



ALASKA AIR GROUP, 39% INCREASE IN NET INCOME IN Q3, 2015

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Alaska Air Group, Inc., reported third quarter 2015 GAAP net income of \$274 million, or \$2.14 per diluted share, compared to \$198 million, or \$1.45 per diluted share in the third quarter of 2014.

Excluding the impact of mark-to-market fuel hedge adjustments of \$5 million (\$3 million after tax, or \$0.02 per diluted share), the company reported record adjusted net income of \$277 million, or \$2.16 per diluted share, compared to adjusted net income of \$200 million, or \$1.47 per diluted share in 2014.

"This was the busiest summer in our 83 year history and represents our highest quarterly profit ever," said CEO Brad Tilden. "I want to thank our employees who are building a fundamentally strong business and our customers for their incredible loyalty and support."

Reported record third quarter net income, excluding special items, of \$277 million, a **39% increase** over the third quarter of 2014.

Reported adjusted earnings per share of \$2.16 per diluted share, a 47% increase over the third quarter of 2014 and ahead of First Call analyst consensus estimate of \$2.10 per share.

Earned net income for the third quarter under Generally Accepted Accounting Principles (GAAP) of \$274 million, or \$2.14 per diluted share, compared to net income of \$198 million, or \$1.45 per diluted share in 2014.

Recorded \$90 million of employee incentive pay through the first nine months of 2015 in

recognition of Air Group employees' progress on meeting customer service, safety, operational and financial goals.

Generated record adjusted pretax margin in the third quarter of 29.2% compared to 21.8% in 2014.

Generated 22.8% adjusted pretax margin for the trailing 12-month period ended Sept. 30, 2015, compared to 15.9% for the same period in the prior year.

Achieved trailing 12-month after-tax return on invested capital of 24.2%, a 700 basis point improvement from the 17.2% reported for the 12-month period ended September 30, 2014.

Repurchased 1.6 million shares of common stock for \$119 million in the third quarter of 2015, and 5.6 million shares of common stock for \$381 million during the first nine months of 2015, representing 4.5% of the total shares outstanding at the beginning of the year.

Paid a \$0.20 per-share quarterly cash dividend on Aug. 14, 2015, a 60% increase over the dividend paid in the third quarter of 2014.

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