

ANCHORAGE INT'L AIRPORT

Alaska Airlines

The BOARD ROOM



Fairbanks - Terminal Improvements

The Company recently completed remodeling of the outbound baggage conveyor system at the Fairbanks ticket counter. The new system was enlarged and provided with power curve sections to increase efficiency and reduce damage to passenger baggage.

Much remodeling and expansion of the entire terminal has taken place over the past several months. New carpeting has been installed in our FTO and passenger holding areas. The security check-point will be modified to combine processing of passengers through both Gates 7 and 8, and reduce our expenses in that area.

Gustavus

Foundation and site work is underway at Gustavus this spring, for a new terminal building which will be one of Alaska Airlines' most unique airport facilities. The building will be a prefabricated cedar home type facility designed to complement the Glacier Bay Lodge, and conform to the theme of the Glacier Bay National Monument.

The facility is desperately needed at Gustavus Airport to replace the current one-room World War II vintage building that has served as an airport terminal for years. The new building will replace this facility and enable us to accommodate full aircraft loads of passengers for our seasonal operation at Gustavus. Completion is scheduled prior to June this year.

Seattle Air Cargo Facility

Construction officially got underway in Mar. on the Company's new air cargo building at Sea-Tac. This building will replace our current facilities in the Port's ancient Air Cargo Building. The entire project is scheduled for completion in August this year. More update reports will be provided on this important project as construction progresses.

Seattle - Concourse D Remodeling

A brand new passenger loading bridge was recently installed at Concourse D. Purchased from Jetway Corporation of Ogden, Utah, it represents the first new jetway purchased by the Company in our history, and will accommodate wide body aircraft up to and including B-747 aircraft as well as our B-727's.

Along with the addition of the fourth jetway, extensive remodeling of the concourse has been completed, including the addition of a fourth holding area. New carpeting has been installed at Gates D-3 and D-4, and will also be accomplished at all other gates.

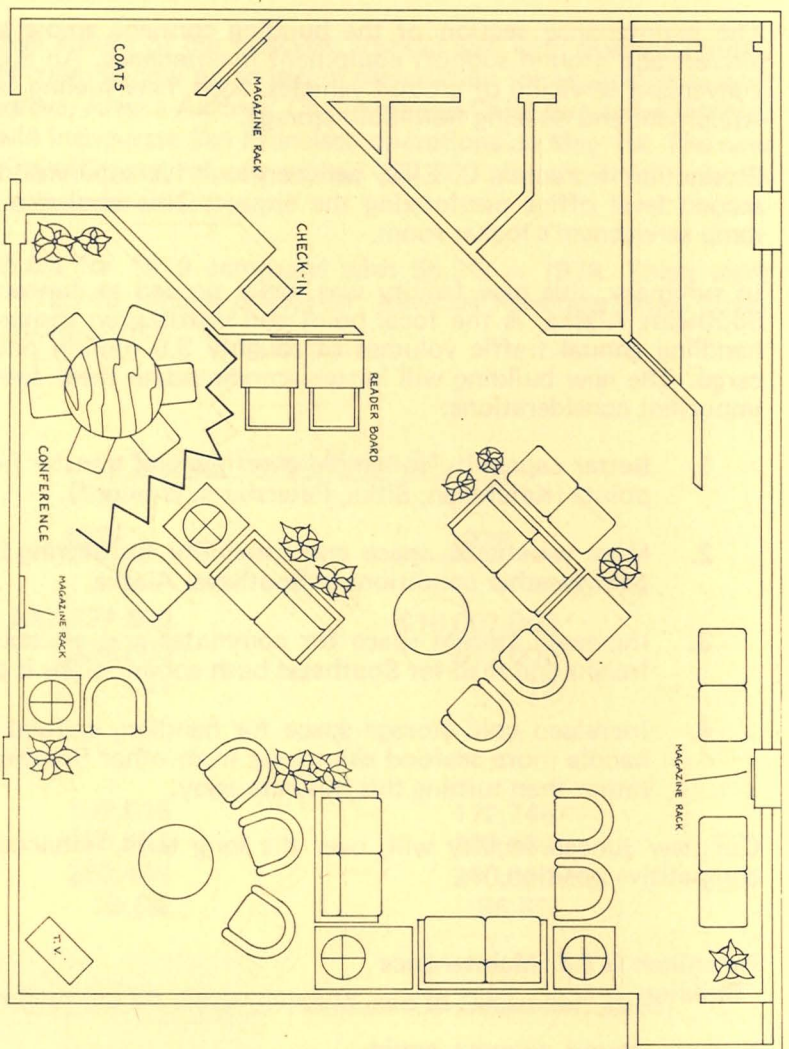
The customer service manager and secretary will be relocated to new renovated offices on the concourse level next to Gate D-3. All operations and inflight services offices on the ramp level will be remodeled and upgraded.

Board Rooms

The Company's new exclusive club room, called the "Board Room" is complete at Anchorage. Located in the old reservations office next to Gate 21, the room was completely renovated with new ceiling, oak wall paneling, rich new carpet, and will be supplied with elegant new furniture.

Designed by the architectural firm of Ellerbe Alaska, and constructed by Modern Construction, Inc., both of Anchorage, the new facility will be opening shortly. Further announcements will be forthcoming in future Alaskalines.

Ellerbe Alaska has also been selected for design of our Seattle "Board Room" which will be located adjacent to the entrance ramp at Concourse D. Design work is well along on this project, with construction scheduled for May and June of this year.



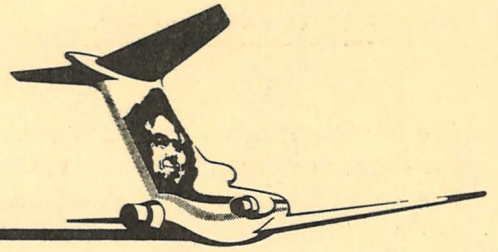
Alaska Airlines' Board Room - Anchorage

Portland

The facilities crew was busy in March finishing the new airport ticket counter and FTO facilities at Portland International Airport. The Alaska Airlines corporate logo and large bright blue plexiglas letters were installed at the ticket counter at the end of March, thereby making our presence at Portland officially known when service began Apr. 2.

San Francisco

The facilities crew is scheduled to move into San Francisco this week to complete the ticket counter at the CP Air location. They will be providing ground operations for us at the south terminal of the San Francisco International Airport. Work will include sign installation at the Ticket Counter and at other various locations throughout the terminal.



Income reported for 2nd quarter

Alaska Airlines has reported a net income of \$895,000 or \$.21 per share on revenues of \$26,577,000 for the quarter ended June 30, 1979. Net income in the same quarter of 1978 was \$3,315,000 or \$.77 per share on revenues of \$21,110,000.

For the six months ended June 30, the Seattle-based carrier posted a net loss of \$435,000 or \$.10 per share on revenues of \$44,304,000. In the comparable six months of 1978, net income was \$2,798,000 or \$.65 per share on revenues of \$37,117,000.

"Second quarter earnings were better than expected, even though they included substantial advertising and promotional expenses associated with the start-up of service to two new cities as well as new competition on existing routes. Daily service from Seattle to Portland was inaugurated on April 2nd,

and three daily round trip flights from Seattle to San Francisco began May 1st," said Ronald F. Cosgrave, Alaska Airlines' chairman and chief executive officer. "Earnings for the quarter were below those of 1978, but it should be remembered that last year's earnings had been helped by the gain on the sale of an aircraft and by a strike against a major competitor."

"A cash dividend of ten cents per share was declared payable August 1, 1979 to shareholders of record as of July 2, 1979."

The carrier's revenue passenger load factor was 62.0% for the first half of 1979, compared with 64.8% in 1978. There were 478,340 revenue passengers boarded during the six-month period, compared with 415,425 in 1978. Revenue passenger miles flown were 396,700,000 an increase of 60,138,000 from the same period a year ago.

Seattle Board Room opens

The Seattle "Board Room" will officially open Monday, July 30. "Construction has been completed and we're currently adding the furnishings," said John Kelly, staff vice president, sales.

The second VIP lounge to open this year, Seattle's Board Room will be available to members from 6:00 a.m. until 7:00 p.m. daily. "The first lounge opened in Anchorage on May 1 and we're continuing with the same steady usage we experienced during the first few weeks," said Kelly. "We

expect the Seattle room will be as popular for members traveling both north to Alaska and south to Portland and San Francisco."

Open to employees

Employees are invited to view the Seattle Board Room from 7:00 a.m. to 7:00 p.m. on Thursday, July 26 and Friday, July 27.

Sahlin retires after 31 years

Al Sahlin, lead stockroom clerk, retired July 2 after 31 years with Alaska Airlines.



Al Sahlin

Sahlin joined Alaska Airlines as senior stockroom clerk for purchasing in 1948 and was promoted to systems supervisor of stores in 1966. He was later appointed stores controller of material and was promoted to lead stock clerk in 1971.

Honored at a luncheon held Friday, July 13, Sahlin and his wife, Ruth were presented mementoes and gifts from friends and co-workers.

Best wishes, Al for a happy retirement.

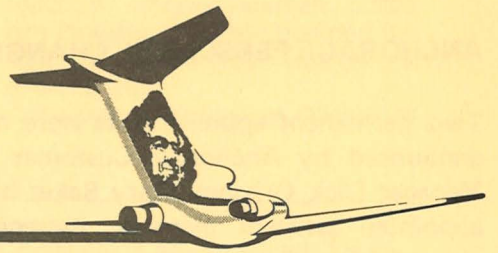
Welcome Aboard

Lindner joins LAX sales

Mary Ann Lindner has joined Alaska Airlines sales division in Los Angeles as sales secretary announced Craig Battison, director, regional sales - continental U.S.

A former employee at World Airways, Lindner also worked as a leasing agent for Oakwood apartments in Los Angeles.

She is a member of the airline secretaries organization and has a bachelor of arts degree from the Technological University of Florida.



BOARD ROOMS PROGRESSING ON TARGET

Alaska Airlines' "Board Room" is progressing right on target, and in some cases, "is exceeding our expectations," according to Frank Maros, manager commercial and interline sales, and coordinator for the program.

The first of these VIP Lounges opened in Anchorage May 1. "Since the opening, we've had a steady amount of usage throughout our operating hours," said Maros. "A large number of Anchorage community and business leaders are now members, and their reaction has been very positive. We have also received positive response from our frequent business traveler list, with many joining as lifetime members."

The second room will be located at Sea-Tac, and is scheduled to open in mid-July. Construction is expected to begin within the next several days. While the two rooms will be similar in theme and layout, they will not be identical since different fabric colors and designs will be used in the Seattle room.

"Our 'Board Room' members are very important to our financial success," says Maros, "since most are frequent business travelers. Our annual members can be recognized by their dark blue luggage tags, and our lifetime members by their silver luggage tags."



Pictured above, two views of the Anchorage "Board Room." Waiting to greet members is board room hostess Barbara Richter. The Anchorage room is the first to open. The Sea-Tac room is scheduled to open in mid-July, with construction to start in the next several days.