



Giving back to the community

Alaska Airlines spreads its corporate donations far and wide

By Don Conrard

Alaska Airlines made cash and in-kind contributions last year totaling \$5 million to more than 1,200 non-profit organizations across the system.

Most of the airline's contributions were in the form of donated air tickets. During 2007, the airline gave away more than 4,000 tickets to various charities.

"Alaska Airlines and its employees have always been incredibly caring and giving, and the focus of our contributions has always been on doing the right thing to support our communities," says **Bill MacKay**, senior vice president for the state of Alaska and longtime head of the company's Public Affairs Division. "Even though times are tough in the airline industry right now, deserving people and organizations in our communities continue to rely on us for help. We need to be there for them in good times and bad."

The 2007 Corporate Giving Report (available on alaskasworld.com under "Community Involvement") outlines the many charitable contributions made by Alaska Airlines through cash,



More than 100 seriously ill children fulfilled their wish to visit Disneyland, pretend to be a real airline pilot and more last year, thanks to the partnership between Make-A-Wish and the Alaska Airlines corporate giving program.

in-kind support or sponsorships, as well as employee involvement.

"This report shares the Alaska Spirit story with employees and the commu-

nity, so there is greater awareness of how much of an impact we have and the wide variety of organizations we support," MacKay says.

The "Community Involvement" Web pages also describe the giving program and include information on how to request donations, the Employee Matching Gift Program, the Emergency Assistance Fund, and scholarship opportunities available to employees and their children.

Among the organizations receiving contributions last year were Aviation High School (in Burien, Wash.), Seattle's Men's Chorus, Junior Achievement, Boy Scouts of America and the American Red Cross.

Among some of the smaller beneficiaries in 2007 were the Native Village of Kotzebue, which offers pre-school education to Native children, and the annual Sitka Whale Festival.

Angel Flight West was the largest beneficiary last year, followed by the Make-A-Wish Foundations of Alaska, Montana, Northern Idaho, Washington and Oregon.

While Alaska Airlines' giving program adds up to less than 1 percent of its total operating revenues, charities

frequently leverage the value of donated tickets to many times their market price through auctions and raffles.

"On average, a pair of Alaska Airlines tickets sell for \$2,000 to \$3,000 at auction," says **Donna Hartman**, manager of community relations and corporate giving for the Lower 48.

Beyond the fundraising opportunity, donated tickets can make a big difference in people's lives. For example, wishes came true last year for more than 100 seriously ill children, thanks to airfare donated to Make-A-Wish.

During 2007, the airline also supported more than 132 organizations, mostly private schools, where employees volunteer their time and money through its Employee Matching Gift Program.

"A good part of our educational assistance efforts are channeled through schools where our employees are involved as parents or volunteers," Hartman says.

Community events supported by the airline include the annual Iditarod Trail Sled Dog Race, the Cordova Ice



Continued on The Back Page

The gift of wings

Helping youngsters who need medical care for 28 years with Shriners Hospitals for Children

By Kevin Nguyen

When Maxwell Johnson was born in Sitka in October 1999, he suffered from a congenital deformation known as club foot. Sixteen days later, Maxwell was on his way to Spokane for treatment, courtesy of Shriners Hospitals for Children and Alaska Airlines.

During the next year, Maxwell returned to Spokane 30 times for various procedures, including casting to shape his legs back into place and podiatric surgery.

"There's no way we could have done it with the insurance or the care of service we had at the local hospital," says Amy Johnson, Maxwell's mother. "The cooperation

between Shriners and Alaska Airlines was an invaluable service that we appreciate to this day."

Maxwell is 8 now and still makes a checkup trip to Spokane once a year on a flight booked through Shriners and provided free by the airline.

"Alaska Airlines is wonderful to work with," says Roberta Uhl, transportation specialist for the Al Aska Shriners in Anchorage. "We couldn't do what we do without their support."

Shriners Hospitals for Children provides free medical care to children under 18 with orthopedic conditions, burns, spinal cord injuries, and cleft lips and palates, among other disorders.

Uhl arranges patient flights like Maxwell's by sending requests to the Commercial Desk at Alaska

Airlines' Reservation Center in Boise. Shriners covers the cost of tickets for escorts, often at heavily discounted rates.

Alaska Airlines has supported the non-profit for 28 years. The airline provides roughly 120 gifted

flights to Shriners patients in the state of Alaska every year, helping to transport children to hospitals in Portland, Spokane and Sacramento. Portland and Spokane specialize in cleft lip and palate and orthopedic care, while Sacramento handles burns and spi-




Eight-year-old Maxwell Johnson received treatment for a birth defect, courtesy of Alaska Airlines and the Shriners Hospitals for Children.

nal cord injuries.

Although cases like Maxwell's are more common, Shriners and Alaska Airlines also help emergency patients suffering afflictions ranging from acute burns to dog bites.

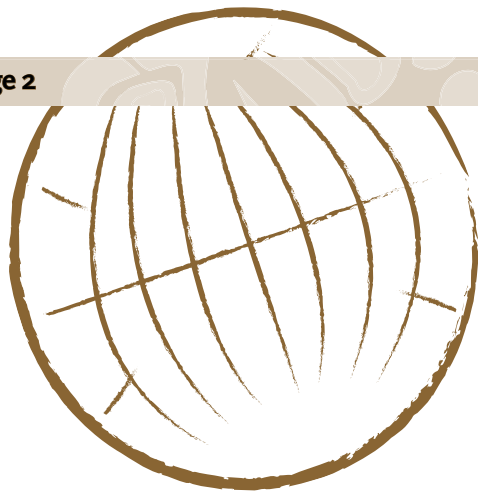
The partnership demonstrates the carrier's dedication to Shriners as well as the state of Alaska.

"We have some very unique travel challenges—many locations are not even accessible by road—but our state's namesake airline has always been there to help," says Tim Jellison, past potentate of Al Aska Shriners. "It's inconceivable how our kids would ever be able to get down to the Lower 48 for the treatment they so desperately need without Alaska Airlines' support." 



THE COOPERATION BETWEEN
SHRINERS AND ALASKA AIRLINES WAS
AN INVALUABLE SERVICE THAT WE
APPRECIATE TO THIS DAY.

— AMY JOHNSON



Alaska's World

in June



Customer service

Alaska ranks first in satisfaction study

Alaska Airlines ranked first among network carriers with the most five-star ratings, including overall customer satisfaction, in a 2008 study released today by J.D. Power and Associates. Alaska showed improvement while overall satisfaction for the airline industry has declined in 2008 to its lowest level in three years. Continental Airlines received the second-most five-star ratings, including overall customer satisfaction.

The study said Alaska performs particularly well in five of seven areas—aircraft, boarding/deplaning/baggage, check-in, flight crew and reservations—while Continental performs well in the cost and fees measures.

—Posted to the Web on June 17

Operational excellence

Employees to receive \$250 OPR payout in July

Alaska Airlines employees earned a 75 percent OPR customer satisfaction score in May—the second month in a row they have exceeded the company's goal. In April, employees also scored 75 percent, based on surveys completed by Mileage Plan members who rated five areas of their travel experience as "excellent" or "very good."

The successful showing complements employee efforts in achieving Alaska Airlines' on-time goal for four consecutive months. The carrier exceeded its goal of 80 percent of flights arriving within 15 minutes of their scheduled time in April and May, and ranked among the top half of its relevant competitors in February and March.

As a result, all employees will receive a \$250 Operational Performance Rewards (OPR) payout in July. The bonus is for achieving the company's customer satisfaction goal for two months and on-time goal for all three months of the OPR quarter.

—Posted to the Web on June 26

Rising costs

'Fuel is the culprit,' Ayer tells Wall Street

Alaska Air Group Chairman and CEO **Bill Ayer** told investment analysts the company is spending about 4½ times more on fuel per passenger than it did five years ago. The dramatic rise in the price of fuel, which now gobbles up more than a third of Air Group's annual revenues of \$3.5 billion, is the single largest factor in the company's financial performance this year.

On the Web

June's most-read stories

- 1) Flying the gizmo airline
- 2) No free lunch
- 3) Inspiration for 'Jet Set Nancy' has died
- 4) Fuel is the culprit
- 5) Alaska first in JD Power customer satisfaction survey

Read full versions of these and other stories online. Click the *News Archives* button on the alaskasworld.com home page, then click June 2008.

"Fuel is the culprit," Ayer said. "Most people who follow this industry now believe the current environment will inflict more harm on individual carriers than in the period following 9/11. If oil stays high, we expect this fall and winter will bring dramatic and permanent industry change that was unimaginable just a year ago."

Ayer outlined several changes Alaska Airlines and Horizon Air are making to weather the storm, including transitions to more fuel-efficient fleets, capacity changes to deploy aircraft on the most profitable routes and ongoing fuel hedging.

Ayer made his comments at the Merrill Lynch Global Transportation Conference June 18 in New York.

—Posted to the Web on June 20



Representing Alaska Airlines, Managing Director of Line Maintenance Kurt Kinder (right) accepts the Diamond Award from FAA Inspector Michael Althaus.

Maintenance & Engineering

FAA honors Alaska with training excellence award

The Federal Aviation Administration has presented Alaska Airlines with its Aviation Maintenance Technician Diamond Award—a commendation for excellence in its training program.

This is the seventh consecutive year the airline has been honored with special

recognition, acknowledging the 100-percent participation rate by technicians for 2007.

The FAA also introduced a new award this year to recognize the Maintenance & Engineering Division's five consecutive years of 100 percent participation in the training program.

—Posted to the Web on June 11

Conservation

New power source for jets saves fuel, lowers emissions

Aircraft parked at 19 Alaska Airlines gates at Seattle-Tacoma International Airport began using mobile preconditioned air units (PCAs) for cabin venting, cooling and heat on June 17.

The diesel-powered PCAs, along with ground-based electrical power, will replace the use of an aircraft's onboard auxiliary power unit (APU), which runs on jet fuel. A PCA burns about 10 times less fuel than an APU, meaning the new units will significantly reduce costs and benefit the environment by lowering carbon emissions.

At Sea-Tac, PCAs are expected to conserve more than 1.1 million gallons of fuel per year, saving the company \$2.6 million annually based on today's pump price. Even though PCAs burn diesel fuel, carbon dioxide emissions will also be reduced by 24 million pounds a year because of dramatically less fuel burn.

—Posted to the Web on June 17



N960AS was the 1,000th MD-80 manufactured by McDonnell Douglas.

Fleet transition

1,000th MD-80 retires after 53,050 flight hours

The 1,000th MD-80 built by McDonnell Douglas flew off to a well-earned retirement in the California desert after serving Alaska Airlines for more than 16 years. N960AS completed its final revenue flight May 31, ending a career that spanned 53,050 flight hours, enough to have flown around the world 1,000 times or 110 round-trips to the moon. One of the pilots on the last flight to Victorville, Calif., was **Lyle Parker**, who also flew the delivery flight of the aircraft. During its time with Alaska Airlines, N960AS carried an estimated 2.7 million revenue passengers—or about 10 times the population of Anchorage.

—Posted to the Web on June 3



Alaska Airlines dashboard

June 2008

DOT on-time performance

Goal: 80%

2008 81.5%

2007 77.8%

↑ 3.7 points

Scheduled completion rate

Goal: 99%

2008 99.2%

2007 98.9%

↑ 0.3 points

Mishandled baggage rate

Goal: 4 or fewer per 1,000

2008 4.53

2007 8.08

↓ 3.55 bags

Cargo shipped

Pounds of freight & mail

2008 12.3 million

2007 13.7 million

↓ 10.2%

Customer satisfaction overall OPR score

Goal: 72%

May 2008 75%

May 2007 75%

No change

Load factor

2008 79.5%

2007 81.3%

↓ 1.8 points

Fuel cost

(AAG price per gallon, inc. hedging)

May 2008 \$3.26

May 2007 \$2.18

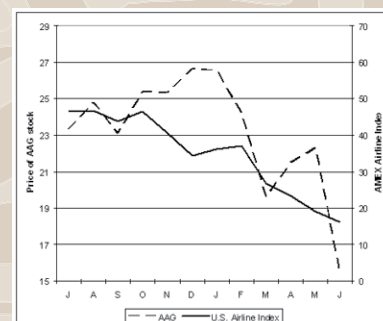
↑ 49.5%

OPR payouts

To be paid in July \$250

Year to date \$400

Air Group stock price



Close (June 30)... \$15.34
52-week range.... \$13.02 - \$29.00

Alaska heightens urgency and focus on key projects

Industry crisis prompts changes to 2008 strategic plan

By Paul McElroy

Halfway through a year marked by skyrocketing fuel prices, a weak economy and six U.S. carriers that ceased operations, Alaska Airlines' leaders continue to reassess strategic initiatives and major projects for 2008. Some efforts are proceeding, while others are being scaled back or canceled to preserve cash and free resources for emerging priorities.

"The crisis our industry faces right now demands a response in order for Alaska Airlines to survive," says **Brad Tilden**, executive vice president of finance and planning and chief financial officer. "We can't just wait and hope things will get better—we must act now to secure our future. This means focusing our efforts on five key areas: preserving cash, redeploying the fleet to trim unprofitable flying and bring in new revenue, increasing revenue in existing markets, saving fuel, and controlling non-fuel costs, including overhead."

Tilden notes the company's relatively small size presents an advantage.

"We can be nimble," he says. "With the current environment so fluid, we have to play on that strength by moving faster, focusing resources on the most



Don Conrad

New ground power/pre-conditioned air units at 14 stations are helping lower fuel costs by reducing the need to run aircraft Auxiliary Power Units (APUs).

urgent priorities and continuing to break down silos to work better cross-divisionally. However, we don't intend to make arbitrary changes that substantially alter our long-term vision. We're still guided by Alaska's 2010 Plan, but we need to put the brakes on growth until the company is profitable again."

The 2010 Plan also charts a course to reduce costs. During the past several years, the airline has instituted \$300 million in annual savings to help it compete against low-cost carriers. The

savings are a significant factor now in helping Alaska avoid rash decisions.

"Those changes weren't easy, and we should all be proud of ourselves for having the foresight and discipline to make them," says **Andrew Harrison**, managing director of planning. "As a result, we're in a better position than our competitors. But, we can't become complacent."

Wall Street analysts believe indus-



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Status of pending projects

By June 1, 13 of this year's 21 initiative projects were 50 percent or more complete. By the end of the year, 15 to 17 of the initiatives are expected to be finished.

Three initiatives will carry over into 2009: Customer Experience Workshop, Row 44 inflight broadband access and the Seattle Long-Term Facilities Plan. A few others are at risk of not completing in 2008, depending on resources and other priorities. Development of an enhanced customer database has been canceled. Here is a summary of major efforts:

Progressing

Fleet transitions

- Alaska's remaining seven MD-80s retire Aug. 25 instead of December
- Alaska accepts 10 more 737-800s from July to December for a total fleet of 116 aircraft by the end of 2008
- Horizon's remaining 12 Q200s retire Oct. 28 instead of April 2009
- Horizon begins phasing out CRJ-700s in September

New service startups

- Seattle-Maui on July 17
- Seattle-Minneapolis / St. Paul on Oct. 26
- Anchorage-Maui on Oct. 31
- Seattle-Kona on Nov. 17

Airport of the Future: Seattle rollout to be completed in mid-July.

Customer Experience Workshop: 85% of employees will have attended by the end of 2008.

Row 44 inflight broadband access: First installation anticipated in early fall.

e-Wallet: Web site "wallet" now available for Mileage Plan members to hold their gift certificates; more features coming this fall.

APU usage reduction: Preconditioned air units and ground power sources implemented June 17 in Seattle; rollout later this year in Anchorage, Portland, San Francisco and Los Angeles. Thirteen other stations are also equipped with ground power and preconditioned air.

Super A check: Implementation for 737 fleet completed in May; service check completed in July. This eliminated 3,900 individual task card events annually and reduced related delays during the second half of the day on the NG fleet alone by nearly 5 percent in May.

Single-source manuals: Implemented for maintenance manuals, saving considerable search time for technicians.

Trax maintenance information system: Startup targeted for the end of October.

Scaled back

Turn Timeline: Ramp information displays and jetway signs installed in Seattle and planned for LAX. Seat swap management in progress. Projects not started and without a reasonable investment return canceled.

Performance oversight: Purchase of ground support equipment and some technology-based projects postponed.

Ramp Action Center (RAC): Automated transfer assignments implemented; wireless printing canceled.

Cargo transformation phase two: Several tools and features involving security screening, dangerous goods and CargoSPOT enhancements canceled for 2008.

Alaska five-year plan: \$4.5 million reduction in 2009 affects Nome terminal replacement and various other projects.

Canceled

Portland office / ticket counter remodel: Ticket counter optimization in progress.

Seattle Concourse C upgrade: Future gate experience workshop will drive 2009 plans.

PeopleSoft upgrade: No work in 2008; budgeted for 2009.

Customer management: Included development of the "solar" customer database in 2008.

My Turn

Give your co-worker a helping hand

Some of the nicest people in the world give their time and money to the many charitable organizations that help people in time of need.

Supporting worthwhile causes like United Way or Angel Flight West is a very thoughtful and compassionate thing to do, but even more special is the ability to assist a fellow employee experiencing a crisis in their life.

Perhaps you already know a co-worker who is suffering financially as a result of a very serious illness. You want to help, but don't know how.

The answer is easy: Give to the Alaska Airlines/Horizon Air Employee Assistance Fund (EAF). By doing so, you'll be a hero to a co-worker who is hurting.

It's why the EAF was formed many years ago.

Each month, the EAF assists about 30 employees who find themselves in financial distress due to a serious or even life-threatening medical condition.

In times of crisis, the EAF steps in and assists financially until the employee is able to return to work.

Please consider assisting your fellow employees by donating to the EAF.

If every Alaska Airlines and Horizon Air employee gave just \$1 per pay period, the EAF could make a big difference in the lives of so many employees.

You can sign up for convenient payroll deduction through the EAF (www.alaskaeaf.com) or alaskasworld.com Web sites, or by calling the EAF offices at (888) 870-2988.

Thank you!

— Captain Al Brunelle,
EAF chairman

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.

Reliving American history

Scheduler spends free weekends re-enacting battles from the Civil War

By Kevin Nguyen

During the week, Amy McLaud is a flight attendant crew scheduler in Seattle. On weekends, she's a private in the 15th Alabama Infantry.

What is peculiar is that McLaud belongs to a 50-person Confederate Army unit that hasn't existed for 145 years.

McLaud is a member of the Washington Civil War Association, a non-profit group that organizes battle re-enactments across the state. WCWA's mission statement is to honor those who fought on both sides of the American Civil War. According to McLaud, though, battle re-enactments are "just a good excuse to go camping."

The events aim for a balance of authenticity and fun. Most re-enactments take place over the weekend, though some span three days if the following Monday is a holiday. Each day features two different battles, which last from 30 minutes to an hour.

Bigger events with more participants often re-enact actual engagements from the war, such as the Battle of Shiloh or the First Battle of Bull Run. Otherwise, they are completely improvised. McLaud compares the battles to a play—only one that is outdoors and more fun. It is literally a theater of war.

Soldiers are dressed for the occasion. They don authentic Union and Confederate uniforms, purchased at the events from sutlers or made at home. McLaud designed her own outfit from recycled wool suits purchased at thrift stores.

Rifles are ordered off the Internet. The replicas use black powder and percussion caps, which create dark trails of smoke and a bang loud enough to warrant using earplugs. McLaud's is a .50-caliber muzzleloader that uses black powder.

Participants can choose their military rank, although higher positions, such as captain, are elected. Some enter as cavalry, as long as they can provide their own horse. Even more impressive are the artillery units, who bring their own cannons. Unlike the real Civil War, women can serve as soldiers, too.

Once battle lines are drawn, the armies march forward into the fictional carnage. Soldiers opt to fall and become casualties as they please.

"My rule of thumb," McLaud says, "is if it is shady where I fall, then I am dead."

McLaud also notes that when she was younger, her grandmother packed snacks for the battlefield. Soldiers had a tendency to die around her.

The aftermath of the battle is just as authentic. Hospital demonstrations are often performed. True to the period, injured women are taken out to the woods and shot.

At night, soldiers pitch their tents and put on talent shows or dances. Supper consists of authentic Civil War-era cuisine: stews, beans and corn, all cooked over an open fire.

"If they didn't have it back then, we



With an 1861 Springfield rifle in hand, a young Amy McLaud stand ready to defend the Confederacy as a private in the 15th Alabama Infantry.



Don Conrard

Shelby Foote's monumental history of the war between the states describes many of the battles Amy McLaud has fought in as a Civil War re-enactor.

don't eat it," McLaud says.

McLaud's 10-year history with the WCWA started with her aunt and

grandmother, both history buffs. After literally being dragged to her first battle re-enactment in Arlington, Wash., she was hooked. Since then, McLaud has tried to attend battles as frequently as possible, especially during the summer, when there is a re-enactment at least every month. She even wore her Confederate uniform for her high school senior photos. For the McLauds, the events have always been a family affair.

OK, maybe not for the entire family. Amy took her brother to his first battle last summer in Ferndale, Wash.

"He had fun, but did not think it was for him," McLaud says. "Clearly, dressing up in wool during mid-summer is not for everyone."

But for those seeking an authentic, interactive glimpse into our nation's history, visit the WCWA online at <http://wcwa.net>.

Snapshot



Glenda Woods

Reservations Sales Agent
Boise

Joined Alaska Airlines

Feb. 12, 1996

Family

Three sons, one daughter
and 10 grandchildren

Most memorable Alaska moment

Witnessing the rollout of the
Salmon-Thirty-Salmon aircraft
in October 2005

What I'd like other employees to know about my job

It's a challenge at times, but I
enjoy meeting some wonderful
people. It's great to learn about
the world around us.

Favorite destination

Alaska

Last nonrev trip

Fairbanks for the
Ice Carving festival

Hobbies

Gardening when I have time. I
also like being involved with my
grandchildren and their sports.

Favorite local restaurant

Goodwood Barbeque
(7849 W. Spectrum, Boise)

Least favorite household chore

Scrubbing floors

Claim to fame

Keeping the coffee pot going at
the Boise Reservations Center

On the Web

Read more about
Alaska's people at
alaskasworld.com/people



All photos by Don Conrad

A determined effort by Seattle station employees has resulted in a dramatic improvement in on-time performance

Seattle success

Operations group charts turn-around in airline's on-time performance

By Kevin Nguyen

In October 2007, Alaska Airlines averaged 80 delayed flights a day out of Seattle-Tacoma International Airport. By last April, that number had plummeted to the low 20s for delays greater than 15 minutes.

Systemwide this year, Alaska's on-time performance has improved about four points over 2007. The carrier ranked in the top half of its relevant competitors in February and March, and exceeded its 80-percent goal in April and May.

The dramatic change results from a comprehensive initiative at Sea-Tac to improve communication and coordination, set clear expectations and make stakeholders accountable for their performance in order to reduce delays.

"A delay is the symptom," says **Ben Minicucci**, vice president of Seattle operations. "Instead of finger-pointing, we use a data- and process-driven exercise to understand what is going on and how to fix it when things aren't working."

Minicucci and representatives from the airline's operations departments and its vendors first identified who is responsible for each task and when it must be performed for STAR (start the airline right) departures and during turns.

The group also established target numbers for reduced delays and created scorecards to monitor performance on the ramp and in the terminal. And stakeholders meet each morning to review the previous day's operation and resolve problems that cause delays.

Daily results from scorecards are compiled into weekly and monthly grades for individual departments and vendors. In numerous cases, stakeholders have improved after receiving one or more poor grades. Ramp services vendor Menzies Aviation also receives a bonus or pays the airline a penalty based on its performance.

After receiving Fs on their score-

card, Airport Services International Group (ASIG), Alaska's fueling vendor, purchased more fuel carts, hired extra staff and introduced a coordinator to manage the process more efficiently.

Alaska's catering vendor, LSG Sky Chefs, improved their poor initial performance by increasing the number of trucks from 12 to 20 and boosting staff.

Menzies, the most heavily scrutinized vendor due to past performance problems, is graded on more than 70 elements on its scorecard.

To help improve their operation, some work was taken over by a new vendor, Delta Ground Services. Menzies crews now load and unload bags from aircraft while DGS loads luggage onto carts at various piers in the bagwell. DGS also handles bags to be screened by the Transportation Security Administration.


"We basically rebuilt the business from the ground up," says **Terry Trainor**, vice president of Menzies Aviation Seattle Operations. "We brought in a new leadership team, strengthened our recruitment process and set a new focus on compliance to meet the demands of the scorecard."

Alaska Airlines departments are improving, too. Maintenance & Engineering, for example, introduced "enhanced meet and greet" for STAR flights. Aircraft technicians spend time on the flight deck before pilots board to catch problems and possibly repair them before they cause delays.

"Enhanced meet and greet has reduced flight deck-delays by 67 percent here in Seattle," says **Lorraine DiMarco**, director of Seattle line maintenance.

As each department becomes more efficient and consistent at Sea-Tac, it motivates others and creates momentum.

"You can't be the guy walking when everyone is running," Minicucci says.

The airline plans to expand its efforts at Sea-Tac to other stations, for some possibly as soon this month, he says. 



Countdown timers in the jetways remind flight crews how much time remains before scheduled departure.



Outside vendors like Menzies and Sky Chefs receive a weekly report card on their performance in serving Alaska Airlines flights.



Each piece of ground support equipment in Seattle has a designated parking space on the ramp. This helps to make sure equipment is easy to find when it's time to depart a flight and eliminates the need for wing-walkers for arrivals.

July 2008

30 YEARS

Lisa Akiyama
Customer Service Agent/DEN

Mary Cusick
Cargo Policy & Procedure
Specialist/ANC

Katherine Kaye
Flight Attendant/SEA

Sheryl McGregor
Lead Accounting Specialist/SEA

Marla Merryman
Operations Agent/SEA

Karen Grondzik
Flight Attendant/PDX

William Hayes
Aircraft Technician/SEA

Nancy Kenny
Flight Attendant/LAX

Kelly King
Lead Line Aircraft Technician/
ANC

Alan Knapp
Lead Line Inspector/ANC

Frances Markland
Reservations Sales Agent/SEA

Jennifer Mattox
Flight Attendant/SEA

Brian Meyers
Flight Attendant/SEA

Jill Murphy
Flight Attendant/SEA

Rafael Quinones
Aircraft Technician/SEA

Louis Robles
Flight Attendant/LAX

Helen Surdi
Flight Attendant/SEA

William Swickard
Maintenance Controller/SEA

Rita Tillou
Flight Attendant/SEA

Janet West
Minimum Equipment List
Administrator/SEA

Marie Yadao
Customer Service Agent/LAX

25 YEARS

Larry Baker
Lead Line Aircraft Technician/
SEA

Susan Bear
Customer Service Agent/FAI

Steven Dean
Captain/LAX

James Haldeman
Captain/LAX

Kimberlee Johnson
Flight Attendant/SEA

Ted Leenerts
Captain/LAX

Gregory Pepple
Flight Attendant/PDX

Lance Solberg
Line Aircraft Technician/SEA

Lori Windsor
Flight Attendant/LAX

20 YEARS

Rita Armbrust
Customer Service Agent/PDX

Rayner Attisha
Flight Attendant/SEA

Timothy Croall
Line Maintenance &
Daily Planner Router/SEA

Roberta Darby
Flight Attendant/ANC

15 YEARS

Christine Gouin
QA Systems Analyst/SEA

Sandra Ling
Crew Planner/SEA

Rolando Pleitez
Ramp Service/ANC

Melissa Predescu
Flight Attendant/PDX

Heather Swartz
Pricing Analyst/SEA

10 YEARS

Katie Adams
Flight Attendant/PDX

Amy Allison
Flight Attendant/SEA

Justin Appell
Operations Agent/SFO

Lakisha Bates
Crew Scheduler/SEA

Elizabeth Bennett
Flight Attendant/PDX

Sandy Bisom
Accounting Specialist/SEA

Ken Boyer
Video Producer/SEA

Laurence Burnett
Supervisor Customer
Service/PDX

Edward Campbell
Line Avionics Technician/ANC

Darlene Carter
Reservations Sales Agent/SEA

Chi-Hua Chang
Accounting Specialist/SEA

Estela Chavarin
Flight Attendant/SEA

Angela Dirks-Eicken
Customer Service Agent/FAI

Christopher Donway
First Officer/LAX

Ed Fischer
Director System
Operations/SEA

Jean Frazier-Lee
Reservations Sales Agent/SEA

Albert Gonzales
Ramp Service/ANC

Linda Gunselman
Flight Attendant/PDX

Carol James
Flight Attendant/SEA

Jeanne Jones
Manager Interaction
Design/SEA

Sean Kerrick
Captain/SEA

5 YEARS

Amy Kohlhase
First Officer/ANC

Brian Kreiner
Simulator Engineer/SEA

Beverly Lewis
Customer Service Manager/
MCO

Lisa Lonstron
Flight Attendant/PDX

Peggy Martin
Customer Service Agent/PHX

Christina Mason
Customer Service Agent/SEA

Tina McDaniel
Flight Attendant/SEA

Christina Meyer
Lead Customer Service Agent/
SEA

Carrie Michel
Flight Attendant/SEA

Leesa Middleton
Flight Attendant/PDX

Dwight Motz
First Officer/SEA

Wayne Nelson
Concierge/SEA

Jannet Olson
Customer Service Agent/SEA

Jane Rich
Flight Attendant/LAX

Samuel Richardson
Line Aircraft Technician/ANC

Patricia Rickman
Flight Attendant/SEA

Karin Ridgeway
Flight Attendant/PDX

Maureen Robieson
Reservations Sales Agent/PHX

Anna Rudnitskaya
Customer Service Agent/SEA

Kurt Schendel
Flight Attendant/SEA

Lavonne Sherwood
Reservations Sales Agent/SEA

Patricia Sievers
Reservations Sales Agent/PHX

Aysheh Spicer-Monroe
Flight Attendant/LAX

Cheryl Staats
Flight Attendant/SEA

Nathan Watts
Station Supervisor/JNU

Kari Welch
Flight Attendant/LAX

Martha Whitaker
Flight Attendant/SEA

Jean Whiteley
Web Content Producer/SEA

Lori Williamson
Flt. Ops. Senior Project
Administration Manager/SEA

James Allen
Station Supervisor/SEA

Harrell Allenberg
Maintenance Program
Specialist/SEA

Jeanne Garrett
Flight Attendant/PDX

Jacalyn Garrison
Reservations Sales Agent/BOI

Michael Gempler
Supervisor Reservations/BOI

Deborah Hopkins
Reservations Sales Agent/BOI

Joan Lin
Drug Abatement
Coordination Specialist/SEA

James Thorp
Manager Operations
Research & Analysis/SEA


Becky Watkins
Reservations Sales Agent/BOI

Ginger Womack
Reservations Sales Agent/BOI

Ross Yoshimura
Division Controller
Flight & Marketing/SEA

15	Coming Up	
Thu, Jul 17	Seattle-Maui Service Begins	
Thu, Jul 24	AAG Q2 Earnings Announced	
Thu, Jul 26	EAF Golf Tourney	
Sat-Mon, Aug 2-4	Courage Classic	
Wed, Aug 13	M&E Tour / Seattle Hangar	
Sat, Aug 16	Summer Picnic / Seattle	
Mon, Aug 25	Blood Drive / Seattle Flight Ops	
Thu, Aug 28	M&E Tour / Seattle Hangar	
Mon, Sep 1	Labor Day	
Thu, Sep 11	M&E Tour / Seattle Hangar	
Wed, Sep 24	M&E Tour / Seattle Hangar	
Thu, Oct 9	M&E Tour / Seattle Hangar	
Wed, Oct 15	Employee Reception / Puerto Vallarta	
Thu, Oct 23	AAG Q3 Earnings Announced	
Sun, Oct 26	Seattle-Mpls./St. Paul Service Begins	
Wed, Oct 29	M&E Tour / Seattle Hangar	
Fri, Oct 31	Anchorage-Maui Service Begins	
Tue, Nov. 11	Veterans Day	
Mon, Nov 17	Seattle-Kona Service Begins	
Wed, Nov 19	Blood Drive/Seattle Hangar	
Wed, Nov 19	M&E Tour / Seattle Hangar	
Thu-Fri, Nov 27-28	Thanksgiving	
Wed, Dec 17	M&E Tour / Seattle Hangar	

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




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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



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High fuel prices force Alaska to reassess 2008 strategic initiatives

Continued from Page Three



try losses this year will rival those following Sept. 11. Analysts currently estimate Alaska Air Group will report an adjusted net loss of about \$65 million in 2008, although the company has publicly stated this figure is optimistic given revenue and cost trends. At the same time, a ranking by JPMorgan predicts Alaska and Southwest are least likely in the industry to declare bankruptcy.

To help Alaska improve its execution of strategic initiatives, the company created a cross-divisional group known as the Investment Council about a year ago. Its eight members serve as an advisory group to the Executive Committee by estimating project costs, payback and benefits. Once a business case is approved, the Investment Council schedules the project according to strategic priorities.

"The Investment Council helps makes sure we're working on the right things at the right time by sharpening our focus and improving our coordination across divisions," says **Peggy Willingham**, managing director of strategy management. "That oversight is always valuable, but especially so now when we need to respond quickly to changing industry conditions."

The accompanying list summarizing the status of strategic initiatives and major projects reflects the company's focus on five key areas:

Preserving cash

Just as savings help a family if a bread-winner loses a job or becomes seriously ill, airlines rely on cash to survive industry downturns. As of June 30, Air Group had \$1 billion in the bank. As of March 31, 2008 (the most recent information available), Air Group's cash position was the third-best among U.S. airlines as a percentage of annual revenues, behind Virgin America and Southwest.

The company raised \$292 million during the first quarter by borrowing against 13 Q400s and three 737-800s. The airline also intends to finance nearly all remaining aircraft deliveries

this year and is scaling back or canceling non-mandatory capital projects that don't pay for themselves in less than two years.

Redeploying the fleet

The Schedule Planning Department has re-evaluated every route to shed unprofitable ones and redeploy capacity to maximize revenue. This process led to changes in the fall schedule, such as the decision to end seasonal flying to three Mexico destinations from San Francisco, where feed traffic is weaker than at the airline's other hubs.

Some capacity has been redeployed to new markets between Seattle and Kona—enabling Alaska to fly to all four major Hawaiian Islands—and Minneapolis/St. Paul, one of the largest cities not previously served by the airline. However, the carrier is also ending various late-night and weekend flights that are no longer profitable at current fuel prices.

Capacity in the fourth quarter is slated to be 0.7 percent less than in 2007. And although Alaska will end the year with 116 aircraft—one more than in 2007—average utilization will likely be lower to help stem the carrier's red ink.

Boosting revenue

Alaska's average load factor in 2008 had been outpacing 2007, but during June it fell nearly two points below last year. Throughout the first half of 2008, Alaska's yields have trailed a 50-percent increase in fuel prices over last year—primarily because of low fares offered by Southwest, Virgin America and Jet-Blue in half of the carrier's markets.

"A full plane used to mean we were making money," says **John MacLeod**, managing director of revenue management. "In many markets, that's not true anymore."

The need to boost revenue led the airline to begin charging for a second checked bag on July 1 and raise other fees in mid-May. More efforts are under way to increase fares and maximize yields.

"Revenue management is about making sure we don't sell out a flight too soon or set prices too high and exceed demand," MacLeod says. "It's

about finding that sweet spot. The challenge for Alaska is to figure out how to get there ahead of our competitors and before we deplete our cash reserves."

Saving fuel

When Alaska's remaining seven MD-80s are retired on Aug. 25, its average fleet age will be about 8½ years—one of the youngest, most fuel-efficient and environmentally friendly among U.S. airlines. And the company continues to hedge half its fuel consumption—a strategy second only to Southwest. The premium Alaska pays to buy those hedges, however, has increased significantly.


The airline is also reducing auxiliary power unit usage on aircraft parked at its five largest hubs by switching to ground power and preconditioned air units that burn 10 percent of the fuel necessary for an APU. Thirteen other stations already have facilities to alleviate using APUs when jets are parked at a gate.

In early June, Alaska finished installing winglets on nearly all of its existing Next-Generation 737s. And the airline is implementing single-engine taxiing when allowable.

Controlling costs

The company expects to save another \$40 million this year through new cost-cutting efforts. Several key areas include renegotiating some vendor contracts, other supply chain initiatives, and adding functionality to alaskaair.com to reduce the need for customers to call reservations or obtain assistance from an airport customer service agent.

Alaska's cost per available seat mile (CASM), excluding fuel, for 2008 is projected to be 7.5 cents—the same as last year.

"We've been making excellent progress on reducing our CASM, ex fuel, during the past several years," Tilden says. "But, given industry conditions, we knew it would be very difficult to make further reductions this year. It's imperative that we meet our goal—not only to improve the company's bottom line, but to show our owners that we're committed to controlling costs." 

Another important part of the airline's corporate giving effort is the Charity Miles program. Mileage Plan members can donate miles for use by injured soldiers (Hero Miles) and organizations like Medical Teams International, Fred Hutchinson Cancer Research Center, Make-A-Wish Foundation and Angel Flight West.

"If customers cannot decide on one of these, they may contribute miles to the pool, which will be distributed at year-end to nonprofits supported by the company," Hartman says.

More than three million miles were donated to the program last year.

Requests for donations from organizations in the Lower 48 are screened by Hartman.


Susan Bramstedt, director of public affairs, oversees the airline's corporate giving program in Alaska, including cash donations through the regional community advisory boards in the

state of Alaska. Bramstedt also serves as the executive director of the Alaska Airlines Foundation, which makes annual cash contributions throughout the system.

As the airline has grown, so have requests for support.

"When I joined Alaska Airlines 25 years ago, we received about 700 donation requests per year," Hartman says. "We expect to receive more than 6,000 requests this year. Unfortunately, we simply can't help everyone who asks, no matter how much we would like to. It's hard to say no sometimes."

Which is why Hartman and Bramstedt work with charities like the Shriners Hospitals for Children, Angel Flight West and the Make-A-Wish Foundation.

"These organizations have established criteria to help us screen candidates most needing our help," Hartman says. 

Key information

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Giving back to the community

Continued from Page One



Worm Festival, Fairbanks Arts Festival and Sitka Summer Music Festival. Last year, the airline also donated a historic 737-200 Combi to the Alaska Aviation Heritage Museum in Anchorage.

"But our primary focus is on supporting humanitarian efforts," Hartman says. "With limited resources, we refrain from contributing to sports teams and capital campaign projects."

For a variety of operational and security reasons, the airline also is reluctant to donate cargo space, although it does occasionally transport injured eagles and other wildlife to rehabilitation centers in Alaska and the Lower 48.