



## Capacity cuts seen as key to higher revenues

*Alaska Airlines balances demand and ticket prices as the economy slows*

By Don Conrard

With demand for air travel falling as the U.S. economy slides into recession, Alaska and the nation's other carriers are aggressively reducing or redeploying capacity. Their strategy is to increase unit revenue by better matching available seats to the number of people who want to fly.

During the fourth quarter, the nation's 19 largest airlines are operating 265,000 fewer flights than a year ago, according to the Official Airline Guide. In terms of seats, Alaska and its nine main competitors have cut capacity an average of 12.3 percent (see accompanying chart). Alaska ranks on the low end with an 8 percent cutback while Continental tops the list

WE'RE TRIED TO MINIMIZE CAPACITY CUTS AS MUCH AS POSSIBLE TO RETAIN MARKET SHARE AND REDUCE THE IMPACT ON OUR EMPLOYEES.  
— BILL AYER, CEO

with triple that reduction.

"We've tried to minimize capacity cuts as much as possible to retain market share and reduce the impact on our employees," CEO **Bill Ayer** says. "If the economy improves next year, we'll be looking for opportunities to restore some of the lost capacity. Thankfully,

the airline industry is showing some discipline on capacity reductions,

which is making it easier for us to fill our flights at fares that work."

The industry's actions come as more than 1.2 million jobs were lost in the first 10 months of the year, according to the Labor Department.

"Now, even wealthier people are reluctant to spend money," says Robert Brusca, chief economist with Fact and



Don Conrard

While Alaska Airlines is reducing capacity as the economy slows, its cutbacks are less than most other carriers.

Opinion Economics.

And, as **Andrew Harrison**, managing director of planning, notes: "Travel is one of the first things people and businesses stop spending money on

when the economy slows."

Alaska Airlines' passenger traffic is down significantly this year, although



Continued on The Back Page

## Paycheck's value doesn't end with your salary

*More than 30 percent of compensation is 'hidden' in health care, retirement, insurance and other benefits*

By Christy True

Chances are you know exactly how much money you earn working for Alaska Airlines. What you can't readily see is your "hidden paycheck" — another third or more of compensation that comes in forms other than your base salary.

Health care benefits, a pension plan or 401(k) contributions, disability insurance, life insurance and Positive Space Travel credits all add considerable value above the amount deposited in your bank account. Depending on how much they're used, standby travel privileges can add up to thousands of dollars in value.

In addition, Operational Performance Rewards payouts for on-time reliability and customer satisfaction — which have totaled \$700 for every Alaska employee so far this year — along with annual gain-sharing bonuses add actual dollars to your paycheck.

You can see much of the value of these fringe benefits reflected as "gross earnings" in the View Paycheck section of PeopleSoft.

The financial amount of benefits varies by work group, but it's generally 30 percent to 43 percent of the value of your compensation, according to **Tom Richards**, managing director of employee benefits. Here are highlights of your hidden paycheck:

### Annual benefits checkup time

Open enrollment for 2009 health-care plans — as well as travel privileges for parents/Employee Designated Guests (EDGs) — is under way and runs through Nov. 30. Access your PeopleSoft account to review your benefit plan and make any changes. More information is available on [alaskasworld.com](http://alaskasworld.com).

#### Health care

On average, Alaska Airlines expects to spend about \$6,500 per employee for health insurance in 2008 — about 5 percent more than it did in 2007. That amount, which also includes vision and dental care, is expected to jump another 10 percent in 2009 due to medical cost inflation and increased use of health care services by employees and their families, Richards says.

The company has little control over health care costs, which are rising for all companies and Americans, he adds. Although choices differ by work group, Alaska Airlines generally offers a Health Maintenance Organization (HMO) plan, a low-deductible Preferred Provider Organization (PPO) plan and high-deductible PPO plan to provide employees with a choice of doctors and out-of-pocket cost levels.

#### Pensions and 401(k) plans

Alaska Airlines expects to contribute about \$52 million in 2008 to support its traditional pension plans. At the end of 2007, the company's plans were funded at 86 percent, however, Alaska

expects the percentage may be reduced to about 70 percent at the end of this year due to poor market returns.

Employees who contribute to a company-administered 401(k) plan are able to invest in various stocks and bonds and enjoy tax-deferred savings that accumulate until retirement. Contributions to 401(k) plans are matched by the company for a portion of your salary — in effect, a guaranteed return on your investment. In 2008, Alaska Airlines expects to contribute about \$18 million in matching funds.

"Employees who don't contribute to the maximum level of their company match are leaving money on the table," says **George Newman**, director of financial accounting.

Employees can deposit as much as 16 percent of their salary in a 401(k) account. Taxes are deferred until the money is withdrawn, typically in retirement when you're in a lower tax bracket than during your working years.

With the sinking economy, many companies — including General Motors and Frontier Airlines — have cut back on 401(k) contributions.

Some 2 percent of 248 employers surveyed in October by human resources firm Watson Wyatt indicated they have reduced 401(k) matches as a way of coping. Another 4 percent said they may do so in coming months.

Alaska Airlines plans to continue the match and strongly encourages eligible employees to participate, Richards says. The number of employees participating has increased in recent years, and most new-hires are automatically enrolled in a 401(k).

#### Other benefits

Vacation time or Personal Time Off (PTO) adds value of about 7 percent to 8 percent of an employee's salary.

So far this year, nearly 6,000 Alaska and Horizon employees have used their Positive Space Travel allowances, for a combined \$2.7 million in value. Travel for companions, dependents and Employee Designated Guests is valued at nearly \$1.6 million.

The total number of nonrev pleasure trips taken so far this year is more than 400,000. Most of those were employee and dependent trips, while more than 7,000 involved companions or EDGs.

Other benefits — which employees hope to avoid needing but add a measure of security — include company-paid life insurance, accidental death and disability insurance, and short-term disability insurance. **J**





# Alaska's World

in October



## Alaska Airlines dashboard

### October 2008

#### DOT on-time performance

Goal: 80%

2008 ..... 84.4%  
2007 ..... 79.8%

↑ 4.6 points

#### Scheduled completion rate

Goal: 99%

2008 ..... 99.3%  
2007 ..... 98.3%

↑ 1.0 point

#### Baggage time to carousel

Average at SEA

First bag ..... 13:51 minutes  
Last bag ..... 17:27 minutes

#### Mishandled baggage rate

Goal: 4 or fewer per 1,000

2008 ..... 2.55  
2007 ..... 5.80

↓ 3.25 bags

#### Cargo shipped

Pounds of freight & mail

2008 ..... 9.8 million  
2007 ..... 9.5 million

↑ 3.1%

#### Customer satisfaction overall OPR score

Goal: 72%

September 2008 ..... 77%  
September 2007 ..... 72%

↑ 5.0 points

#### Load factor

2008 ..... 73.6%  
2007 ..... 71.6%

↑ 2.0 points

#### Fuel cost

(AAG price per gallon, inc. hedging)

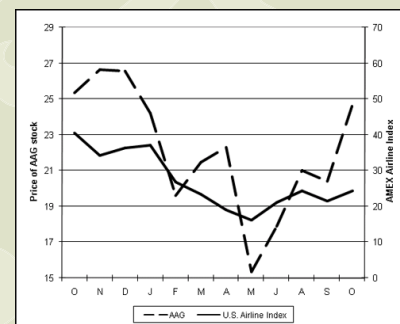
September 2008 ..... \$3.31  
September 2007 ..... \$2.24

↑ 47.8%

#### OPR payouts

To be paid in January ..... \$100  
Year to date ..... \$700

#### Air Group stock price



Close (Oct. 31).... \$24.70  
52-week range.... \$10.10 - \$28.56

### MEXICO

#### Alaska Airlines celebrates 20 years south of the border

Alaska Airlines celebrated two decades of flying to Mexico with a banquet in Puerto Vallarta attended by about 100 current and former employees, their guests and dignitaries. Among those on hand were seven of the eight Mexico employees who began working for Alaska around the time the carrier launched service to Mazatlán and Puerto Vallarta on Nov. 15 and 16, 1988, respectively.

— Posted to the Web Oct. 21

### RELIABILITY

#### Alaska achieves best on-time rate in more than a decade

With 87.8 percent of flights running on time, Alaska Airlines achieved its best month for on-time performance in September in at least a decade. Not since May 2003, when the airline's Department of Transportation on-time rate hit 87.4 percent, has Alaska's operation performed so well. The airline placed fifth among its competitors for the month, earning employees an Operational Performance Rewards payout.

This September's record is in stark contrast to the 73.3 percent on-time rate Alaska achieved last year. And while there were fewer passengers overall, load factors were higher this year — 75.8 percent, compared with 71.8 percent for September 2007.

— Posted to the Web Oct. 2



Don Conrad

CEO Bill Ayer, right, honors Captain Al Brunelle for his service with the EAF.

### EAF

#### Founder retires after 18 years of saving lives, homes

When Captain Al Brunelle stepped down as chairman of the Employee Assistance Fund in late September, he left behind a legacy of caring that will live on in the hearts of Alaska Airlines employees and their families for years to come. Founded by Brunelle and a group of like-minded employees in 1992, the EAF is an independent, nonprofit charitable organization run by employees. Over the years, it

### On the Web

#### October's most-read stories

- 1) Air Group reports hedge portfolio loss
- 2) Employees score OPR payouts for August
- 3) Facebook users: You have a friend request
- 4) College interns work on projects while learning about Alaska Airlines
- 5) Lead CSA dies unexpectedly

Read full versions of these and other stories online. Click the *News Archives* button on the [alaskasworld.com](http://alaskasworld.com) home page, then click October 2008.

has helped put food on the table, pay medical bills and more for nearly 1,650 employees suffering financial hardship due to a medical condition or other catastrophic event.

— Posted to the Web Oct. 7

### FINANCES

#### Air Group reports hedge portfolio loss

Alaska Air Group announced on Oct. 7 that its fuel hedge portfolio declined about \$220 million in value during the third quarter due to falling oil prices.

"Our portfolio decline for the third quarter is significant, but it's important to note this represents only a paper loss because it involves hedge contracts that will settle in the future," Air Group CFO Brad Tilden said. "In terms of actual cash, we received about \$44 million from contracts we settled during the third quarter."

— Posted to the Web Oct. 8

### DESTINATIONS

#### Twin Cities give Alaska a Viking welcome

Alaska Airlines inaugurated twice-daily flights on Oct. 26 between Seattle and Minneapolis / St. Paul. Alaska is offering a special one-way fare of \$130 for travel through Feb. 12, 2009, to kick off the airline's newest route.

— Posted to the Web Oct. 27

### SOCIAL NETWORKING

#### Facebook users: You have a friend request

Alaska Airlines and Horizon Air have dipped their toe into the world of

social networking with the launch in October of Facebook fan pages for each carrier. Facebook, which was founded as a university student networking site in 2004, is now the leading social networking site on the Web, with 132 million unique users tracked in June, according to comScore, a company that measures Internet use.

While Alaska Airlines and Horizon employees are blocked from using Facebook from work computers for productivity and security reasons, many have joined from home and an Alaska Airlines employee network now lists more than 500 members.

— Posted to the Web Oct. 28

### IN MEMORY

#### LAX customer agent dies suddenly at age 34

Tommy Yrigollen, a lead customer service agent at Los Angeles International Airport, died in his sleep of unknown causes Oct. 24, said Celley Buchanan, manager of station operations. He was 34, and had joined Alaska Airlines in January 2004.

"His death was untimely and a shock to the Los Angeles station," Buchanan said. "Tommy was really loved."

— Posted to the Web Oct. 28

### DREW HAAG SCHOLARSHIP

#### Aspiring pilots welcome, applications due Dec. 1

The Drew Haag Scholarship committee is now accepting applications for the 2008-09 school year. The college scholarship is open to all Alaska Airlines employees and dependents working toward a career as an airline pilot.

Interested applicants should send a letter describing their career plans, previous schooling, how they plan to use the scholarship money and why they want to be an airline pilot. Qualifications include a private pilot's license and at least one year of college.

Earlier this year, four aviation students shared \$8,000 in Drew Haag scholarship money. They are:

- Rick Bearbower, son of Flight Attendant Linda Keso.
- Peter Bonnema, son of Captain Gerrit Bonnema.
- CSA Matthew Haug.
- Chris Jones, son of Captain Lalon Jones.

Applications—consisting of a one-page cover letter and up to three pages of inclusions—are due Dec. 1. They should be sent to Captain Greg Fort, 14301 S.E. 266th St., Kent, Wash. 98042, or by co-mail to SEAOP.

The scholarships are awarded each year in memory of Captain Drew Haag, who died in 1991 at age 36. Applications are accepted every fall.

— Posted Oct. 16, 2008



# New planeside role will improve load integrity, safety

*Airline centralizes load planning to conserve fuel, boost revenue*

By Paul McElroy

In a move to enhance safety, conserve fuel and increase revenue, Alaska Airlines is consolidating system-wide weight and balance activities at one location and creating a new oversight role on the ramp at all stations. The changes will occur in phases, starting with the carrier's four Hawaii stations next week and continuing through June 2009.

"The concept of central load planning is not new to our industry," says **Sandy Stelling**, a managing director in the Customer Service – Airports Division and the project's sponsor. "But we had to find the right solution for Alaska. So, we brought a team of cross-divisional frontline employees together to figure out what's best for us."

Some weight and balance calculations are already handled remotely rather than at the station. Operations agents in Anchorage perform these duties for some outlying stations in the state of Alaska. Portland handles Hawaii, transcontinental and other flights, while Los Cabos covers five Mexico stations.

In January, a new Central Load Planning Department will open at the Flight Operations and Training Center in Seattle. Thirty-five operations agents from various stations recently were awarded bids to transfer to this location to handle weight and balance activities for the entire airline. They'll begin with Seattle flights, followed by stations in

Alaska during February and March, Portland and the remote stations it handles in April, California flights in April and May, and ending with Mexico by early June.

The new department — part of the Flight Operations Division and led by **T.J. Banakes**, former manager of ground operations in Seattle — will help the airline achieve several objectives.

"Traditionally, Alaska has used higher weight estimates for payload, cargo and catering, which has resulted in loading more fuel than needed," says **Scott Ridge**, managing director of technical operations and support. "This wastes fuel because we're carrying unneeded weight. And, in some markets, it restricts lift for more customers and cargo. Central Load Planning will streamline cargo planning and dispatch to alleviate over-fueling and increase revenue."

**Goal 3: Deliver on core operational promises: run a reliable, on-time airline.**

Improvements to existing software applications will provide more accurate payload information. And by consolidating all weight and balance activities in one department, operations agents will be able to see the big picture so they can plan appropriate payloads for each segment of a through-flight for better efficiency and customer service.

"That is one of the most exciting things about this new system," Juneau Customer Service Manager **Dan Kane**



Don Conrad

Central Load Planning is expected to streamline cargo planning and dispatch, helping to alleviate over-fueling and improve customer service and revenue.

says. "Juneau is a hub in Southeast Alaska, so everything comes through us. Having one person plan loads for our 'Milk Runs' means we won't overload in one station when there's more cargo to put on at others."

Kane adds that using a single planner should result in loading aircraft pits more logically, making it easier to unload cargo at each station.

The most significant benefits of centralized load planning are the expected improvement in providing more accurate load plans to ramp crews and improved fuel utilization.

"We've reduced load integrity errors through a variety of incremental measures in the past year, but we are not where we need to be or want to be," says **Mark Whitehurst**, manager of weight

and balance compliance and Federal Aviation Administration liaison. "With operations agents in the Central Load Planning Department focusing solely on load planning, employees at the airport will be able to focus on the turn timeline and improve load accuracy."

Station employees filling that role will continue to be the point of contact for pilots, maintenance technicians, ticket counter and gate agents, and others who communicate with them on a variety of issues, he says.

In a related move to further reduce load integrity errors, Alaska Airlines is creating a departure coordinator role that will be filled by existing employees. Because the operations agent classification is being dissolved at existing airport locations, these employees may choose to stay at their station and exer-

Continued on The Back Page

## Thomas Nunn elected Air Group vice president of safety

Alaska Air Group on Nov. 7 announced the election of **Thomas Nunn** as vice president of safety. An industry veteran with nearly 30 years of experience in strategic planning, operational development and safety, Nunn will oversee all aspects of the safety programs at Alaska Airlines and Horizon Air.

"Tom is a seasoned leader with a strong track record in safety and security," CEO **Bill Ayer** said. "We feel fortunate to welcome someone with such tremendous talent and depth of experience to our team."

Nunn, who starts his new position Nov. 24, will report to Ayer, as well as to the safety committee of the board of directors. Alaska and Horizon are among only a few airlines to maintain such a committee on the company board. This committee oversees the carriers' safety initiatives, which include a wide range of training programs, internal evaluations, biannual external audits and other processes.

"Alaska and Horizon have tremendous safety cultures, immense entrepreneurial cultures and great employee cultures," Nunn said. "You are innovators when it comes to building safety initiatives and



Thomas Nunn has nearly three decades of experience in the airline industry.

best operating practices for the industry. All of those factors made me want to come to Air Group."

Nunn joins the company from Lynx Aviation, a wholly owned subsidiary of Frontier Airlines Holdings, where he served as president and chief operating officer since September 2006. He built the regional airline from the ground up and hired a senior leadership team that provides ongoing direction for the

organization.


Nunn also served as vice president and director of Frontier Airlines' aviation safety and security program from 2001 to 2006, managing all aspects of airline safety, security and regulatory compliance. In this role, he developed a safety program to support the airline's rapid growth and need for heightened security following Sept. 11.

Before joining Frontier, Nunn worked at Northwest Airlines for 18 years, serving as director of operations analysis and emergency management. He developed an emergency response program and provided direction on corporate policy and strategy for all areas of crisis management. Nunn also served as manager of flight dispatch, directing 135 flight dispatchers, reviewing incidents and taking corrective action.

Nunn began his career as a Marine providing security detail to the United States Capitol and White House during President Jimmy Carter's administration. Nunn eventually joined Western Airlines, where he worked in maintenance line service. He is also a private pilot with more than 3,000 hours of flight time.

Nunn holds a bachelor's degree in business administration and computer

science with a minor in aviation management from Minnesota State University. He attended the Aviation Training Institute in Minneapolis as well as the University of Southern California Aviation Safety Program in Los Angeles.

Nunn replaces **Chris Glaeser**, who left the company in August. Nunn will move from Colorado to Seattle with his wife, Paula. The couple has two grown daughters. 

### 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.



# Minneapolis / St. Paul

## Fun facts

- ▶ To remind everyone there were actually two cities, people started using the phrase “Dual Cities” around 1872, which evolved into Twin Cities.
- ▶ Owing to its northerly latitude and inland location, Minneapolis/St. Paul experiences the coldest climate of any major metropolitan area in the Lower 48.
- ▶ The Twin Cities is one of the few places in the continental United States where the average temperature change between night and day is greater than between winter and summer.
- ▶ Minneapolis is considered the “first” — or farthest east — city of the American West. Nearby St. Paul is considered to be the “last” — farthest west — of eastern cities.
- ▶ A longstanding rivalry between the two cities erupted in the mid-1960s when they could not agree on a common calendar for daylight savings time, resulting in a period where people in Minneapolis were one hour ahead of anyone in St. Paul.
- ▶ Minneapolis and St. Paul combined boast more theater seats per capita than any other American city — besides New York.
- ▶ National Public Radio’s popular variety show, “A Prairie Home Companion,” is broadcast from the Fitzgerald Theater in downtown St. Paul.
- ▶ Built in 1929, Foshay Tower in Minneapolis was the first skyscraper built west of the Mississippi River.
- ▶ The U.S. Navy has one ship named for the region. The USS Minneapolis-St. Paul is a Los Angeles-class submarine launched in 1983.

## Attractions

- ▶ **Minnesota History Center** ([www.mnhs.org/historycenter](http://www.mnhs.org/historycenter))

This huge museum, near the state Capitol in St. Paul, features many significant objects from Minnesota’s history, including one of Charles Lindberg’s airplanes, a WWI-era Jenny biplane and a can of Spam displayed on a purple silk pillow. The Spam is part of an exhibition of 150 quintessentially Minnesotan objects, gathered to celebrate the state’s 150th anniversary.



- ▶ **Walker Art Center** ([www.walkerart.org](http://www.walkerart.org))

The Walker is considered one of the nation’s “big five” museums for modern art. Its focus began in the 1940s, when a gift from Mrs. Gilbert Walker made possible the acquisition of works by important artists of the day, including sculptures by Pablo Picasso, Henry Moore, Alberto Giacometti and others.

- ▶ **Mall of America** ([www.mallofamerica.com](http://www.mallofamerica.com))

Mall of America is the world’s second-largest enclosed mall in terms of retail space. Opened in 1992, it features 520 stores and welcomes 40 million visitors a year. Getting to the mall from the airport takes seven minutes by light rail. Trains leave every 15 minutes.

- ▶ **Minnesota State Capitol** ([www.mnhs.org/places/sites/msc](http://www.mnhs.org/places/sites/msc))

Designed by acclaimed architect Cass Gilbert in 1905, the Minnesota State Capitol in St. Paul is considered among the most beautiful public buildings in the nation. Free guided tours begin on the hour until one hour before closing. Visitors hear stories about the Capitol’s history, art and architecture. They see the chambers where government decisions are made and, weather permitting, walk to the golden horses on the roof.

- ▶ **Hubert H. Humphrey Metrodome** ([www.msfc.com](http://www.msfc.com))

In addition to being the home of the Minnesota Vikings football team and the Minnesota Twins baseball team, the Hubert H. Humphrey Metrodome in Minneapolis hosts a wide range of amateur sporting events, concerts and other cultural events. An events calendar is on the facility’s Web site.

- ▶ **Science Museum of Minnesota** ([www.smm.org](http://www.smm.org))

Located in St. Paul, the Science Museum of Minnesota focuses on technology, natural history, physical science and mathematics. It is open every day except Monday.

# Viva la D

## Industrial heartland m as Alaska launches service to the T

*Story and photos by Don Conrard*

Alaska Airlines’ newest destinations couldn’t be more different. To begin with, the 26, are about as far from an ocean as you can get and still be in the United States — the Pacific on the Big Island of Hawaii.

But the differences don’t stop there.

The average annual temperature in Kona is 77 degrees, compared with 45 degrees in the Twin Cities.

Economically, the Twin Cities area is a major manufacturing center and home to a large number of Fortune 500 companies. In contrast, Big Island’s economy is centered on tourism, cattle ranching and agriculture, including coffee.

Here’s a rundown on other aspects of these destinations and what to see and do there.



Celebrating its 150th anniversary this year, Minneapolis straddles the Mississippi River, just west of its confluence with the Minnesota River. It has the coldest climate of any major city in the Lower 48.



The imposing Minnesota State Capitol Building dominates the St. Paul skyline.



Teaspoon Bridge with its unique design is a major piece of public art in St. Paul.

## Getting around Alaska Airlines’ newest destinations

### Twin Cities

Metro Transit offers an extensive bus network in Minneapolis and St. Paul. The system also includes a 12-mile-long Hiawatha light-rail line, which runs between the airport and Mall of America and to downtown Minneapolis, with a stop at the Hubert H. Humphrey Metrodome. The University of Minnesota-Twin Cities has a free bus system on its campus, including the dedicated Campus Connector Line between its Minneapolis and St. Paul campuses.

### Kona

The only practical way to see the Big Island is by car or organized tour. When considering transportation, remember the Big Island’s name. It can take six to eight hours to drive around the 4,028-square-mile island without stopping. Major visitor attractions are also spread out. For instance, Hawaii Volcanoes National Park is two hours from Kona.




# Difference!

## meets tropical paradise Twin Cities and Hawaii's Big Island

n, the Twin Cities of Minneapolis and St. Paul, which the carrier began serving Oct. States. Kona, which Alaska will start flying to on Nov. 17, is located in the middle of

s in the Twin Cities.

such giant corporations as Target, U.S. Bancorp, Pepsi and Minnesota Life. By con- including such important crops as macadamia nuts, papaya, flowers and coffee. here. 



north of the con-  
r 48.



Cherry is a popu-  
in Minneapolis.



Don Conrard

Two ki'i gods watch over graves of 23 Hawaiian chiefs, including the son of king Kamehameha I, at Pu'u'honua o Honaunau National Histori- cal Park near Kona.



This small blue-and-white Catholic church, built in 1889, is a popular site for weddings and vow renewal ceremonies on the Big Island.

## The Big Island

### Fun facts

- ▶ Encompassing 4,028 square miles, the Big Island is the largest island in the United States and bigger than all the other Hawaiian Islands com- bined.
- ▶ Kona is officially Kailua-Kona. The town is usually referred to as “Kona” to differentiate it from a larger city of the same name on Oahu.
- ▶ King Kamehameha I established Kona as his seat of government and the capital of the newly unified Kingdom of Hawaii in the late 1700s. The capi- tal was later moved to Lahaina then to Honolulu.
- ▶ The Big Island is the southernmost island in the Hawaiian archipelago, and contains the southernmost point of the United States at Ka Lae.
- ▶ Hawaii is said to have been named for Hawai'iiloa, the legendary Polyne- sian navigator who discovered it.
- ▶ Captain James Cook, who made the Western world aware of these “Sand- wich isles,” was killed on the Big Island in Kealahou Bay.
- ▶ The Island of Hawaii is built from five separate shield volcanoes that erupted somewhat sequentially, one overlapping the other.
- ▶ The Big Island is home to Parker Ranch, one of the largest cattle ranches in the United States with 175,000 acres.
- ▶ The summit of 13,796-foot-high Mauna Kea volcano is considered one of the best astronomical sites in the world. For this reason, it is home to more than a dozen state-of-the-art telescopes.

### Attractions

**Pu'u'honua o Honaunau National Historical Park** ([www.nps.gov/puho](http://www.nps.gov/puho))  
Translated “Place of Refuge,” this area near King Kamehameha’s palace was a sanctuary for those facing a death sentence. A great wall marks the bound- aries between the royal grounds and the sanctuary. If you reached this sac- red place, you were saved.

**Anaehoomalu Beach Park** ([www.lets-go-hawaii.com/beaches](http://www.lets-go-hawaii.com/beaches))  
Called “A-Bay” by locals, windsurfers and sailboarders flock to this span of white sand, the first beach after nearly 30 miles of coastline mostly charac- terized by the jet black of Kohala’s lava flows. A-Bay has a lagoon, freshwater springs and stands of palm trees, along with restrooms and showers.

**Captain Cook Monument** ([www.lets-go-hawaii.com/captcook](http://www.lets-go-hawaii.com/captcook))  
Viewed from Pali (cliffs) along Highway 11, this monument salutes British Captain James Cook, who landed in 1778 with his ships Resolution and Dis- covery, and is considered the first European to arrive in Hawaii. The small lagoon in front of the monument is considered one of the best snorkeling sites in the Hawaiian Islands.

**Ellison S. Onizuka Space Center** ([www.onizukaspacespacecenter.org](http://www.onizukaspacespacecenter.org))  
Established to honor U.S. Air Force Col. Ellison S. Onizuka, who perished along with six other astronauts aboard the Space Shuttle Challenger in 1986, the center is dedicated to furthering the understanding of science and space.

**Hulihe'e Palace**  
([www.daughtersofhawaii.com](http://www.daughtersofhawaii.com))  
One of three royal palaces in the state, the Victorian-style structure was used by Hawai- ian monarchs until 1916. Mem- orabilia includes items owned and used by the royal families. A gift shop, filled with items from local crafters, is a stroll from the palace, overlooking the ocean on Kailua Bay.



**Hawaii Volcanoes National Park**  
([www.hawaii.volcanoes.national-park.com](http://www.hawaii.volcanoes.national-park.com))  
So moon-like it served as an astronaut training ground, Hawaii Volcanoes National Park contains two of the world’s most active volcanoes. Magma vents on the seafloor send lava shooting to the surface, erupting into mol- ten streams that flow straight into the Pacific and form new land as they cool. Visitors can hike on lava trails and see firsthand the forest regenera- tion that takes place constantly here. Scenic drives also wind through the Ka'u Desert and a rain forest, home to a rich concentration of Hawaiian birds and other wildlife.



The Hiawatha light-rail line in Minneapolis runs between the airport, Mall of America and downtown every 15 minutes.



November 2008



35 YEARS

**Marilyn Dobson**  
Flight Attendant/SEA

**James Isturis**  
Ramp Service/JNU

25 YEARS

**Timothy Bennett**  
Captain/SEA

**Robert Farr**  
Captain/SEA

**Frank Gunderson**  
Station Agent/WRG

**Gary Jensen**  
Captain /SEA

**James Johnson**  
Ramp Service/ANC

**Dennis Judson**  
Captain/SEA

**Paul Lotakis**  
Captain/SEA

**Bruce Lovell**  
Captain/SEA

**Stephen Parshall**  
Captain/SEA

**E.J. Wilson**  
Captain/SEA

**Marta Wilson**  
Senior Systems Analyst/SEA

20 YEARS

**Tracy Allen**  
Manager Regional  
Field Support/KVY

**Patrick Baker**  
Vacations Product  
Manager/KVY

**Tera Balogh**  
Customer Service Agent/PDX

**Paul Bassen**  
Line Avionics Technician/SEA

**Maryann Bury**  
Flight Attendant/SEA

**Nicole Campbell**  
Flight Attendant/SEA

**Teri Clouser**  
Customer Service Agent

**Nancy-Renee Elson**  
Flight Attendant/LAX

**Leslie Gleichman**  
Flight Attendant/SEA

**Lori Glover**  
Flight Attendant/SEA

**David Hamme**  
Ramp - Air Freight/ANC

**Joanne Hickman**  
Captain/LAX

**Laura Hinojosa**  
Flight Attendant/SEA

**Debra Hoiland**  
Flight Attendant/SEA

**Siegfried Krebs**  
Flight Attendant/SEA

**Alan Liljas**  
Line Avionics Technician/SEA

**Richard Myr**  
Captain/SEA

**Debora Nelson**  
Flight Attendant/SEA

**Keith Nelson**  
Line Avionics Technician/SEA

**Carole Potts**  
Sales Coordinator/KVY

**Colleen Quayle**  
Flight Attendant/LAX

15 YEARS

**Tami Panessa**  
Reservations Sales Agent/PHX

**Tonya Reed**  
Flight Attendant/LAX

**Todd Seitz**  
Lead Ramp Service/ANC

10 YEARS

**Juan Alcina**  
Line Aircraft Technician/ANC

**Brandon Berry**  
Accounts Payable Analyst/SEA

**Matthew Boley**  
Manager IT Field Systems/SEA

**Rodney Braatz**  
Line Aircraft Technician/PDX

**Jacqueline Breezee**  
Reservations Sales Agent/KVY

**Cathy Carlson**  
Customer Service Manager/YAK

**Sherwin Castro**  
Accounting Specialist/SEA

**Darryle Cox**  
Senior Applications  
Analyst/PDX

**Craig Davidson**  
First Officer/LAX

**Stanley Domingo**  
Senior. Production  
Coordinator/SEA

**Tina Geving**  
HRIS Specialist/SEA

**Joseph Gurnard**  
Captain/LAX

**Donald Hass**  
Line Aircraft Technician/SEA

**Christian Herzberger**  
First Officer/SEA

**Lee Hoggatt**  
Captain/LAX

**Michelle King**  
Station Duty Manager/SEA

**Brian Lenz**  
Line Aircraft Technician/SEA

**Mary Mansfield**  
Assistant to Vice President  
Real Estate/SEA

**Scott Ridge**  
Managing Director Flight  
Operations - Technical  
Operations &Support/SEA

**Steven Schierman**  
First Officer/SEA

**Brad Sjostedt**  
Lead Ramp Service/CDV

**Stacey Smithberg**  
Revenue Accountant/SEA

**James Smithhart**  
First Officer/SEA

**Lyn Strahm**  
QA Systems Analyst/SEA

**Deborah Torres**  
Crew Scheduler/SEA

**Dayle-Ann Vandermark**  
Accounting Specialist/SEA

**Nardin Vartanian**  
Line Aircraft Technician/LAX

**Robbie Wiley**  
Production Analyst/SEA

5 YEARS

**Mark R Berg**  
Director Airport Affairs/SEA

**Laura A Harlos**  
Manager, Equal  
Employment Opportunity/SEA

**Andrew Harrison**  
Managing Director  
Planning/SEA

**Thomas McMahon**  
Supervisor Customer  
Service/LAS

**Jeffrey Mefford**  
Captain/LAX

**Roger Tielman**  
Senior Systems Analyst/SEA

**Scott Weisman**  
Customer Service Agent/LAX



Dear Alaska Airlines ... customers kudos

Dear Mr. Ayer:

As I travel around the United States, I frequently find myself flying on Alaska Airlines. The soft and spacious seats, individual air nozzles and reading lights provide just enough climate and environmental control for me to read, sleep, study, reflect or watch movies on a digEplayer.

But the comfort of your aircraft is not why I choose to fly Alaska Airlines.

I fly Alaska because of the caring, courteous, sincere individuals who provide such wonderful service on your flights. At a time when quick and easy service outweighs good and wholehearted service, your employees shine with the true essence of service and hospitality.

The amiable members of your team never cease to impress and amaze me with the way they proudly represent themselves as well as Alaska Airlines. Such gracious care and attention to each individual traveler allows for only the best and most pleasingly delightful encounters and invaluable experiences.

During my most recent trip to Boston, for example, your team members were very amiable and made certain I had everything I needed and was comfortable. The service was wonderful. Your employees made my trip simply spectacular.

Thank you for being an airline that always strives to provide the best service — bar none.

— R.C., Cambridge, Mass.

I had been trying for more than two months to receive mileage credit for a flight I took on one of your partner airlines. Then I called your office and spoke to **James Winkelman** (Mileage Plan representative), who fixed my account right away. I was very thrilled to receive such great service. This is one of the many reasons I choose to fly Alaska Airlines, and your partners. Thank you, James, for great service and continue what you're doing!

— D.D., Anchorage

Airlines generally only receive complaints, so figured I should pass along a positive response.

During our recent trip from Boston to Seattle, we used Alaska Airlines as our carrier. After checking in, we arrived at our gate and were assisted by employee **Don Morgan** (CSA).

Don helped me join your Mileage Plan and also caught a mistake that our baggage was going to Alaska instead of Seattle.

Don grabbed an orange vest, got a description of our four bags, and manually changed all the tags to the correct destination on the tarmac. He also helped entertain my son while we were waiting to board our flight.

We were obviously excited that all our bags arrived as promised. I am glad Alaska still maintains fantastic employees. We will definitely use your services on future work and personal travel.

— N.S., Bainbridge Island, Wash.

With all the changes in your MVP status, I have been very discouraged with Alaska Airlines recently, wondering why I chose to stay loyal to your airline.

Then I called to check a reservation and the MVP desk agent greeted me with such wonderful warmth. Your employee **George Tomley** (reservations sales agent/PHX) should be commended for his effort on your company's behalf.

This is the kind of person who will keep me loyal and coming back to Alaska Airlines—regardless of how you continue to cut your rewards.

— J.E., Anchorage

Recently, I had the pleasure of being served on one of your flights by **Leslie Brougham** (flight attendant). She was delightful, pleasant, funny and genuine. I fly first class most of the time, including international travel.

Thanks to Leslie, I can honestly say that traveling from Seattle to Phoenix was like flying first class to England.

— R.L., Sun City West, Ariz.



Coming Up

Mon, Nov 17	Seattle-Kona Service Begins
Wed, Nov 19	Blood Drive/Seattle Hangar
Wed, Nov 19	M&E Tour / Seattle Hangar
Thu, Nov 20	Holiday Craft Bazaar / Gold Coast Center
Fri, Nov 21	Children's Coloring Contest Ends
Thu-Fri, Nov 27-28	Thanksgiving
Fri-Sat, Nov 28-30	de Havilland Beaver Day/Museum of Flight
Wed. Dec 3	Holiday Shopping / Corporate Office
Sat, Dec 6	Children's Holiday Party / ANC Hangar
Sat, Dec 6	Children's Holiday Party / Seattle Hangar
Sat, Dec 10	Blood Drive / Seattle
Wed, Dec 17	M&E Tour / Seattle Hangar
Thu, Dec 18	Employee Reception / Canceled
Sun, Dec 21	Wright Flyer Tour / Museum of Flight
Thu, Dec 25	Christmas
Thu, Jan 1	New Year's Day
Tue, Feb 3	Blood Drive / Seattle Hangar
Mon, Feb 16	President's Day
Thu, Feb 29	AAG Announces Q4 and 2008 Earnings
Sat, March 7	Start of Iditarod Trail Sled Dog Race / ANC
Sun, March 8	Daylight Time Begins
Wed, April 1	Blood Drive / Seattle Hangar
Sun, April 12	Easter

For more info on company events, click 'Employee event calendar' on the aw.com home page. Info on Museum of Flight activites can be found at [www.museumofflight.org](http://www.museumofflight.org)



COPYRIGHT 2008 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](mailto:news.tips@alaskaair.com)



Printed on 100% recycled paper with vegetable-based inks

TAKE ADVANTAGE OF THE LOWEST MORTGAGE RATES IN YEARS

Buy, sell, or refinance your home and save with this employee benefit

Enhanced Benefits Group is celebrating their 5th year of assisting Alaska Airlines and Horizon Air employees with their home ownership needs.

There is no cost or obligation to call and see how you can save. This benefit is also available to employees friends & families

For more information, contact Enhanced Benefits Group directly at 1-866-505-3244, or visit their Web site at [www.ebgi.org](http://www.ebgi.org)

Paid Advertisement



Your Leader in Discount Mortgage

Zero Down    Conventional    FHA/VA

Purchases • Refinances • Home Equity Loans  
Custom Construction • Bridge Loans • Investment Property  
Second Homes • Vacation Homes  
B & C Credit • 1st and 2nd Mortgages  
Line of Credit ... and Much More<sup>®</sup>



Dan Sargent

Direct: 253.297.7423 |  
[DanSargent@mortgagemasterwa.com](mailto:DanSargent@mortgagemasterwa.com)

\*Be sure and ask me about my special, discount pricing designed for Alaska Air Employees!

Paid Advertisement



Are you still RENTING?

WHY????!!!

Buy your OWN condo or home today and start building equity.....and stop making your landlord rich!

AS/QX employee incentives when you buy or sell!

Your friend and former Co-worker of 10 years  
Ameet Prasad



Prudential  
Northwest Realty  
Associates, LLC

CALL 206-330-6467  
OR VISIT  
[WWW.AMEETOPIA.COM](http://WWW.AMEETOPIA.COM)

Paid Advertisement

Get on board the nonstop flight to Moolahville.

Start spreading the word about the Alaska Airlines Visa<sup>®</sup> credit card and watch the cash roll in.

**EMPLOYEE INCENTIVE STRUCTURE**  
\$30 for each approved new or upgraded application.  
Payment on approved applications will be made approximately two months after approval.

**TIER BONUS STRUCTURE**  
\$100 for 25 applications processed  
\$200 for 50 applications processed  
\$500 for 75 or more applications processed  
*Tier bonuses are counted on new applications only. Upgrade applications do not count.*

For more info on earning your mountain of money, visit [alaskasworld.com](http://alaskasworld.com).



No payment is made if the application cannot be matched to a valid Employee or Arctic number.

Paid Advertisement



# Alaska working to minimize capacity reductions

Continued from Page One

demand remains strong on Hawaii, Alaska long-haul and transcontinental flights. Weak demand in Southern California, Nevada and Arizona — where the housing slump has hit hard — is aggravated by competition from low-fare carriers Southwest, JetBlue and Virgin America.

Overall, Alaska carried 421,000 fewer customers through Oct. 31 compared with the first 10 months of 2007 — nearly a 3 percent drop. That's enough people to fill nearly 2,700 737-800s. The decline mirrored a strong jump in lost jobs during October, with 92,000 fewer passengers flying on Alaska during that month alone.

"It's not that we're losing significant market share," Harrison says. "It's simply that fewer people are flying."

Volatile fuel costs have also been a factor in the carrier's struggle to balance demand and customer price sensitivity. When oil prices reached \$147 per barrel in mid-July, Alaska decided to reduce capacity in hopes of increasing fares to cover the cost of fuel.

"That would mean a number of people couldn't afford, or would not want, to travel," Harrison says. "Since then, the price of fuel has come down. But much of the benefit from that is being offset by reduced demand for air travel given our faltering economy."

The airline's plans call for a year-over-year capacity drop of 11 percent during the first quarter of 2009, and

7 percent to 8 percent for next year as a whole. In addition, Alaska continues to redeploy capacity from underperforming markets to those with greater revenue potential.

Cuts in Oakland-Orange County, San Francisco-Vancouver, Las Vegas-Vancouver, Portland-Orlando and oth-

Reducing capacity in a market can lead to higher load factors and unit revenues.

"It's simple supply and demand," Harrison says. "Less capacity means we don't need to offer as many discount seats to fill our aircraft. Coupled with other pricing initiatives, such as charg-

ing for a second bag, this should increase total unit revenues."

The strategy seems to be working. In September, passenger revenue per available seat mile jumped nearly 12 percent, reflecting the pull down in capacity that began Aug. 25.

"We expect similar unit trend increases going forward given our planned capacity cuts and other revenue generating initiatives on the board for next year — but not as pronounced," Harrison says.

Except for the Bay Area, Southern California and inter-mountain regions, Alaska posted double-digit unit revenue increases in every area last quarter. Particular strength was evident in Mexico, Alaska long-haul and transcontinental markets.

Despite this success, the airline continues to walk a tightrope.

"We're still facing fierce competition on the West Coast," he says. "Virgin America continues to offer very low fares in an attempt to capture market share and JetBlue is growing in a number of our markets. If we cut capacity too much, we will lose market share as customers run over to the competition."

## Air Group's third quarter compared with other airlines

	Q3 2008 net results*	Adj. earnings per share
<b>Profit</b>		
Alaska Air Group	\$40 million	\$1.10 cents
Northwest	\$93 million	0.35 cents
Southwest	\$69 million	0.21 cents
<b>Loss</b>		
JetBlue	- \$4 million	- 0.02 cents
Delta	- \$26 million	-0.07 cents
AirTran	- \$62 million	- 0.53 cents
Continental	- \$145 million	- \$1.32
US Airways	- \$242 million	- \$2.35
United	- \$252 million	- \$1.99
American	- \$360 million	- \$1.30

\* Adjusted for special charges

## On the Web

Read more about Air Group's third quarter financial results in the October News Archives on [alaskasworld.com](http://alaskasworld.com)

## Fourth quarter domestic capacity reductions

Carrier	Mainline Only
Continental	- 24%
United	- 17%
Frontier	- 16%
Northwest	- 16%
American	- 12%
US Airways	- 11%
Delta	- 9%
JetBlue	- 9%
Alaska Airlines	- 8%
Southwest	- 1%

er markets have allowed the airline to launch more lucrative flights between Seattle and Maui, Kona and Minneapolis/St. Paul, as well as Anchorage and Honolulu and Maui.

# Central load planning aims to save fuel, weight

Continued from Page One

cise their seniority or bid to the new Central Load Planning location.

Departure coordinators will work planeside to oversee cargo loading and interact with boarding agents and others to help meet departure deadlines. Most other major airlines have similar positions, such as Delta's load agent and Northwest's ramp crew chief.

"It's a very positive change for the agents," says Keri Smith, customer service manager in Kodiak, which already has a ramp role called flight coordinator. "The difference is the departure coordinator will be more involved in turning the flight safely and on time. They'll watch loading and take a more proactive role in being accountable for load integrity. They'll also have conversations with the boarding agent and ramp lead and others to help make sure everyone's working together."

The departure coordinator role came about from suggestions by

frontline employees during the planning stage for the project, which is officially known as Future Payload Management. Project team members — including representatives from Customer Service — Airports, Flight Operations, Dispatch, Cargo, IT and other divisions — have visited some 20 stations to determine how best to implement the new system.

"Alaska is committed to improving load integrity and we believe centralized load planning is the best solution," Project Manager Lex Young says. "Because every station has unique issues that need to be addressed, we set out to visit each one. These visits helped identify the issues, and gave frontline employees the opportunity to be involved in developing the solutions."

Kodiak and Las Vegas were two of the test stations involved in the planning process. LAS Customer Service Manager Katrina Giusiana is familiar with the departure coordinator role from her time at America West.

"It's a good program and where we

need to be," she says. "If I'm responsible for the safety of an airplane, I want to be sure it's loaded properly. There's comfort in visually verifying that all turn activities are running smoothly. You don't get that comfort sitting in an office."

Giusiana notes that operations agents represent a "central artery" of communications during an aircraft turn and keeping that link in place is essential. Overall, though, she believes central load planning and the departure coordinator role will be beneficial.

Giusiana, Kane, Smith and others involved with the project say agent reaction has been mixed. Some employees are concerned because of uncertainty over details still being worked out to implement the new system. Human nature also plays a role.

"There's the unknown until we actually do it," Kane says. "But giving us latitude to work out the details that best suit our operation is great. Instead of one size fits all, we can tailor this process to each station."

## 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](mailto: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](http://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@alaskaair.com](mailto:employee.travel@alaskaair.com)  
Co-mail: SEASP

Pass policies on other airlines  
[www.alaskasworld.com/travel/passpolicies](http://www.alaskasworld.com/travel/passpolicies)

Positive space travel details  
[www.alaskasworld.com/travel/pst\\_overview.pdf](http://www.alaskasworld.com/travel/pst_overview.pdf)

Purchase tickets and check prices for offline travel  
[www.alaskasworld.com/travel/id90/default.aspx](http://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](http://www.alaskasworld.com/ES/events/default.asp)

Buy tickets to Alaska Airline events or transit passes.

### Employee Discounts

[www.alaskasworld.com/ES/discounts](http://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](http://www.premera.com/aag)

### Vision Service Plan

(800) 877-7195  
[www.vsp.com](http://www.vsp.com)

### Washington Dental Service

(866) 737-5950  
[www.deltadentalwa.com](http://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