA

Robert McKeough
Dispatcher/SEA

Harold Mitchell
Captain/SEA

James Palmer
Manager of Quality Assurance Maintenance & Engineering/SEA

Michael Powell
Captain/SEA

Kim Rackley
Captain/SEA

Paige Wolf
Captain/LAX

20 YEARS

Michael Anderson
Captain/SEA

Duane Bailey
Shift Manager/SEA

Philip Bailey
Manager Line Maintenance/SEA

Janiece Brown
Captain/SEA

Stanley Chabert
Captain/SEA

Wendy Chinn
Flight Attendant/LAX

Wendy Corrick
Flight Attendant/SEA

Yvette Criss-Boggan
Flight Attendant/SEA

Carol Dicus
Flight Attendant/SEA

Richard Doherty
First Officer/SEA

Tanya Galaviz
Flight Attendant/SEA

Amy Gerfen
Manager Call Center Planning & Technology/KVY

Michael Gordley
Line Aircraft Technician/SEA

Dorothy Gurney
Flight Attendant/SEA

Laurie Halone
Stores Agent/SEA

David Harris
Flight Attendant/SEA

Daniel Henry
Captain/SEA

Tammy Hicks
Flight Attendant/LAX

Ronald Hurtado
Flight Attendant/LAX

Sheree Inderbitzin
Flight Attendant/SEA

Lynn Jones
Flight Attendant/SEA

Calisse Kelly
Flight Attendant/SEA

Lisa Larose
Flight Attendant/SEA

Susan Lee
Flight Attendant/SEA

Rechelle Lewis
Flight Attendant/SEA

Jennifer Lines
Flight Attendant/PDX

Traci Lust
Flight Attendant/SEA

Betsy McKittrick
Customer Service Agent/ANC

Debra McMahan
Flight Attendant/SEA

Tania Meiners
Customer Service Agent/FAI

Leonor Miranda
Flight Attendant/SEA

Matthew Nelson
Flight Attendant/SEA

Carmen Olson
Flight Attendant/LAX

Terri Reichel
Flight Attendant/SEA

Stephen Rock
Director of Finance/SEA

Kari Rodewald
Flight Attendant/SEA

Donald Smith
Flight Attendant/SEA

Cheri Starkey
Reservations Sales Agent/PHX

Karolyn Vickers
Flight Attendant/SEA

Frances Wade
Flight Attendant/SEA

Mark Walker
Ramp - Air Freight/SEA

15 YEARS

David Bowman
First Officer/SEA

Pamela Brown
Customer Service Agent/SAN

Toni Markham
Vacations Product Manager/SEA

Susan Myers
Customer Service Agent/LAX

Hermalinda Sanchez
Customer Service Agent Mexico/SJD

10 YEARS

John Bibb
Ramp Service/JNU

Kimberly Booth
Stores Agent/ANC

Stephanie Cardenaz
Customer Service Manager/OAK

Kenneth Coville
First Officer/SEA

Kathy Crofut-Brewton
Lead Customer Service Agent/SEA

Tony Davis
Customer Service Agent/ANC

Patricia Felt
Reservations Sales Agent/PHX

Michael Gardner
Lead Customer Service Agent/PDX

David Glick
First Officer/SEA

Alana Goff
Flight Attendant/SEA

Debra Gordon
Customer Service Agent/SEA

Angela Hawk
Manager Ground Support Equipment/KVY

Vernon Hoyt
Line Aircraft Technician/SEA

Raeanne Hughes-Bang
Reservations Sales Agent/KVY

John Kollen
Engineer/SEA

Nels Lawson
Lead Ramp Service/SIT

Robert Montgomery
First Officer/SEA

Judith Moore
Accounting Specialist/SEA

Kenneth Newton
Manager Maintenance Component Contracting/SEA

Elaine O'Neill
Lead Customer Service Agent/SIT

Patarachit Pinkaow
Accounting Specialist/SEA

Carmen Platt
Manager Inflight Policy, Safety, Regulatory Compliance/SEA

Paloma Ramirez
Customer Service Agent Mexico/MZT

Nancy Robertson
Customer Service Agent/SNA

Joanne Ryan
Crew Scheduler/SEA

Jean-Pierre Samson
Lead Customer Service Agent/LAX

Matthew Sears
First Officer/SEA

Jill Tanga
Corporate Front Desk Assistant/SEA

Guillermo Todd
Senior Systems Analyst/SEA

Heidi Wood
Lead Customer Service Agent/DCA

5 YEARS

Maria Boehne
Director Risk Management/SEA

Krystal Crespo
Customer Service Agent Mexico/SJD

William Gaines
Supervisor Line Maintenance/PDX

David Taylor
Line Avionics Technician/PDX

Dear Alaska Airlines

I was on Flight 371 on Aug. 15 with Captain **Greg Wright**. Before we took off, Captain Wright came out to the first class area. He was smiling and energetic, and informed everyone about our upcoming flight to Seattle. He paid high compliments to his first officer and the flight attendants.

This small act set the tone for the entire flight. As we traveled to Seattle, he pointed out all of the beautiful landmarks, including Mount Shasta, Crater Lake and Mount Rainer.

He made a perfect landing (I know from experience!), and then he came outside the cockpit and thanked all of us for flying with Alaska Airlines. This personal touch by Captain Wright should be the “gold standard” for all flight crews.

— M.S., Seattle

I flew to Seattle for business on Aug. 3 from Washington, D.C. I was able to upgrade to first class, which I thought would be a pleasure in its own right. Instead, my trip was made extraordinary by **Clinton Callender**, our flight attendant.

He was remarkable. Clinton was attentive without being annoying, professional, courteous and excellent at his job.

He made my trip memorable. I will not fly to Seattle on any other airline. I was very impressed with

Alaska Airlines. Clinton is a large part of the reason. He has a tremendous future. Thank you so much for a pleasurable experience.

— P.G., Alexandria, Va.

I booked a flight two months ago from Anchorage to the Caribbean island of St. Lucia, which required an American Airlines connection. After I booked the trip, American changed my flights twice. I worked with **Monica Peischl** (reservations sales agent) at the Seattle desk. She was exceptional in helping me.

These flight changes have been very trying, to say the least. On more than one occasion, Monica went over and above all expectations anyone could possibly expect.

She has my utmost respect and appreciation. Monica epitomizes the professional and friendly service that makes Alaska the best in the industry. I can't convey how happy I am to have had her on the phone helping me through this very difficult situation. Monica, I salute you!

— D.B., Anchorage

I just got off of the phone with a member of your customer care group, and I wanted to express my extreme pleasure with the way my call was handled.

Ryan Marlar-Enbom (customer care representative) took my call, and he was very pleasant and cheerful as well as being efficient. He was able to handle my urgent issue (we are getting on a plane in about

three hours) and did it all with a smile — at least he sounded like he was smiling.

Kudos to Ryan, and thanks for your efforts to get my tier status match pushed through so quickly.

— D.R., Carrollton, Texas

I would like to take a minute to praise one of the most professional and courteous flight attendants I have seen, and she works for you!

I was on Flight 327 from San Jose to Seattle on Saturday, Aug. 8. I am a Gold member, and was fortunate to get an upgraded seat to first class.

The flight attendant who was working first class was **MaryLynn Smiley**. She did two things I have never seen any other flight attendant do. First, she knew the name of every passenger in first class. As we left the plane, she said goodbye to every first class passenger by name.

Second, she took a minute to stop by my seat and thank me for being a Gold member. She also mentioned that the top 1 percent of frequent fliers accounted for a certain percentage of Alaska's income, and thanked me once again.

Truly remarkable! It is people like MaryLynn who keep me flying your airline and your partners.

Your new ad slogan is “North of Expected,” and the passion and performance of people like MaryLynn are the true definition of that statement.

— P.F., Monroe, Wash.



Coming Up

Tue, Sep 15	Diversity Brown Bag Lunch / SEA
Wed, Sep 23	Hangar Tour / SEA
Wed, Sep 23	Seattle-Houston Inaugural / SEA
Wed, Sep 30	Employee Meeting / SEA
Thu, Oct 8	Hangar Tour / SEA
Oct. 9-23	United Way Giving Campaign
Fri, Oct 9	Employee Meetings / OAK, SFO
Tue, Oct 13	Employee Meeting / ANC
Wed, Oct 14	Blood Drive / SEA
Thu, Oct 22	AAG Q3 financial results / SEA
Fri, Oct. 23	Seattle-Atlanta Inaugural / SEA
Tue, Oct. 27	Employee Meeting / LAX
Wed, Oct. 28	Diversity Brown Bag Lunch / SEA
Thu, Nov 12	Hangar Tour / SEA
Tue, Nov 9	Oakland-Maui Inaugural / OAK
Wed, Nov 10	Oakland-Kona Inaugural / OAK
Mon, Nov 16	Portland-Chicago Inaugural / PDX
Wed, Nov 18	Hangar Tour / SEA
Thu, Nov 19	Crafts Fair & Holiday Bazaar / SEA
Thu, Nov 26	Thanksgiving
Sat, Dec 5	Children's Holiday Party / SEA
Mon, Dec 14	Holiday Prize Drawing / online
Tue, Dec 15	Hangar Tour / SEA

For more info on these events, click 'Employee event calendar' on the aw.com home page



COPYRIGHT 2009 ALASKA AIRLINES INC. ALL RIGHTS RESERVED

The Corporate Communications Department publishes *Alaska's World* monthly for active and retired employees of Alaska Airlines. For permission to reproduce any part of this document, contact Alaska Airlines.

Editor: Paul McElroy Layout/Sr. Correspondent: Don Conrard

Alaska's World seeks story ideas, suggestions, questions and photographs from our readers. To submit news items, contact the staff:

Voice: (206) 392-5057 Co-mail: SEAEC
Fax: (206) 392-5558 E-mail: news.tips@alaskaair.com



Printed on 100% recycled paper with vegetable-based inks



Teamwork on the move. With a mobile hotspot that fits in the palm of your hand, you can extend the speed and on-the-go convenience of Sprint® Mobile Broadband beyond just your laptop. Cost-effectively share the Internet with other Wi-Fi devices and the rest of your team, vendors or customers. Get it on the Now Network™.



MiFi™ 2200 Mobile Hotspot



Employees of Alaska Airlines "Take your hotspot with you."
Call 1-866-639-8354
Visit a Sprint Retail Store: sprintstorelocator.com
Shop on line: www.mycompanyrates.com/alaska

May require up to a \$36 activation fee/line, credit approval & deposit. Up to \$200 early termination fee/line applies. GPS: GPS reliability varies by environment. Other Terms: Coverage not available everywhere. The 3G Sprint Mobile Broadband Network (including roaming) reaches over 270 million people. Offers not available in all markets/retail locations or for all phones/networks. Pricing, offer terms, fees & features may vary for existing customers not eligible for upgrade. Other restrictions apply. See store or Sprint.com for details. ©2009 Sprint. Sprint and the logo are trademarks of Sprint. Other marks are the property of their respective owners.

Paid Advertisement

Airport Squeaky Clean Car Wash
with Espresso Drive-Thru
21000 Pacific Hwy. S. / 206-592-9310
(Across from Alaska Airlines Gold Coast Center)

Touchless Car Wash -- Open 24 Hours
No Brushes • No Damage • No Tire Rails
4 Minute Automatic Drive-Thru
Accepts Cash — VISA — Mastercard

Espresso Drive-Thru
• \$2.50 for 20 oz. Latte/Mocha (Sat.-Thurs.)
• Compare to Starbucks and save!
• Best barista in the airport area!

Both Businesses Frequented By Many Airline Employees!
Give Us A Try!

Paid Advertisement

Custom cabinets at big box store prices
Mention this add and receive FREE
full extension soft close glides
Building Custom cabinets since 1964
253-445-5272
15941 Meridian E Puyallup, Wa. Or see us on the web at www.royalcabinetsinc.com

Want The Best Quality & Customer Service?
Call Us 253-535-ORCA (6722)
New Showroom Open 15941 E Meridian Puyallup
GRANITE & STONE "Free Estimates" Free 18ga Undermount Sink
With 2-Slab Purchase
15941 Meridian E Puyallup, Wa. Or see us on the web at www.orcagranite.com

Largest Independent Appliance company
on South Hill. Specializing in High End
Kitchen Packages, repair, Scratch & Dent.
Family Owned & Operated
253-770-3661
15941 Meridian E Puyallup, Wa. Or see us on the web at www.appliancennw.com

Paid Advertisement



LOOKING FOR A PROFESSIONAL, EFFECTIVE, & HONEST REALTOR? LOOK NO FURTHER.

- Interest rates are at historical lows
- Homes are more affordable than they have been in years
- You may qualify for the \$8,000 first-time homebuyer's credit
- Inventory is abundant

Call or email today, and take advantage of the preferred Alaska and Horizon Airlines employee program...

MICHELE SCHULER, ABR®
(206) 992-2013
micheleschuler@cbbain.com
www.micheleschuler.com

"Committed to going the extra mile"



Paid Advertisement

WE WORK FOR YOU, NOT WALL STREET.

Have you ever wondered who your financial advisor really works for? We work strictly for you and we are backed by the strength and reliability of LPL Financial, the Nation's largest independent broker/dealer.*
We focus on one bottom line – yours.

SERVING THE EMPLOYEES OF ALASKA AIRLINES
– 401K RETIREMENT PLANNING –

LA POINTE
Private Client Group
LPL Financial

Proud Sponsor of the Thompson/Tanksy Foundation

CALL TOLL FREE: 1.888.499.4991 | david.lapointe@lpl.com | www.lapointewealth.com

*Based on total revenue, as reported in Financial Planning Magazine, June 1996-2008.
David La Pointe LPL Registered Principal CA. Insurance # 0801202 Member FINRA/SIPC

Paid Advertisement

Alaska developing numerous new revenue streams

Continued from Page One

day. Here is a summary of the airline's major revenue generators:

First bag fee: Estimated \$70 million a year. Alaska collected a little more than \$6 million in the first month after it began charging for a first checked bag on July 7.

Bank of America Visa card: \$30 million more a year. The airline signed a new contract with BofA last June, with added revenue retroactive to Jan. 1.

Higher prices for onboard items: \$10 million more so far this year. Alaska began charging \$6 for meals and drinks and \$2 to \$5 more for digEplayers (depending on the route) last May. Fees for unaccompanied minors and transporting pets also increased.

Second bag fee: \$7.5 million during the first six months of 2009.

Travel insurance: Estimated \$2 million a year. Alaska Airlines began selling trip insurance last December through Access America, covering non-refundable travel expenses in case of emergency cancellation or trip de-

lays and more.

Inflight Wi-Fi: Annual potential in the millions of dollars. After months of development, Alaska is close to a decision on whether to equip its entire fleet with a Wi-Fi system developed by California-based Row 44.

"We have more confidence in Row 44 now that all technical issues have been resolved and the company has received a permanent license from the FCC," says **Steve Jarvis**, vice president of marketing, sales and customer experience.

Increased aircraft utilization: Annual potential in the millions of dollars.

"Right now, we have a fleet of lazy aircraft in the sense that they could be flying at least one more hour per day," says **Brandon Pedersen**, vice president of finance and controller. "But we need an upturn in the economy for that to happen. It doesn't make sense to fly empty aircraft or aircraft full of passengers traveling on money-losing fares."


Better information about customers. Alaska introduced a "campaign management" system in early July to coordinate e-mail campaigns and target

16 versions of Mileage Plan's "Insider" online newsletter to specific customer groups. The first campaign offered a 10 percent discount to Mileage Plan members with a birthday in July — and brought in more than \$500,000 in new revenue.

Increasing contracted sales. This includes revenue from charter sales, tour companies, cruise lines, corporate accounts, Alaska Airlines Vacations, etc.

Greater focus on alaskaair.com. Alaska has more than doubled its online advertising budget for 2009 to encourage more people to book through alaskaair.com, generating added revenue while reducing distribution costs.

Display ads on MSNBC.com and dozens of other Web sites are also part of the effort. In addition, ads on search sites like Google and Bing show information about Alaska Airlines flights alongside results for a particular topic, such as Austin.

A new affiliate program, which allows companies like Argosy Cruises to promote Alaska Airlines on their Web sites, is bringing in even more revenue. 

Alaska Airlines' shrinking workforce 2008-09

Employee group	Employees as of Aug. 1, 2008	Reductions August 2008 through Fall 2009*			Employees after Fall 2009 reduction
		Voluntary	Involuntary	Total	
CSAs / Res Agents	3,038	212	203	415	2,623
Flight Attendants	2,889	309	0	309	2,580
Management	1,668	39	68	107	1,598**
Pilots	1,474	83	106	189	1,285
Aircraft Technicians	685	14	41	55	630
Ramp / Stores Agents	674	24	9	33	641
Clerical (IAM)	127	5	0	5	122
Mexico	97	0	11	11	86
Dispatchers	35	0	0	0	35
Total	10,687	686	438	1,124	9,600

* Voluntary and involuntary numbers are estimates only because not all workgroups have completed their furlough process. Voluntary reductions include employees who retired early, participated in an early-out program, extended leave of absence, reduced bid block program or reduced reserve line program, as well as vacant positions not filled. Involuntary reductions include furloughs, probationary release and employees switching from full- to part-time status.

** Management totals include 37 Shared Services employees hired from Horizon Air.

Company seeks to create 'low-overhead culture'

Continued from Page One

most of its 737-900s and carrying less potable water, Alaska Airlines has reduced its fuel burn per block hour 4.2 percent year over year.

Overhead reduction: \$25 million a year. "For the purpose of this initiative, we defined overhead to include many of the costs embedded in every division, not just the back-office functions," says **Brandon Pedersen**, vice president of finance and controller. "This includes management staffing, utilities, telephones, desks, chairs, training, business travel and the amount of non-airport space we occupy."

Alaska sold the Airport Plaza Building, is moving out of the Creekside buildings in Kent, Wash., and significantly reduced warehouse space it rents. Several back-office functions located in satellite buildings have been consolidated at Corporate Headquarters.

Overall, the airline has vacated more

than 120,000 square feet of airport and office space since the effort began.

Reducing overhead also includes eliminating 43 management positions.

"The challenge for managers is to figure out how to re-prioritize their efforts to get everything done that needs to be done with less," Pedersen says. "Everyone in the company should be asking: What are we doing that could be done more efficiently or may not need to be done at all. We want to create a low-overhead culture, where people spend money as if it were their own."

Supplier price reductions: \$22 million a year. Led by **Dean DuVall**, managing director of supply chain management, the airline is asking its suppliers to help lower costs for everything from aircraft engines to swizzle sticks. This effort received a big boost from \$4.5 million in lower annual crew hotel costs.


Airport space utilization: Goal of \$20 million a year. In an effort to meet this target, Corporate Real Estate has

already saved \$10 million by eliminating seven gates and other space at Seattle-Tacoma International Airport as well as gates and office space in Anchorage.

Alaska and Horizon are working to save another \$10 million through space optimization efforts in Portland and at other airports and moves in the C Concourse and North Satellite at Sea-Tac.

Productivity: Significant savings potential.

"We need to get to a position that, when the economy improves, we can grow the business without adding a lot of cost," Pedersen says. "For example, Airport of the Future at Sea-Tac is nowhere near capacity."

Jeff Butler, vice president of customer service — airports, says Alaska should be able to handle many more passengers in Seattle without significantly increasing staffing levels. "What we're looking for is a staffing model where we achieve summer-level productivity throughout the year," he says. 

Key information

Safety Reporting Hotline

In Seattle: (206) 392-9574
Toll-free: (877) 610-4039
Safety fax: (206) 392-9862
Safety officer: (206) 484 8208
E-mail: safety@alaskaair.com

Compliance & Ethics Hotline

In North America: (888) 738-1915
Elsewhere: (770) 613-6372

IT Help Desk

<http://ics.insideaag.com/helpdesk/default.asp>

Learn about system outages, report a problem, request equipment, software and more.

In FirstClass: Help Desk

Company Forms

www.alaskasworld.com/forms

Printable and online forms for employee travel, benefits, direct deposit, complaints, payroll and more.

Employee Travel Services

(206) 392-5125
E-mail: employee.travel.inquire@alaskaair.com
Co-mail: SEASP

Pass policies on other airlines
www.alaskasworld.com/travel/passpolicies

Positive space travel details
www.alaskasworld.com/travel/pst_overview.pdf

Purchase tickets and check prices for offline travel
www.alaskasworld.com/travel/id90/default.aspx

Reservations line for employees and pass eligible dependents
(877) 677-2566

ClickTix

www.alaskasworld.com/ES/events/default.asp

Buy tickets to Alaska Airline events or transit passes.

Employee Discounts

www.alaskasworld.com/ES/discounts

All known discounts and specials for employees are listed on the Web. Special discounts are also listed in the ASA Conferences folder on your FirstClass desktop.

Benefits Department

Health benefits: (206) 392-5111
Benefits fax: (206) 392-5860

Premera Blue Cross

(877) 224-3525
www.premera.com/aag

Vision Service Plan

(800) 877-7195
www.vsp.com

Washington Dental Service

(866) 737-5950
www.deltadentalwa.com

The Vanguard Group

401(k) custodian for non-pilot plans
(800) 523-1188

Fidelity Investments

401(k) custodian for pilot plan
(800) 835-5098

COBRA Management Services

(866) 517-7580