

Alaska Air Group, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
(in millions, except per share amounts)	2009	2008	2009	2008
Operating Revenues:				
Passenger	\$884.8	\$952.8	\$2,326.1	\$2,592.0
Freight and mail	27.7	30.5	72.3	80.4
Other - net	54.9	39.6	155.3	120.8
Change in Mileage Plan terms	-	42.3	-	42.3
Total Operating Revenues	967.4	1,065.2	2,553.7	2,835.5
Operating Expenses:				
Wages and benefits	246.2	232.1	739.3	711.2
Variable incentive pay	24.0	6.3	52.2	15.0
Aircraft fuel, including hedging gains and losses	199.5	575.6	485.6	1,039.6
Aircraft maintenance	49.7	47.4	169.0	159.6
Aircraft rent	38.3	40.2	115.4	126.1
Landing fees and other rentals	57.3	56.8	165.9	169.7
Contracted services	37.4	40.2	112.6	128.3
Selling expenses	37.0	41.7	97.3	120.3
Depreciation and amortization	55.6	52.1	162.3	152.9
Food and beverage service	12.7	13.5	36.7	39.2
Other	51.1	52.7	158.2	171.4
New pilot contract transition costs	-	-	35.8	-
Restructuring charges	-	3.7	-	3.7
Fleet transition costs - MD-80	-	21.5	-	47.5
Fleet transition costs - CRJ-700	-	0.7	-	6.8
Fleet transition costs - Q200	(1.2)	0.7	8.8	9.7
Total Operating Expenses	807.6	1,185.2	2,339.1	2,901.0
Operating Income (Loss)	159.8	(120.0)	214.6	(65.5)
Nonoperating Income (Expense):				
Interest income	8.3	10.7	24.4	31.5
Interest expense	(25.9)	(25.9)	(77.8)	(74.3)
Interest capitalized	1.4	5.9	6.0	18.5
Other - net	(0.8)	(3.7)	(6.3)	(3.4)
	(17.0)	(13.0)	(53.7)	(27.7)
Income (loss) before income tax	142.8	(133.0)	160.9	(93.2)
Income tax expense (benefit)	55.2	(46.5)	63.4	(32.5)
Net Income (Loss)	\$87.6	\$(86.5)	\$97.5	\$(60.7)
Basic Earnings (Loss) Per Share:	\$2.48	\$(2.40)	\$2.71	\$(1.67)
Diluted Earnings (Loss) Per Share:	\$2.46	\$(2.40)	\$2.69	\$(1.67)
Shares Used for Computation:				
Basic	35.275	36.069	35.981	36.383
Diluted	35.681	36.069	36.292	36.383

Alaska Air Group, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in millions)	September 30, 2009	December 31, 2008
Cash and marketable securities	<u>\$1,230</u>	<u>\$1,077</u>
Total current assets	1,686	1,509
Property and equipment-net	3,136	3,168
Other assets	<u>184</u>	<u>159</u>
Total assets	<u>\$5,006</u>	<u>\$4,836</u>
Current liabilities	\$1,282	\$1,361
Long-term debt	1,658	1,596
Other liabilities and credits	1,292	1,217
Shareholders' equity	<u>774</u>	<u>662</u>
Total liabilities and shareholders' equity	<u>\$5,006</u>	<u>\$4,836</u>
Debt to Capitalization, adjusted for operating leases	<u>78%:22%</u>	<u>81%:19%</u>
Number of common shares outstanding	<u>35.251</u>	<u>36.275</u>

Air Group Net Income (Loss) and EPS Reconciliation:

The following table reconciles Alaska Air Group, Inc.'s net income (loss) and amounts per share during 2009 and 2008 excluding certain noted items to the most directly related amounts as reported in accordance with GAAP (in millions except per share amounts):

	Three Months Ended September 30,			
	2009		2008	
	<u>Dollars</u>	<u>Diluted EPS</u>	<u>Dollars</u>	<u>Diluted EPS</u>
Net income and diluted EPS, excluding the items noted below	\$83.0	\$2.33	\$39.9	\$1.10
Change in Mileage Plan terms, net of tax	-	-	26.5	0.73
Restructuring charges, net of tax	-	-	(2.3)	(0.06)
Fleet transition costs - MD-80, net of tax	-	-	(13.5)	(0.37)
Fleet transition costs - CRJ-700, net of tax	-	-	(0.4)	(0.01)
Adjustments to reflect the timing of gain or loss recognition resulting from mark-to-market fuel hedge accounting, net of tax	4.6	0.13	(136.7)	(3.79)
Reported GAAP amounts	<u>\$87.6</u>	<u>\$2.46</u>	<u>\$(86.5)</u>	<u>\$(2.40)</u>

	Nine Months Ended September 30,			
	2009		2008	
	<u>Dollars</u>	<u>Diluted EPS</u>	<u>Dollars</u>	<u>Diluted EPS</u>
Net income (loss) and diluted EPS, excluding the items noted below	\$84.1	\$2.32	\$(12.0)	\$(0.33)
Change in Mileage Plan terms, net of tax	-	-	26.5	0.73
New pilot contract transition costs, net of tax	(22.3)	(0.61)	-	-
Restructuring charges, net of tax	-	-	(2.3)	(0.06)
Fleet transition costs - MD-80, net of tax	-	-	(29.8)	(0.82)
Fleet transition costs - CRJ-700, net of tax	-	-	(4.2)	(0.12)
Adjustments to reflect the timing of gain or loss recognition resulting from mark-to-market fuel hedge accounting, net of tax	35.7	0.98	(38.9)	(1.07)
Reported GAAP amounts	<u>\$97.5</u>	<u>\$2.69</u>	<u>\$(60.7)</u>	<u>\$(1.67)</u>

Alaska Airlines Financial and Statistical Data

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	% Change	2009	2008	% Change
Financial Data (in millions):						
Operating Revenues:						
Passenger	\$702.0	\$751.2	(6.5)	\$1,844.3	\$2,041.2	(9.6)
Freight and mail	26.5	29.2	(9.2)	69.0	77.1	(10.5)
Other - net	48.4	33.5	44.5	136.5	101.2	34.9
Change in Mileage Plan terms	-	42.3	NM	-	42.3	NM
<i>Total mainline operating revenues</i>	<u>776.9</u>	<u>856.2</u>	(9.3)	<u>2,049.8</u>	<u>2,261.8</u>	(9.4)
Passenger - purchased capacity	81.9	85.7	(4.4)	211.4	233.9	(9.6)
Total Operating Revenues	<u>858.8</u>	<u>941.9</u>	(8.8)	<u>2,261.2</u>	<u>2,495.7</u>	(9.4)
Operating Expenses:						
Wages and benefits	199.1	182.5	9.1	594.9	558.9	6.4
Variable incentive pay	20.8	4.9	324.5	44.0	10.8	307.4
Aircraft fuel, including hedging gains and losses	166.6	479.1	(65.2)	405.9	864.0	(53.0)
Aircraft maintenance	36.5	32.6	12.0	129.4	112.1	15.4
Aircraft rent	27.2	26.3	3.4	81.8	82.4	(0.7)
Landing fees and other rentals	43.0	42.3	1.7	124.4	126.9	(2.0)
Contracted services	29.7	31.9	(6.9)	88.6	100.5	(11.8)
Selling expenses	29.4	33.1	(11.2)	76.8	95.6	(19.7)
Depreciation and amortization	45.1	42.8	5.4	132.6	123.2	7.6
Food and beverage service	12.0	12.8	(6.3)	34.9	37.1	(5.9)
Other	38.0	41.0	(7.3)	119.3	130.2	(8.4)
New pilot contract transition costs	-	-	NM	35.8	-	NM
Restructuring charges	-	3.7	NM	-	3.7	NM
Fleet transition costs - MD-80	-	21.5	NM	-	47.5	NM
<i>Total mainline operating expenses</i>	<u>647.4</u>	<u>954.5</u>	(32.2)	<u>1,868.4</u>	<u>2,292.9</u>	(18.5)
Purchased capacity costs	74.7	85.6	(12.7)	206.3	246.8	(16.4)
Total Operating Expenses	<u>722.1</u>	<u>1,040.1</u>	(30.6)	<u>2,074.7</u>	<u>2,539.7</u>	(18.3)
Operating Income (Loss)	<u>136.7</u>	<u>(98.2)</u>		<u>186.5</u>	<u>(44.0)</u>	
Interest income	9.6	12.8		29.2	38.2	
Interest expense	(22.4)	(23.5)		(67.5)	(67.5)	
Interest capitalized	1.4	4.8		5.7	16.1	
Other - net	(0.5)	(3.3)		(5.3)	(2.7)	
	<u>(11.9)</u>	<u>(9.2)</u>		<u>(37.9)</u>	<u>(15.9)</u>	
Income (Loss) Before Income Tax	<u>\$124.8</u>	<u>\$(107.4)</u>		<u>\$148.6</u>	<u>\$(59.9)</u>	
Mainline Operating Statistics:						
Revenue passengers (000)	4,240	4,532	(6.4)	11,796	13,037	(9.5)
RPMs (000,000) "traffic"	5,020	5,012	0.2	13,812	14,410	(4.1)
ASMs (000,000) "capacity"	6,097	6,306	(3.3)	17,469	18,628	(6.2)
Passenger load factor	82.3%	79.5%	2.8pts	79.1%	77.4%	1.7pts
Yield per passenger mile	13.98¢	14.99¢	(6.7)	13.35¢	14.17¢	(5.8)
Operating revenue per ASM "RASM"	12.74¢	13.58¢	(6.2)	11.73¢	12.14¢	(3.4)
Change in Mileage Plan terms per ASM	0.00¢	0.67¢	NM	0.00¢	0.23¢	NM
RASM excluding change in Mileage Plan terms	12.74¢	12.91¢	(1.3)	11.73¢	11.91¢	(1.5)
Passenger revenue per ASM	11.51¢	11.91¢	(3.4)	10.56¢	10.96¢	(3.6)
Operating expense per ASM	10.62¢	15.14¢	(29.9)	10.70¢	12.31¢	(13.1)
Operating expense per ASM excluding fuel, restructuring charges and fleet transition costs (a)	7.89¢	7.14¢	10.5	8.17¢	7.40¢	10.4
GAAP fuel cost per gallon	\$2.07	\$5.57	(62.8)	\$1.77	\$3.34	(47.0)
Economic fuel cost per gallon (b)	\$2.15	\$3.47	(38.0)	\$1.98	\$3.14	(36.9)
Fuel gallons (000,000)	80.1	86.0	(6.9)	229.9	258.3	(11.0)
Average number of full-time equivalent employees	9,002	9,594	(6.2)	8,987	9,785	(8.2)
Aircraft utilization (blk hrs/day)	9.9	10.8	(8.3)	9.9	10.8	(8.3)
Average aircraft stage length (miles)	1,044	981	6.4	1,027	975	5.3
Operating fleet at period-end	116	110	6 a/c	116	110	6 a/c
Regional Operating Statistics:						
RPMs (000,000)	298	304	(2.0)	777	873	(11.0)
ASMs (000,000)	383	391	(2.0)	1,058	1,153	(8.2)
Passenger load factor	77.8%	77.7%	0.1pts	73.4%	75.7%	(2.3)pts
Yield per passenger mile	27.48¢	28.19¢	(2.5)	27.21¢	26.79¢	1.6
Operating revenue per ASM	21.38¢	21.92¢	(2.5)	19.98¢	20.29¢	(1.5)
Operating expenses per ASM	19.50¢	21.89¢	(10.9)	19.50¢	21.41¢	(8.9)

NM = Not Meaningful

(a) See page 9 for a reconciliation of these non-GAAP measures and a discussion about why these measures may be important to investors.

(b) See page 11 for a reconciliation of economic fuel cost.

Horizon Air Financial and Statistical Data

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	% Change	2009	2008	% Change
Financial Data (in millions):						
Operating Revenues:						
Passenger - brand flying	\$105.4	\$120.3	(12.4)	\$283.7	\$330.7	(14.2)
Passenger - Alaska capacity purchase arrangement	69.9	81.1	(13.8)	191.2	231.2	(17.3)
<i>Total passenger revenue</i>	175.3	201.4	(13.0)	474.9	561.9	(15.5)
Freight and mail	0.7	0.8	(12.5)	2.0	2.1	(4.8)
Other - net	2.2	1.9	15.8	6.0	6.2	(3.2)
Total Operating Revenues	178.2	204.1	(12.7)	482.9	570.2	(15.3)
Operating Expenses:						
Wages and benefits	44.4	47.9	(7.3)	137.0	147.2	(6.9)
Variable incentive pay	3.2	1.4	128.6	8.2	4.2	95.2
Aircraft fuel, including hedging gains and losses	32.9	96.5	(65.9)	79.7	175.6	(54.6)
Aircraft maintenance	13.2	14.8	(10.8)	39.6	47.5	(16.6)
Aircraft rent	11.1	13.9	(20.1)	33.6	43.7	(23.1)
Landing fees and other rentals	14.6	14.7	(0.7)	42.4	43.6	(2.8)
Contracted services	8.4	7.1	18.3	23.8	22.0	8.2
Selling expenses	7.6	8.6	(11.6)	20.5	24.7	(17.0)
Depreciation and amortization	10.2	9.0	13.3	28.8	28.8	-
Food and beverage service	0.7	0.7	-	1.8	2.1	(14.3)
Other	9.4	9.7	(3.1)	29.0	33.7	(13.9)
Fleet transition costs - CRJ-700	-	0.7	NM	-	6.8	NM
Fleet transition costs - Q200	(1.2)	0.7	NM	8.8	9.7	NM
Total Operating Expenses	154.5	225.7	(31.5)	453.2	589.6	(23.1)
Operating Income (Loss)	23.7	(21.6)		29.7	(19.4)	
Interest income	0.5	1.1		1.5	3.8	
Interest expense	(5.1)	(5.5)		(16.2)	(16.9)	
Interest capitalized	-	1.0		0.3	2.3	
Other - net	-	(0.1)		(0.2)	0.1	
	(4.6)	(3.5)		(14.6)	(10.7)	
Income (Loss) Before Income Tax	\$19.1	\$(25.1)		\$15.1	\$(30.1)	
Combined Operating Statistics: (a)						
Revenue passengers (000)	1,815	1,989	(8.7)	5,055	5,754	(12.1)
RPMs (000,000) "traffic"	666	721	(7.6)	1,799	2,074	(13.3)
ASMs (000,000) "capacity"	855	945	(9.5)	2,470	2,831	(12.8)
Passenger load factor	77.9%	76.3%	1.6pts	72.8%	73.3%	(0.5)pts
Yield per passenger mile	26.32¢	27.93¢	(5.8)	26.40¢	27.09¢	(2.5)
Operating revenue per ASM	20.84¢	21.60¢	(3.5)	19.55¢	20.14¢	(2.9)
Passenger revenue per ASM	20.50¢	21.31¢	(3.8)	19.23¢	19.85¢	(3.1)
Operating expenses per ASM	18.07¢	23.88¢	(24.3)	18.35¢	20.83¢	(11.9)
Operating expense per ASM excluding fuel and CRJ-700 fleet transition costs (b)	14.22¢	13.60¢	4.6	15.12¢	14.38¢	5.1
GAAP fuel cost per gallon	\$2.11	\$5.61	(62.4)	\$1.76	\$3.37	(47.8)
Economic fuel cost per gallon (c)	\$2.19	\$3.45	(36.5)	\$1.98	\$3.18	(37.7)
Fuel gallons (000,000)	15.6	17.2	(9.3)	45.1	52.1	(13.4)
Average number of full-time equivalent employees	3,269	3,687	(11.3)	3,320	3,777	(12.1)
Aircraft utilization (blk hrs/day)	8.4	8.5	(1.2)	8.3	8.4	(1.2)
Average aircraft stage length (miles)	334	325	2.8	326	324	0.6
Operating fleet at period-end	55	63	(8 a/c)	55	63	(8 a/c)

NM = Not Meaningful

(a) Represents combined information for all Horizon flights, including those operated under a Capacity Purchase Agreement (CPA) with Alaska.

See page 10 for additional line of business information.

(b) See page 10 for a reconciliation of these non-GAAP measures and a discussion about why these measures may be important to investors.

(c) See page 11 for a reconciliation of economic fuel cost.

Note A: Pursuant to Regulation G, we are providing disclosure of the reconciliation of reported non-GAAP financial measures to their most directly comparable financial measures reported on a GAAP basis. We believe that consideration of this measure of unit costs excluding fuel, purchased capacity costs, and other noted items may be important to investors for the following reasons:

- By eliminating fuel expense and certain special items from our unit cost metrics, we believe that we have better visibility into the results of our non-fuel cost-reduction initiatives. Our industry is highly competitive and is characterized by high fixed costs, so even a small reduction in non-fuel operating costs can result in a significant improvement in operating results. In addition, we believe that all domestic carriers are similarly impacted by changes in jet fuel costs over the long run, so it is important for management (and thus investors) to understand the impact of (and trends in) company-specific cost drivers such as labor rates and productivity, airport costs, maintenance costs, etc., which are more controllable by management.
- Cost per ASM excluding fuel and certain special items is one of the most important measures used by managements of both Alaska and Horizon and by the Air Group Board of Directors in assessing quarterly and annual cost performance.
- Cost per ASM excluding fuel (and other items as specified in our plan documents) is an important metric for the employee incentive plan that covers company management and certain other employee groups.
- Cost per ASM excluding fuel and certain special items is a measure commonly used by industry analysts, and we believe it is the basis by which they compare our airlines to others in the industry. The measure is also the subject of frequent questions from investors.
- Disclosure of the individual impact of certain noted items provides investors the ability to measure and monitor performance both with and without these special items. We believe that disclosing the impact of certain items, such as new pilot contract transition costs and fleet transition costs, is important because it provides information on significant items that are not necessarily indicative of future performance. Industry analysts and investors consistently measure our performance without these items for better comparability between periods and among other airlines.
- Although we disclose our “mainline” passenger unit revenues for Alaska, we do not (nor are we able to) evaluate mainline unit revenues excluding the impact that changes in fuel costs have had on ticket prices. Fuel expense represents a large percentage of our total mainline operating expenses. Fluctuations in fuel prices often drive changes in unit revenues in the mid-to-long term. Although we believe it is useful to evaluate non-fuel unit costs for the reasons noted above, we would caution readers of these financial statements not to place undue reliance on unit costs excluding fuel as a measure or predictor of future profitability because of the significant impact of fuel costs on our business.

The following tables reconcile our non-GAAP financial measures to the most directly comparable GAAP financial measures for both Alaska Airlines, Inc. and Horizon Air Industries, Inc.:

Alaska Airlines, Inc.

(in millions, except for per ASM unit information)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Mainline unit cost reconciliations:</u>				
Mainline operating expenses	\$647.4	\$954.5	\$1,868.4	\$2,292.9
Mainline ASMs	6,097	6,306	17,469	18,628
Mainline operating expenses per ASM	<u>10.62¢</u>	15.14¢	<u>10.70¢</u>	12.31¢
Mainline operating expenses	\$647.4	\$954.5	\$1,868.4	\$2,292.9
Less: aircraft fuel	(166.6)	(479.1)	(405.9)	(864.0)
Less: new pilot contract transition costs	-	-	(35.8)	-
Less: restructuring charges	-	(3.7)	-	(3.7)
Less: fleet transition costs - MD-80	-	(21.5)	-	(47.5)
Mainline operating expenses excluding fuel, restructuring charges and fleet transition costs	\$480.8	\$450.2	\$1,426.7	\$1,377.7
Mainline ASMs	6,097	6,306	17,469	18,628
Mainline operating expenses per ASM excluding fuel, restructuring charges and fleet transition costs	<u>7.89¢</u>	7.14¢	<u>8.17¢</u>	7.40¢

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Reconciliation to GAAP income (loss) before taxes :</u>				
Income before taxes, excluding items noted below	\$118.7	\$56.6	\$137.0	\$1.4
Change in Mileage Plan terms	-	42.3	-	42.3
New pilot contract transition costs	-	-	(35.8)	-
Restructuring charges	-	(3.7)	-	(3.7)
Fleet transition costs - MD-80	-	(21.5)	-	(47.5)
Adjustments to reflect timing of gain or loss recognition resulting from mark-to-market accounting on fuel hedges	6.1	(181.1)	47.4	(52.4)
GAAP income (loss) before taxes as reported	<u>\$124.8</u>	<u>\$(107.4)</u>	<u>\$148.6</u>	<u>\$(59.9)</u>

Horizon Air Industries, Inc.

(in millions, except for per ASM unit information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Unit cost reconciliations:				
Operating expenses ASMs	\$154.5	\$225.7	\$453.2	\$589.6
	855	945	2,470	2,831
Operating expenses per ASM	18.07¢	23.88¢	18.35¢	20.83¢
Operating expenses	\$154.5	\$225.7	\$453.2	\$589.6
Less: aircraft fuel	(32.9)	(96.5)	(79.7)	(175.6)
Less: fleet transition costs - CRJ-700	-	(0.7)	-	(6.8)
Operating expenses excluding fuel and CRJ-700 fleet transition costs ASMs	\$121.6	\$128.5	\$373.5	\$407.2
	855	945	2,470	2,831
Operating expenses per ASM excluding fuel and CRJ-700 fleet transition costs	14.22¢	13.60¢	15.12¢	14.38¢
Unit cost reconciliations-excluding all fleet transition costs:				
Operating expenses	\$154.5	\$225.7	\$453.2	\$589.6
Less: aircraft fuel	(32.9)	(96.5)	(79.7)	(175.6)
Less: fleet transition costs - CRJ-700	-	(0.7)	-	(6.8)
Less: fleet transition costs - Q200	1.2	(0.7)	(8.8)	(9.7)
Operating expenses excluding fuel and all fleet transition costs ASMs	\$122.8	\$127.8	\$364.7	\$397.5
	855	945	2,470	2,831
Operating expenses per ASM excluding fuel and all fleet transition costs	14.36¢	13.52¢	14.77¢	14.04¢
Reconciliation to GAAP income (loss) before taxes:				
Income (loss) before taxes, excluding mark-to-market fuel hedging gains (losses) and CRJ-700 fleet transition costs	\$17.9	\$12.7	\$5.4	\$(13.6)
Fleet transition costs - CRJ-700	-	(0.7)	-	(6.8)
Adjustments to reflect timing of gain or loss recognition resulting from mark-to-market accounting on fuel hedges	1.2	(37.1)	9.7	(9.7)
GAAP income (loss) before taxes as reported	\$19.1	\$(25.1)	\$15.1	\$(30.1)

Line of Business Information:

Horizon brand flying includes those routes in the Horizon system not covered by the Alaska Capacity Purchase Agreement (CPA). Horizon bears the revenue risk in those markets and, as a result, traffic, yield and load factor impact revenue recorded by Horizon. In the CPA arrangement, Horizon is insulated from market revenue factors and is guaranteed contractual revenue amounts based on operational capacity. As a result, yield and load factor information is not presented.

Three Months Ended September 30, 2009

	Capacity and Mix				Load Factor		Yield		RASM	
	2009 Actual (000,000)	2008 Actual (000,000)	Change Y-O-Y	Current % Total	Actual	Point Change Y-O-Y	Actual	Change Y-O-Y	Actual	Change Y-O-Y
Brand Flying	487	568	(14.3%)	57%	77.9%	2.9	27.81¢	(1.5%)	22.26¢	2.9%
Alaska CPA	368	377	(2.4%)	43%	NM	NM	NM	NM	18.97¢	(11.8%)
System Total	855	945	(9.5%)	100%	77.9%	1.6	26.32¢	(5.8%)	20.84¢	(3.5%)

NM= Not Meaningful

Nine Months Ended September 30, 2009

	Capacity and Mix				Load Factor		Yield		RASM	
	2009 Actual (000,000)	2008 Actual (000,000)	Change Y-O-Y	Current % Total	Actual	Point Change Y-O-Y	Actual	Change Y-O-Y	Actual	Change Y-O-Y
Brand Flying	1,463	1,736	(15.7%)	59%	72.1%	1.0	26.90¢	0.4%	19.94¢	2.1%
Alaska CPA	1,007	1,095	(8.0%)	41%	NM	NM	NM	NM	18.98¢	(10.1%)
System Total	2,470	2,831	(12.8%)	100%	72.8%	(0.5)	26.40¢	(2.5%)	19.55¢	(2.9%)

NM= Not Meaningful

Alaska Airlines Fuel Reconciliation

(in millions, except for per gallon amounts)

	Three Months Ended September 30,			
	2009		2008	
	Dollars	Cost/Gal	Dollars	Cost/Gal
Raw or "into-plane" fuel cost	\$159.5	\$1.99	\$334.5	\$3.89
Minus gains, or plus the losses, during the period on settled hedges	13.2	0.16	(36.5)	(0.42)
Economic fuel expense	\$172.7	\$2.15	\$298.0	\$3.47
Adjustments to reflect timing of (gain) or loss recognition resulting from mark-to-market accounting	(6.1)	(0.08)	181.1	2.10
GAAP fuel expense	\$166.6	\$2.07	\$479.1	\$5.57
Fuel gallons	80.1		86.0	

	Nine Months Ended September 30,			
	2009		2008	
	Dollars	Cost/Gal	Dollars	Cost/Gal
Raw or "into-plane" fuel cost	\$410.6	\$1.79	\$918.8	\$3.56
Minus gains, or plus the losses, during the period on settled hedges	42.7	0.19	(107.2)	(0.42)
Economic fuel expense	\$453.3	\$1.98	\$811.6	\$3.14
Adjustments to reflect timing of (gain) or loss recognition resulting from mark-to-market accounting	(47.4)	(0.21)	52.4	0.20
GAAP fuel expense	\$405.9	\$1.77	\$864.0	\$3.34
Fuel gallons	229.9		258.3	

Horizon Air Fuel Reconciliation

(in millions, except for per gallon amounts)

	Three Months Ended September 30,			
	2009		2008	
	Dollars	Cost/Gal	Dollars	Cost/Gal
Raw or "into-plane" fuel cost	\$31.4	\$2.01	\$66.9	\$3.89
Minus gains, or plus the losses, during the period on settled hedges	2.7	0.18	(7.5)	(0.44)
Economic fuel expense	\$34.1	\$2.19	\$59.4	\$3.45
Adjustments to reflect timing of (gain) or loss recognition resulting from mark-to-market accounting	(1.2)	(0.08)	37.1	2.16
GAAP fuel expense	\$32.9	\$2.11	\$96.5	\$5.61
Fuel gallons	15.6		17.2	

	Nine Months Ended September 30,			
	2009		2008	
	Dollars	Cost/Gal	Dollars	Cost/Gal
Raw or "into-plane" fuel cost	\$80.7	\$1.79	\$187.9	\$3.61
Minus gains, or plus the losses, during the period on settled hedges	8.7	0.19	(22.0)	(0.43)
Economic fuel expense	\$89.4	\$1.98	\$165.9	\$3.18
Adjustments to reflect timing of (gain) or loss recognition resulting from mark-to-market accounting	(9.7)	(0.22)	9.7	0.19
GAAP fuel expense	\$79.7	\$1.76	\$175.6	\$3.37
Fuel gallons	45.1		52.1	