Doing Well by Doing Good at Alaska Airlines & Horizon

Leadership & CSR Conference
Seatac, Washington
March 6, 2014
Agenda

• AAG Sustainability Strategy
• Current Progress
• The business case

Alaska Airlines
• ~26 million passengers/yr.
• 10,000 employees
• 131 aircraft
• 60+ cities served
• 500 daily departures

Horizon Air
• ~7 million passengers/yr.
• 3,100 employees
• 51 aircraft
• 40+ cities served
• 390 daily departures
Our Sustainability Commitments

- Reduce Emissions in the air and on the ground
- Eliminate waste to landfill
- Reduce facility energy consumption
- Reduce consumption of non-sustainable resources
- Embed ethical labor practices into our supply chain
- Highest level of safety every day
- Recognized as great place to build a great career
- Attract, retain, and advance diverse employees
- Support educational & economic outcomes in our communities
- Provide above average returns for our owners and value for our customers
- Be the easiest airline in the world to fly
Reducing Aircraft Emissions

Currently, emission reduction strategies can be divided into three main categories:

- **WHAT WE FLY**
- **HOW WE FLY**
- **THE FUEL WE USE**
WHAT WE FLY

• Fleet Composition
• Aerodynamic Improvements
• Weight Reduction Initiatives
Alaska’s Fleet

Fuel consumption (gallons/passenger)

- Alaska Domestic Mission Rules
- 1,500 mile stage-length
- Nominal fuel burn
- Pax/Bag weight = 220 lb
- 100% load factor

<table>
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<tr>
<th>Fleet</th>
<th>Seats</th>
<th>Fuel gallons per passenger</th>
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<tr>
<td>737-7</td>
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<tr>
<td>737-9</td>
<td>163</td>
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<tr>
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<td>A319</td>
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Better
THE WAY WE FLY

- Required Navigation Performance (RNP)
- Optimized Profile Decent (OPD)
- Single-Engine Taxi
- Ground Power at the Gates
- Route Modifications
Conventional Navigation vs. RNP

- **RNP Route (195NM)**
- **Conventional Route (248NM)**

Sitka, AK to Ketchikan, AK.
Innovative Flying Efficiencies
Fuel Efficiency & Emissions

![Graph showing CO₂e (Million Tonnes) and GHG Intensity from 2004 to 2012. The graph illustrates a decrease in CO₂e emissions and an increasing trend in GHG Intensity over the years.]
THE FUEL WE USE

Sustainable Aviation Fuels NW

75 Scheduled biofuel flights, November 2011
Reducing Vehicle Emissions

Alaska Airlines Annual eGSE Increases

<table>
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<th>Year</th>
<th>eGSE of Powered Fleet</th>
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<tr>
<td>2009</td>
<td>9%</td>
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<tr>
<td>2010</td>
<td>9%</td>
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<tr>
<td>2011</td>
<td>9%</td>
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<tr>
<td>2012</td>
<td>10%</td>
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<td>2013</td>
<td>22%</td>
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Electric Vehicle Charging Stations

OFFICE OF AIRPORTS

ELECTRIC VEHICLE

HARBOR
Eliminating Waste to Landfill
Inflight Sourcing

[Images of various items: toilet paper, reusable water bottle, inflight tray with food, disposable cup and napkin]

- Reusable serviceware: 23%
- Disposable (Recyclable): 33%
- Disposable (Compostable): 16%
- Disposable (Landfill): 29%
Paper Reduction

![Operational Paper Reduction Chart]

- **2012**: 800,000 lbs
- **2013**: 800,000 lbs

- **Operational Paper (lbs)**
- **Office Paper (lbs)**

- **Image of warehouse with paper rolls**
- **Image of tablet in airplane cockpit**
- **Image of smartphone app**
Sustainability Reporting

2009 Report

2012 Report

2014 Report
Parting thought: If all passengers on US domestic flights packed 5 pounds less, it would save 64 million gallons of jet fuel each year and have a climate impact equivalent to grounding all domestic flights for 3 days, or shutting down all the dirty power plants in the US for 4 hours.