

Alaska Airlines – The Journey to Green

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Aviation and Climate Change: A Big Picture View of Impact

- Airlines contribute 8% of global economic activity, but less than 3% of man-made GHG emissions
- Significant fuel efficiency improvement by U.S. airlines
- *What else can be done? ...*

Source - International Air Transport Association (IATA) Publication, "Debunking Some Persistent Myths about Air Transport and the Environment."

Panel Prompt

How do global climate changes, the price of oil, and the push for environmental compatibility influence your business planning?



The Price of Oil

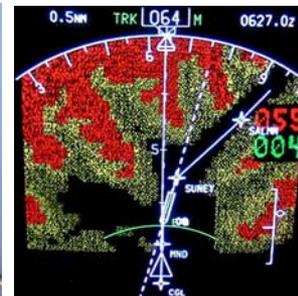
- The increasing cost of oil will cause some routes to be unprofitable, leading to service reduction or elimination
- The drive to reduce cost and maintain profitability motivates the efforts to reduce fuel consumption.
- Fuel consumption reduction is the most visible and top of mind lever by which airlines can reduce their environmental impact.
- Reaching for Green in more ways than one.

Reducing Fuel Consumption

- Better planning
- Better operational practice
- Reducing APU use on the ground
 - Requires airport ground power and conditioned air.
- Reducing airborne delays, more direct routing
 - Modernize Air Traffic Control
- Modernize Fleet

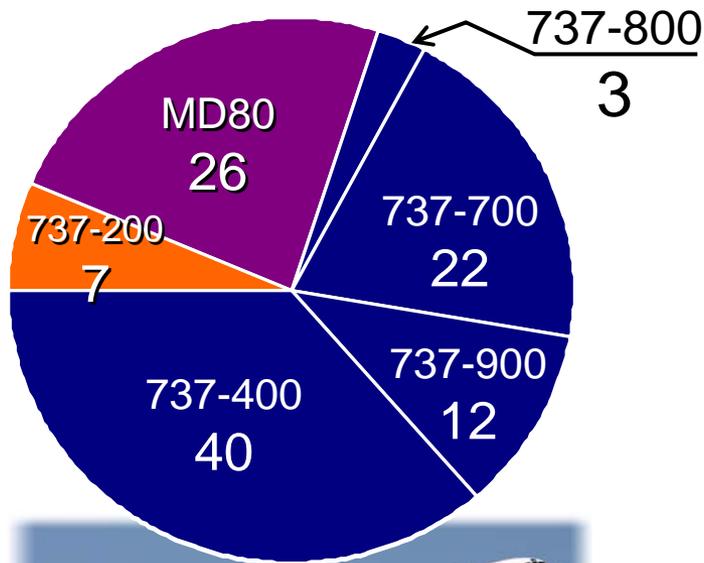
Key Fuel Conservation Initiatives

- Fleet Transition
- Winglets
- RNP
- APU Fuel Burn Reduction
- Ground Equipment (electric vs. diesel)



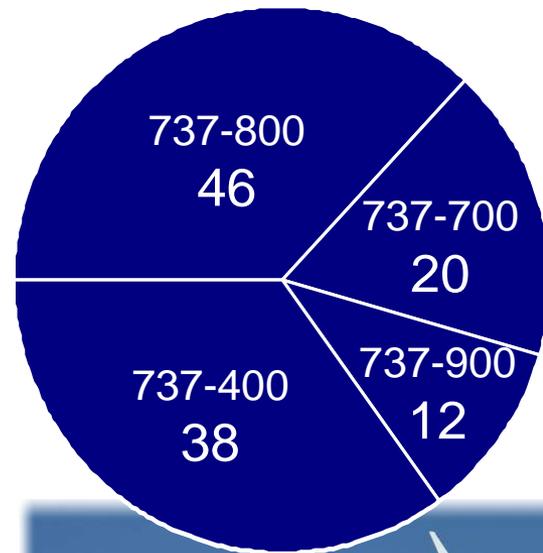
Fleet Transition: Moving to All-737 Fleet by 2008

December 2005



110 aircraft

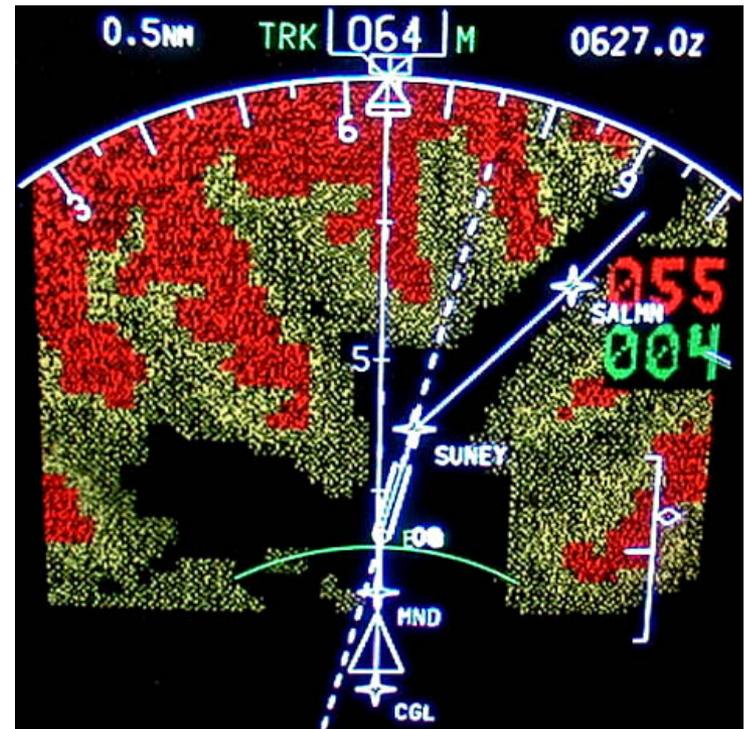
December 2008



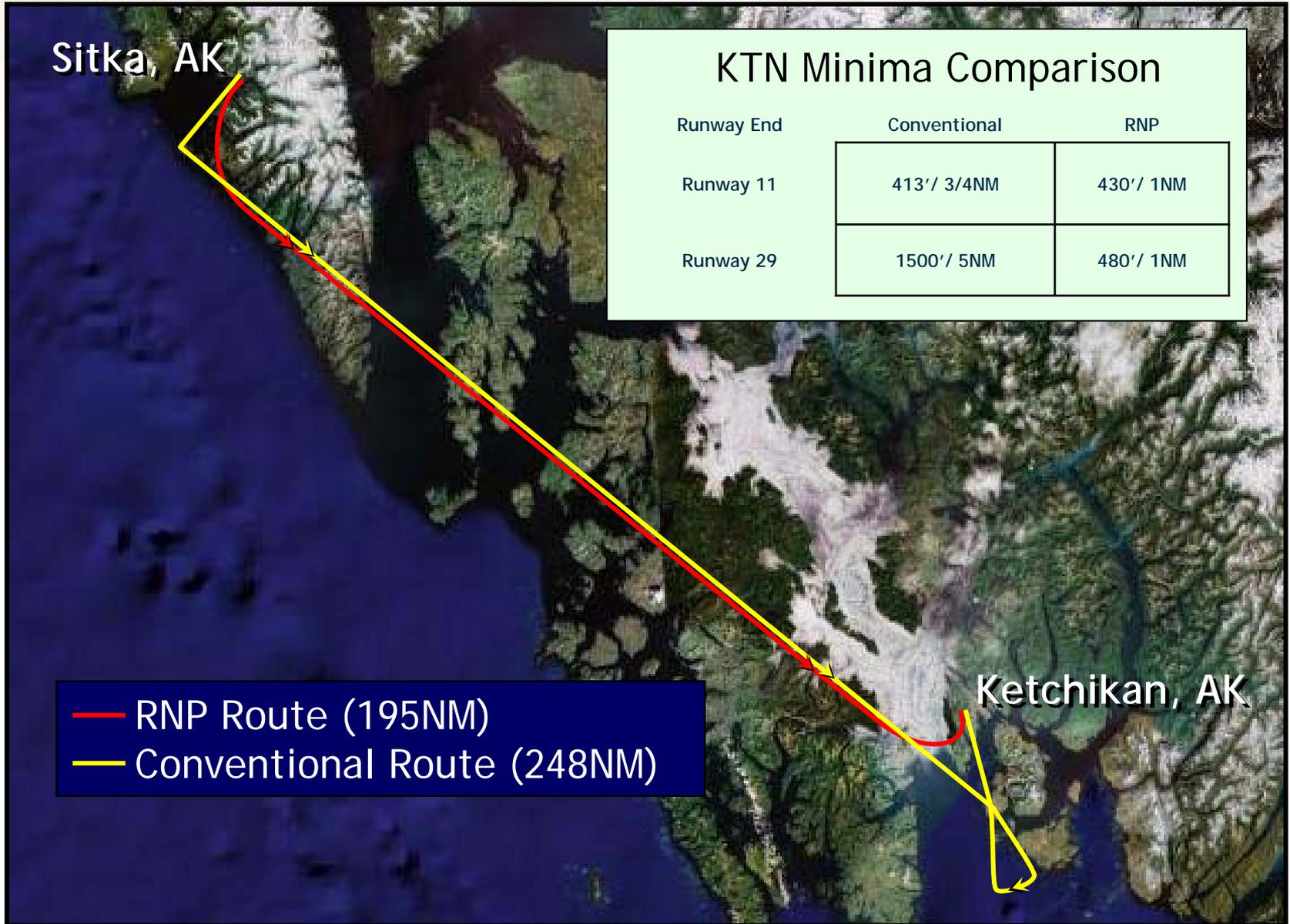
All-737 Fleet
116 aircraft

Required Navigation Performance

- In 1996, Alaska pioneered Required Navigation Performance (RNP) technology
- RNP alleviates flight diversions (1,245 flight approaches saved in 2007)
- In 2007, reduced track miles from RNP produced more than 252,000 gallon fuel savings and related emissions
- Developing Constant Descent Angle Approach



Conventional Navigation vs. RNP



APU Fuel Burn Reduction

- Convert to electric-powered and diesel pre-conditioned air units at SEA
- Diesel units use about 90% less fuel than APU
- Reduced APU fuel burn will save more than 2 million gallons of fuel annually
- Move to Port provided gate electrical power and air (2-3 years)



Smaller-Scale Conservation Efforts, Meaningful Results

- SEA Air Cargo forklifts converted to electric
- In September 2006, converted to lighter-weight galley carts (annual savings of 300,000 gallons of fuel)
- Replacement of diesel ground equipment with electric where feasible



Non-Fuel Related Efforts

- Green Team
- Green initiative in Performance Reviews
- On-Board recycling
- Supplier selection
- Aircraft interiors



Green Team

- Co-chaired by environmental affairs and marketing
 - cross divisional team for initiatives and prioritization
- Bainbridge Assessment
- M&E recycling
- Special event waste
- CRE contracts for office buildings
- Performance partnerships
- Inflight / onboard recycling

Inflight / Onboard Recycling Efforts

- Currently attempting to recycle newspapers (clear bags) / aluminum cans (most kitchens)
- In SEA, recycling proceeds will go to EAF
- Commingled recycling March 1
- Inflight / Onboard Food & Beverage visiting kitchens across system to work out recycling procedures
- On board announcement

Corporate Commitment to Environmental Stewardship

- New corporate policy to achieve environmental excellence

Highlights:

- Foster culture of environmental awareness across all levels of organization
 - Ensure responsible use of energy throughout business
 - Reduce, reuse and recycle materials to greatest extent feasible
- All Officers and MDs to have at least one environmental improvement (big or small) in written Commitment Plan
 - Look to Green Team for advice



Project: Earth Day E-Cycle Event



- Sponsored by IT & HR divisions
- April 22 (Tuesday)
- Bring your electronics to the Gold Coast Center
- Recycling is free for AS and QX employees

Summary / Conclusion

- Time and Resources Devoted to environmental compatability.
- No pure cost / benefit value assigned to Green.
 - For example, cost credit for being more green than a less expensive alternative.