

Alaska Air Group

NEWS

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FOR IMMEDIATE RELEASE

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ALASKA AIR GROUP REPORTS SECOND QUARTER RESULTS

Second Quarter Financial and Other Highlights:

- Net income, excluding special items, was \$26.5 million, or \$0.72 per diluted share, compared to a net loss excluding special items of \$14.1 million, or \$0.39 per share, in the second quarter of 2008. This compares to a First Call mean estimate of \$0.53 per share.
- Net income under Generally Accepted Accounting Principles (GAAP) of \$29.1 million, or \$0.79 per diluted share, compared to net income of \$63.1 million, or \$1.74 per diluted share, in 2008.
- \$1.1 billion in unrestricted cash and marketable securities as of June 30, 2009.
- Alaska ranked “Highest in Customer Satisfaction Among Traditional Network Carriers” in 2009 by J.D. Power and Associates for the second year in a row.
- Alaska was No. 1 in U.S. Department of Transportation on-time performance in April and May among major network carriers.

SEATTLE – Alaska Air Group, Inc. (NYSE: ALK) today reported second quarter 2009 net income of \$29.1 million, or \$0.79 per diluted share, compared to net income of \$63.1 million, or \$1.74 per diluted share, in the second quarter of 2008. Excluding Alaska’s new pilot contract transition costs of \$35.8 million (\$22.3 million after tax or \$0.61 per diluted share) and mark-to-market fuel hedge gains of \$39.8 million (\$24.9 million after tax or \$0.68 per diluted share), the company reported net income of \$26.5 million, or \$0.72 per diluted share, compared to a net loss of \$14.1 million, or \$0.39 per share, excluding special items in the second quarter of 2008.

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Alaska Air Group Chairman and Chief Executive Officer Bill Ayer said the quarter's earnings were shaped by a steep decline in fuel prices, network adjustments and employees' hard work and attention to customers. "We've made significant changes at both airlines over many years," said Ayer. "While there's more to do, we're seeing clear signs that what we're doing is working." He noted that he expects the economy to be very challenging for the foreseeable future. The company plans to maintain a healthy level of cash with a continued focus on improving revenues and reducing costs.

Alaska Air Group's **complete second quarter news release** includes a table summarizing the company's net income (loss) and earnings per diluted share (EPS) during the second quarters of 2009 and 2008 excluding one-time pilot contract costs, fleet transition costs and adjustments to reflect the timing of gain or loss recognition resulting from mark-to-market fuel-hedge accounting as reported in accordance with GAAP. The **complete news release** also includes summary statistical and financial data for Alaska and Horizon.

A conference call regarding the second quarter 2009 results will be simulcast via the Internet at 8:30 a.m. Pacific time on July 23, 2009. It can be accessed through the company's Web site at alaskaair.com/investors. For those unable to listen to the live broadcast, a replay will be available after the conclusion of the call at alaskaair.com/investors.

References in this news release to "Air Group," "company," "we," "us" and "our" refer to Alaska Air Group, Inc. and its subsidiaries, unless otherwise specified. Alaska Airlines, Inc. and Horizon Air Industries, Inc. are referred to as "Alaska" and "Horizon," respectively, and together as our "airlines."

This news release contains forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by any forward-looking statements. For a comprehensive discussion of potential risk factors, see Item 1A of the company's Annual Report on Form 10-K for the year ended Dec. 31, 2008. Some of these risks include current economic conditions, increases in operating costs including fuel, competition, labor costs and relations, our significant indebtedness, inability to meet cost reduction goals, terrorist attacks, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations, and government fees and taxes. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed therein. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statements after the date of this report to conform them to actual results. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such differences might be significant and materially adverse.

Alaska Airlines and Horizon Air, subsidiaries of Alaska Air Group (NYSE: ALK), together serve more than 90 cities through an expansive network in Alaska, the Lower 48, Hawaii, Canada and Mexico. Alaska Airlines ranked "Highest in Customer Satisfaction Among Traditional Network Carriers" in the J.D. Power and Associates 2008 and 2009 North America Airline Satisfaction Studies(SM). For reservations, visit alaskaair.com. For more news and information, visit the Alaska Airlines/Horizon Air Newsroom at alaskaair.com/newsroom.