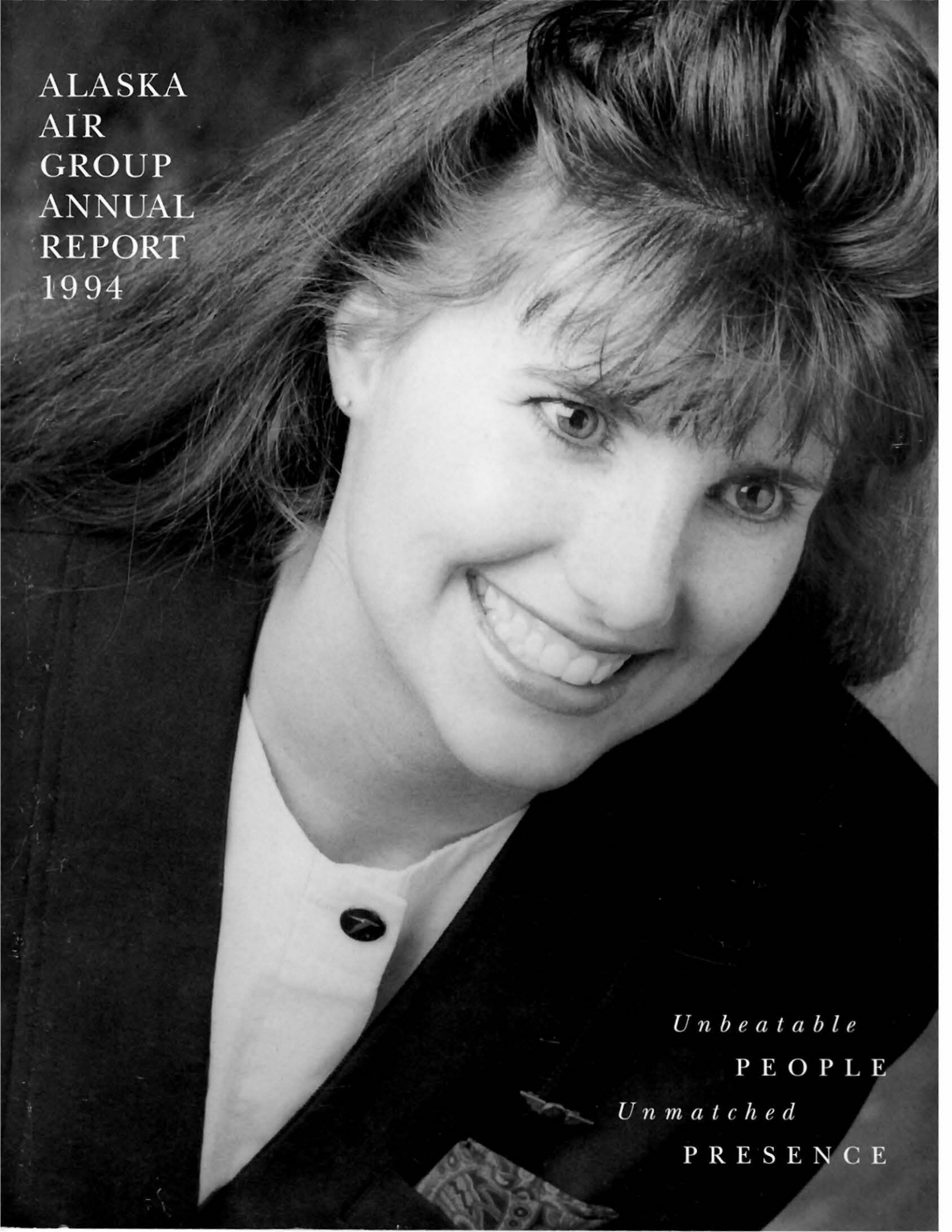
ALASKA AIR GROUP ANNUAL REPORT 1994



Unbeatable
PEOPLE
Unmatched
PRESENCE

Financial Highlights

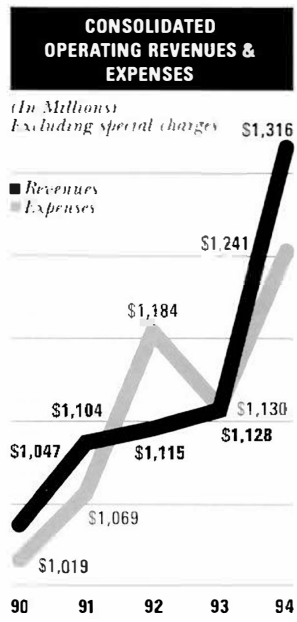
(In millions, except per share amounts)	1994	1993	% Change
Revenues and Income			
Operating revenues	**$1,315.6**	$1,128.3	16.6
Operating expenses	**1,240.6**	1,145.1	8.3
Operating income (loss)	**75.0**	(16.8)	NM
Net income (loss)	**22.5**	(30.9)	NM
Primary earnings per share	**1.68**	(2.51)	NM
Fully diluted earnings per share	**1.62**	*	NM
Average number of common shares outstanding —			
Primary	**13.4**	13.3	0.3
Fully diluted	**19.6**	*	NM
Assets and Equity			
Total assets	**$1,315.8**	$1,135.0	15.9
Total shareholders' equity	**191.3**	166.8	14.7
Return on shareholders' equity	**12.6%**	(18.4%)	NM
Book value per share	**$14.27**	$12.51	14.1
Debt/equity ratio	**76:24**	76:24	NA
Employees at year end	**9,852**	8,733	12.8
Shareholders of record at year end	**6,183**	6,524	–5.2

*Anti-dilutive









ALASKA AIR GROUP DIRECTORS

John F. Kelly
Chairman, President & CEO
Alaska Air Group

William H. Clapp
Chairman & President
Matthew G. Norton Company

Ronald F. Cosgrave
Chairman
Alaska Northwest Properties Inc.
& Chairman Emeritus
Alaska Airlines

Mary Jane Fate
General Manager of family business

Bruce R. Kennedy
Chairman Emeritus
Alaska Air Group

R. Marc Langland
President
Northrim Bank

Byron I. Mallott
Executive Director
Alaska Permanent Fund

Bruce R. McCaw
President
Racesport Management

Robert L. Parker, Jr.
President & CEO
Parker Drilling Company

Richard A. Wien
Chairman & CEO
Florcraft, Inc.

ALASKA AIRLINES OFFICERS

John F. Kelly
Chairman, President & CEO

Harry G. Lehr*
Senior Vice President/ Planning & Finance

VICE PRESIDENTS:

George D. Bagley
Flight Operations

John R. Fowler
Maintenance & Engineering

Steven G. Hamilton*
Legal & General Counsel

Marjorie E. Laws*
Corporate Affairs & Corporate Secretary

Timothy R. Metcalf
Employee Services

Edward W. White
Customer Service

STAFF VICE PRESIDENTS:

Clifford T. Argue
Properties & Facilities

Robin L. Krueger
Finance & Treasurer

William L. MacKay
Public Affairs

Robert M. Reeder
Information and Communications Services

**Holds the same office with Alaska Air Group.*

HORIZON AIR OFFICERS

John F. Kelly
Chairman

Kathleen H. Iskra
President & CEO

William S. Ayer
Senior Vice President Operations

VICE PRESIDENTS:

Thomas M. Gerharter
Flight Operations

Kenneth L. Hobby
Maintenance & Engineering

Glenn S. Johnson
Controller & Treasurer

Jeffrey D. Pinneo
Passenger Service

Arthur E. Thomas
Legal & Administration and Corporate Secretary

Patrick A. Zachwieja
Marketing & Planning

HONORARY POSITION

James A. Johnson
Senior Vice President Emeritus
Alaska Airlines

Three former board members — Directors Emeriti Robert E. Ellis and Sheldon B. Simmons and President Emeritus O. F. "Ben" Benecke — passed away in 1994. Bob, Shell and Ben were instrumental in developing aviation in the state of Alaska and making Alaska Airlines a success. With many fond memories, we salute these legendary pioneers and dear friends.



Alaska Air Group Board of Directors:
Front row from left,
MARY JANE FATE
R. MARC LANGLAND
WILLIAM H. CLAPP
Back row from left,
RICHARD A. WIEN
BRUCE R. McCAW
JOHN F. KELLY
BYRON I. MALLOTT
BRUCE R. KENNEDY
RONALD F. COSGRAVE
ROBERT L. PARKER, JR.