



AUGUST 17, 1979

VOL. 33

## CHAIRMAN'S STATEMENT

The events of this week have undoubtedly caught all of you by surprise. I want you to know that there have been no major changes so far as the day-to-day operation of the airline is concerned. Mr. Cosgrave has left the company to head Alaska Northwest Properties, Inc. We will strive to continue to build on the many advances made under his leadership. Profitability

and excellence of service will continue as our primary goals. We have an excellent team comprised of unusually competent and dedicated people in every area of the company. We also have our share of challenges. My charge to you is simply to continue to give your best efforts in your job. We all benefit from the healthy and growing airline our joint efforts will produce.

Bruce R. Kennedy

## THE SPIN-OUT

by W. Allan  
Vice President, Finance

Shareholders have telephoned since the announcement of the separation from Alaska Airlines of Alaska Northwest Properties, Inc. (ANPI) to inquire about the number of shares of stock they have, or will have, or should turn in, and to ask about the value of their shares. Perhaps the following paragraphs will help explain the matter.

Prior to the spin-out, each share of Alaska Airlines stock represented the ownership of approximately 1/4,293,000 of Alaska Airlines. The value of that share on the books of the company at the end of June was approximately \$5.82. "Book value," as this is called, is somewhat theoretical, since shares normally are not exchanged in the market place for book value. The market value of one share as this is written, Thursday afternoon, August 16th, 1979, is \$6.375. That is the price at which a share could be sold at this moment, although the seller would receive somewhat less, since he would have to pay a commission.

The theory behind the stockholder ownership of the companies which exist following the division of a public corporation into two or more companies is that each shareholder shall own the same proportion of the multiple corporations after the division as he owned of the single corporation before it. In the case of ANPI, this would mean - - in its simplest form - - that each owner of 1/4,293,000 of the August Alaska Airlines would own 1/4,293,000 of the November Alaska Airlines plus 1/4,293,000 of ANPI.

In our case, because Alaska Airlines has so many shareholders who own less than ten shares, and because it is so expensive to mail reports to and maintain records on holders of only a few shares, ANPI decided to eliminate some shares at the time of the spin-out by issuing only one share of ANPI for every ten shares of Alaska Airlines, and paying in cash, at book value, for any shares not in a multiple of ten. Thus, except in cases where there are cash payments for nine shares or less, each present shareholder of Alaska Airlines will have the same percentage ownership of the two companies (ANPI and Alaska Airlines) after the Octo-

ber spin-out as he had of Alaska Airlines before it.

The record date for the spin-out is October 1st, 1979, and shareholders have plenty of time to decide if they like the idea; if not, they can sell their present Alaska Airlines shares in the market place. Since the market price of our stock has increased following announcement of the independence of ANPI, it appears that the initial reaction has been favorable.

The answer to the question as to what to do with one's Alaska Airlines shares if one wishes to be a shareholder in ANPI, is simply to do nothing. All persons who are registered as Alaska Airlines shareholders as of the close of business on October 1st, 1979, will receive shares in ANPI by mail sometime later, possibly in mid-November.

What will be the market value of Alaska Airlines stock, and of ANPI stock, after October 1st? This cannot be predicted. If the relationship between market price and book price were constant, then the sum of the market price of ten shares of Alaska Airlines plus one share of ANPI immediately following the spin-out would be the same as the market price of ten shares of Alaska Airlines just prior to the spin-out. Since market price reflects the market conception of future earnings opportunities in the context of economic and industry constraints, however, this is unlikely to be true, or to persist for long should it occur by coincidence initially.

I do not know what ANPI will do about establishing a market for its shares, but it is certain that there will be one. If ANPI does not list its shares on a stock exchange, one or more of the many over-the-counter brokers certainly will market the shares on an over-the-counter basis.

## PINS AWARDED EMPLOYEES ON ANNIVERSARY DATES

Service pins were awarded the following employees on their anniversaries in July.

### 25 Year

Stuart W. Adams, pilot, Seattle

### 20 Year

Carl J. Scott, A/C mechanic, Seattle

### 10 Year

Ron Rice, avionics mechanic, Seattle

Wyman Hansen, rampservice, Seattle

Jeanette Stout, cashier, Seattle

### 5 Year

Sally Meranda, flight attendant, Seattle

Bob Bruce, flight attendant Seattle.

Kathy Berg, customer service rep, Seattle

John Wingard, rampservice, Seattle

Jim Evans, rampservice, Seattle

John Maynard, rampservice, Seattle

Delores Kendrick, accounting, Seattle

Jerry Thompson, internal auditor, Seattle

Olga Mitchell, operations agent, Juneau

Paul Nishimura, director of general accounting, Seattle

## NEW S-6 TRAVEL REQUEST FORMS

New S-6 travel request forms are now available. The new form is a combination of the ASA S-1 (Request and Authorization for On-Line Non-Revenue or Reduced Rate Transportation) form and the old S-6 (request for Non-Revenue or Reduced Rate Transportation) form.

The ASA-S1 and the old S-6 form are now out-of-date and will not be accepted after September 1. Contact your supervisor for more information about the new S-6 Travel Request forms.

## SOFTBALL TOURNAMENT DEADLINE

Entry deadline for Alaska Airlines' fifth annual men's softball tournament is Monday, Aug. 20.

The men's softball tournament will be held in Anchorage on August 25 at Kosinsky Field No. 2 beginning at 8:00 p.m.

Interested employees should contact Gene Morgan ANCF.

## SEAHAWKS SIDELINE

Sportscaster, Bob Robertson, will be the host of an Alaska Airlines sponsored television program called "On the Seahawk Sideline". Beginning Sunday, September 2 the show will run for 16 weeks prior to Sunday NFL games on NBC. The show will feature Seahawk highlights from the week before, film highlights of the current week's Seahawk opponent, plus player interviews on special, behind the scene features. Viewing markets are Seattle, Spokane, Portland, Yakima, Tri-cities, Anchorage and Fairbanks.

## AS69 TO OVERFLY KTN IN SEPTEMBER

Alaska Airlines' flight 69 will not be landing in Ketchikan from September 1 until the end of its current schedule.

Originating in Seattle, flight 69 currently stops in Ketchikan at 8:35 p.m. Due to construction at the Ketchikan Airport, Alaska Airlines' restriction to daylight operations will apply to the

arrival of flight 69 as runway lights continue to be inoperable for night landings.

Flight 69 will stop in Sitka instead of Ketchikan beginning September 1. This stop is scheduled to move Seattle-Sitka passengers off flight 67, stopping in both Ketchikan and Sitka, to provide more space for Seattle-Ketchikan passengers.

On September 15, with the beginning of Alaska Airlines' winter schedule, flight 69 will resume service to Ketchikan departing Seattle at 7:05 p.m. arriving at 8:40 p.m.

## AS PROPERTIES STAFF START-UP ANPI

As a result of the spin-out of Alaska Northwest Properties, Inc. (ANPI), we will be losing from the immediate Alaska Airlines family our friends and associates who have been employed by ANPI while it was a wholly-owned subsidiary and thus a part of the Alaska Airlines corporate structure. Included among those with ANPI are the dedicated Properties staff at Fairbanks, headed by Dan Barratt, and a large contingent headed by Vice President and General Manager Chris von Imhof who have been doing such an outstanding job in running a highly respected and profitable operation in Alyeska Ski Resort. Also leaving Alaska Airlines is Staff Vice President/Properties Doug Versteeg, who, along with certain others of his staff, will be transitioning to ANPI over a period of weeks. Versteeg is playing a key role as secretary-treasurer and a member of the Board of Directors of ANPI.

We will greatly miss all those who will be leaving the immediate Alaska Airlines family. They remain related to us in the sense that ANPI has generally the same ownership as Alaska Airlines and because of our long association. We wish them well in their exciting new endeavors.



## HOW TO GET TO THE PICNIC

From Auburn - take Hwy. 18 North to 272nd (Kent-Kangley Road), turn right, continue on 272nd to 216th Ave. S.E., turn right again, Lake Sawyer Park is approximately 3 miles down on the left.

From Kent - take Kent-Kangley Road east across Hwy 18 to 216th Ave. S.E., turn right on to 216th, Lake Sawyer Park is approximately 3 miles down on left.

From Renton - take Maple Valley Hwy 18 through Maple Valley to Wilderness Village and turn right, continue past Lake Wilderness to 216th Ave., S.E., turn left on to 216th, Lake Sawyer Park is approximately 3 miles down on the left.

**TICKETS WILL NOT BE AVAILABLE AT GATE**

**Entry forms for the Bake-Off Contest** will be available until 5 p.m. Friday from previously mentioned picnic ticket sellers. The Bake-Off will begin Saturday at 2:30 p.m.

# Lake Sawyer Resort

**30250 224th Ave. S.E.  
Kent, WA 98031**

**Located 11 miles East of Kent, WA on 516 to 216th S.E. right 3 miles on left.**

