

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

January 30, 2003
(Date of Report)

ALASKA AIR GROUP, INC.

(Exact name of registrant as specified in its charter) Commission file number 1-8957

Delaware

(State or other jurisdiction of
incorporation or organization)

91-1292054

(I.R.S. Employer
Identification No.)

19300 Pacific Highway South, Seattle, Washington 98188

(Address of principal executive offices)

(206) 431-7040

(Registrant's telephone number)

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Other Events and Regulation FD Disclosure

Alaska Air Group, Inc. (the Company) today issued a press release reporting financial results for the quarter and calendar year ended December 31, 2002. The press release is attached as Exhibit 99.1.

The Company also will be providing supplemental data in connection with the restated 2002 and 2001 quarterly information. On January 10, 2003, the Company filed a Form 10-K/A with the SEC restating each of the three years ended December 31, 2001. The attached schedules provide the restated financial results by quarter for 2001, and the first three quarters of 2002. The Company will amend its previously filed Form 10-Q's restating the first three quarters of 2002 in the next several weeks. The supplemental data is attached as Exhibit 99.2.

FORWARD-LOOKING INFORMATION

This report may contain forward-looking statements that are based on the best information currently available to management. These forward-looking statements are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are indicated by phrases such as "will," "should," "the Company believes," "we expect" or any other language indicating a prediction of future events. There can be no assurance that actual developments will be those anticipated by the Company. Actual results could differ materially from those projected as a result of a number of factors, some of which the Company cannot predict or control. For a discussion of these factors, please see Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The Company expressly disclaims any duty to update these projections, and makes no representation as to their continued accuracy in the event it does not provide such updates.

ITEM 7.

Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1	Press Release dated January 30, 2003 titled "Alaska Air Group Reports Fourth Quarter Results"
Exhibit 99.2	Supplemental Unaudited Quarterly Financial Results for each of the quarters in the years ended December 31, 2001 and 2002

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALASKA AIR GROUP, INC.

Registrant

Date: January 30, 2003

/s/ Terri K. Maupin

Terri K. Maupin
Staff Vice President/Finance and Controller

/s/ Bradley D. Tilden

Bradley D. Tilden
Executive Vice President/Finance and Chief Financial Officer

Contact: Brad Tilden
206/433-3362

-or-

Lou Cancelmi
206/433-3170

FOR IMMEDIATE RELEASE

January 30, 2003

ALASKA AIR GROUP REPORTS FOURTH QUARTER RESULTS

SEATTLE -- Alaska Air Group, Inc. (NYSE:ALK) today reported a fourth quarter net loss of \$43.1 million, or \$1.62 per share, compared with a net loss of \$37.4 million, or \$1.41 per share, during the corresponding quarter in 2001. The company's fourth quarter results for 2001 include pre-tax compensation of \$52.3 million that was received pursuant to the Air Transportation Safety and System Stabilization Act and a \$10.2 million special charge related to the retirement of Horizon's F-28 fleet. Excluding these items, the company lost \$63.9 million or \$2.41 per share in the fourth quarter of 2001.

For the full year, Alaska Air Group lost \$118.6 million or \$4.47 per share in 2002. Included in the company's 2002 full year results is a \$51.4 million charge related to the write off of goodwill in connection with the adoption of Statement of Financial Accounting Standards No. 142. Excluding this charge, the company lost \$67.2 million or \$2.53 per share versus a loss of \$43.4 million or \$1.64 per share in 2001. Due to the September 11 terrorist acts, year over year comparisons of both financial and operational information are significantly impacted.

"As expected, it was a difficult quarter, ending yet another difficult year for both the industry and Alaska Air Group," said John F. Kelly, chairman and chief executive officer. "And yet as difficult as it was, we continued to outperform most of the industry by maintaining our focus on delivering an award-winning product, by implementing further cost management initiatives, and by strengthening our network through the re-deployment of a portion of our fleet to strategic new markets. We expect that further changes in our industry will occur, but feel that we're well positioned to deal with the challenges and opportunities that lie ahead."

Operationally, Alaska Airlines' passenger traffic in the fourth quarter increased 15.6 percent on a capacity increase of 15.5 percent. Load factor increased 0.1 points to 66.5 percent. The airline's operating revenue per available seat mile (ASM) decreased 3.4 percent, while its operating cost per ASM excluding fuel decreased 8.9 percent. Alaska's pretax loss was \$58.6 million compared to a pretax loss of \$18.8 million a year earlier. Alaska's 2001 pretax income includes \$52.9 million of U.S. government compensation.

Horizon Air's passenger traffic in the fourth quarter increased 28.7 percent on a 33.3 percent capacity increase. Load factor decreased by 2.2 points to 61.1 percent. The airline's operating revenue per ASM decreased 8.8 percent, while its operating cost per ASM excluding special charge decreased 24.6 percent. Excluding fuel and special charge, cost per ASM decreased 26.8 percent. Horizon's pretax loss was \$5.8 million, compared to a pretax loss of \$35.0 million a year earlier. Horizon's 2001 pretax income includes \$0.6 million of U.S. government compensation.

Alaska Air Group continues to have a strong cash position at December 31, 2002 with approximately \$636 million in cash and marketable securities. The company's debt-to-capital ratio, assuming aircraft operating leases are capitalized at seven times annualized rent, was 77 percent.

During the quarter, the company also recorded a non-cash charge to equity of \$87.2 million (net of income taxes of \$52.5 million) relating to the defined benefit pension plans that the company sponsors for eligible employees. This change is the result of an unfunded accrued benefit obligation resulting from lower than expected return on plan assets.

A conference call regarding year-end and fourth quarter results will be simulcast via the Internet at 9:00 a.m. Pacific Standard Time. It may be accessed through the company's website at www.alaskaair.com.

This report may contain forward-looking statements that are based on the best information currently available to management. These forward-looking statements are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities

Exchange Act of 1934. Forward-looking statements are indicated by phrases such as "will," "should," "the company believes," "we expect" or any other language indicating a prediction of future events. There can be no assurance that actual developments will be those anticipated by the company. Actual results could differ materially from those projected as a result of a number of factors, some of which the company cannot predict or control. For a discussion of these factors, please see Item 1 of the company's Annual Report on Form 10-K/A for the year ended December 31, 2001.

Alaska Air Group is the parent company of Alaska Airlines, Inc. and Horizon Air Industries, Inc.

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ALASKA AIR GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In Millions Except Per Share Amounts)

	QUARTER ENDED December 31		YEAR ENDED December 31	
	Restated 2001	2002	Restated 2001	2002
OPERATING REVENUES:				
Passenger	\$ 425.0	\$485.7	\$1,972.4	\$2,037.7
Freight and mail	19.0	17.7	86.3	77.1
Other - net	22.1	24.3	94.1	109.3
TOTAL OPERATING REVENUES	466.1	527.7	2,152.8	2,224.1
OPERATING EXPENSES:				
Wages and benefits	207.3	219.3	795.5	858.1
Contracted services	21.7	23.7	86.7	93.0
Aircraft fuel	59.3	79.4	324.3	302.0
Aircraft maintenance	37.7	48.9	181.3	170.2
Aircraft rent	47.4	48.8	186.0	190.4
Food and beverage service	13.7	16.3	58.3	66.2
Commissions	12.3	3.9	60.2	35.0
Other selling expenses	28.5	28.7	124.9	124.9
Depreciation and amortization	37.2	31.8	134.1	132.5
Loss (gain) on sale of assets	3.1	0.9	4.7	0.1
Landing fees and other rentals	36.6	36.4	128.2	140.3
Other	46.1	49.4	184.7	200.3
Special charges	10.2	-	10.2	-
TOTAL OPERATING EXPENSES	561.1	587.5	2,279.1	2,313.0
OPERATING LOSS	(95.0)	(59.8)	(126.3)	(88.9)
NONOPERATING INCOME (EXPENSES):				
Interest income	4.0	5.1	22.2	21.2
Interest expense	(12.9)	(11.5)	(47.4)	(46.3)
Interest capitalized	1.3	1.2	10.6	2.7
U.S. government compensation	52.3	-	81.4	0.5
Other - net	(4.0)	0.1	(4.0)	9.0
	40.7	(5.1)	62.8	12.9
Loss before income tax and accounting change	(54.3)	(64.9)	(63.5)	(101.8)
Income tax benefit	(16.9)	(21.8)	(20.1)	(34.6)
Loss before accounting change	(37.4)	(43.1)	(43.4)	(67.2)
Cumulative effect of accounting change net of income tax	-	-	-	(51.4)

NET LOSS	----- \$ (37.4) =====	----- \$ (43.1) =====	----- \$ (43.4) =====	----- \$ (118.6) =====
BASIC AND DILUTED LOSS PER SHARE	----- \$ (1.41) =====	----- \$ (1.62) =====	----- \$ (1.64) =====	----- \$ (4.47) =====
Shares used for computation:				
Basic and Diluted	26.528	26.556	26.499	26.546

ALASKA AIR GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In Millions)

	RESTATED DECEMBER 31 2001 -----	DECEMBER 31 2002 -----
Cash and marketable securities	\$661 =====	\$636 =====
Total current assets	919	967
Property and equipment-net	1,822	1,779
Other assets	210 -----	125 -----
Total assets	\$2,951 =====	\$2,871 =====
Current liabilities	\$752	\$775
Long-term debt and capital lease obligations	852	857
Other liabilities and credits	496	583
Shareholders' equity	851 -----	656 -----
Total liabilities and equity	\$2,951 =====	\$2,871 =====

SUPPLEMENTAL TABLE

During 2002 and 2001, the Company's diluted loss per share (EPS) and net loss were impacted by the following (dollars in millions):

	THREE MONTHS ENDED DECEMBER 31			
	2001 (RESTATED)		2002	
	DOLLARS	EPS	DOLLARS	EPS
Net loss and diluted EPS excluding non-recurring items	\$ (63.9)	\$ (2.41)	\$ (43.1)	\$ (1.62)
U.S. government compensation	32.9	1.24	-	-
Special charge - impairment of Horizon F-28 fleet	(6.4)	(0.24)	-	-
Reported amounts	\$ (37.4) =====	\$ (1.41) =====	\$ (43.1) =====	\$ (1.62) =====

	YEAR ENDED DECEMBER 31			
	2001 (RESTATED)		2002	
	DOLLARS	EPS	DOLLARS	EPS
Net loss and diluted EPS excluding				
non-recurring items	\$ (88.3)	\$ (3.34)	\$ (67.7)	\$ (2.55)
U.S. government compensation	51.3	1.94	0.5	0.02
Special charge - impairment of Horizon F-38 fleet	(6.4)	(0.24)	-	-
Change in accounting principle related to goodwill	-	\$ -	(51.4)	(1.94)
	-----	-----	-----	-----
Reported amounts	\$ (43.4)	\$ (1.64)	\$ (118.6)	\$ (4.47)
	=====	=====	=====	=====

ALASKA AIRLINES FINANCIAL AND STATISTICAL DATA

FINANCIAL DATA (IN MILLIONS):	QUARTER ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	Restated		%	Restated		%
	2001	2002	Change	2001	2002	Change
Operating Revenues:						
Passenger	\$349.6	\$392.2	12.2%	\$1,607.6	\$1,667.8	3.7%
Freight and mail	17.7	16.6	-6.2%	78.2	72.1	-7.8%
Other - net	18.2	21.0	15.4%	77.2	93.2	20.7%
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TOTAL OPERATING REVENUES	385.5	429.8	11.5%	1,763.0	1,833.1	4.0%
	----	----	----	----	----	----
OPERATING EXPENSES:						
Wages and benefits	166.4	179.9	8.1%	642.9	705.5	9.7%
Contracted services	19.0	20.4	7.4%	76.0	80.7	6.2%
Aircraft fuel	49.9	67.2	34.7%	269.8	257.3	-4.6%
Aircraft maintenance	29.7	41.9	41.1%	129.7	145.2	12.0%
Aircraft rent	33.6	32.4	-3.6%	137.6	128.2	-6.8%
Food and beverage service	13.2	15.6	18.2%	55.5	63.5	14.4%
Commissions	13.6	7.6	-44.1%	64.1	48.2	-24.8%
Other selling expenses	23.8	23.1	-2.9%	102.7	101.9	-0.8%
Depreciation and amortization	30.0	28.4	-5.3%	106.1	114.2	7.6%
Loss on sale of assets	3.2	1.0	-68.8%	5.0	1.7	-66.0%
Landing fees and other rentals	28.7	28.3	-1.4%	99.5	110.5	11.1%
Other	35.4	38.0	7.3%	145.7	150.7	3.4%
	----	----	----	----	----	----
TOTAL OPERATING EXPENSES	446.5	483.8	8.4%	1,834.6	1,907.6	4.0%
	----	----	----	----	----	----
OPERATING LOSS	(61.0)	(54.0)	-11.5%	(71.6)	(74.5)	4.1%
	----	----	----	----	----	----
Interest income	4.4	5.7		26.0	23.2	
Interest expense	(12.9)	(11.5)		(47.4)	(46.3)	
Interest capitalized	0.9	1.0		7.5	2.1	
U.S. government compensation	52.9	-		71.6	0.3	
Other - net	(3.1)	0.2		(2.5)	7.9	
	----	----	----	----	----	----
	42.2	(4.6)		55.2	(12.8)	
	----	----	----	----	----	----
LOSS BEFORE INCOME TAX	\$ (18.8)	\$ (58.6)	NM	\$ (16.4)	\$ (87.3)	NM
	=====	=====		=====	=====	
OPERATING STATISTICS:						
Revenue passengers (000)	3,025	3,367	11.3%	13,668	14,154	3.6%
RPMS (000,000)	2,736	3,164	15.6%	12,249	13,186	7.6%
ASMs (000,000)	4,121	4,758	15.5%	17,919	19,360	3.0%
Passenger load factor	66.4%	66.5%	0.1 pts	68.4%	68.1%	(0.3)pts
Breakeven load factor	82.2%	78.4%	(3.7)pts	73.5%	73.1%	(0.4)pts
Yield per passenger mile	12.78(cents)	12.40(cents)	-3.0%	13.12(cents)	12.65(cents)	-3.6%
Operating revenue per ASM	9.35(cents)	9.03(cents)	-3.4%	9.84(cents)	9.47(cents)	-3.8%
Operating expenses per ASM	10.84(cents)	10.17(cents)	-6.2%	10.24(cents)	9.85(cents)	-3.8%
Expense per ASM excluding fuel	9.62(cents)	8.76(cents)	-8.9%	8.73(cents)	8.52(cents)	-2.4%
Fuel cost per gallon	71.9(cents)	84.7(cents)	17.8%	88.3(cents)	79.6(cents)	-9.9%
Fuel gallons (000,000)	69.6	79.3	13.9%	305.7	323.3	5.8%
Average number of employees	9,834	10,065	2.3%	10,115	10,142	0.3%
Aircraft utilization (blk hrs/day)	9.2	10.3	12.0%	10.4	10.6	1.9%
Operating fleet at period-end	101	102	1.0%	101	102	1.0%
NM - Not Meaningful						

HORIZON AIR FINANCIAL AND STATISTICAL DATA

	QUARTER ENDED DECEMBER 31			YEAR ENDED DECEMBER 31		
	Restated 2001	2002	% Change	Restated 2001	2002	% Change
FINANCIAL DATA (IN MILLIONS):						
Operating Revenues:						
Passenger	\$ 79.0	\$ 97.9	23.9%	\$ 380.0	\$389.5	2.5%
Freight and mail	1.3	1.1	-15.4%	8.1	5.0	-38.3%
Other - net	4.7	4.4	-6.4%	20.3	20.7	2.0%
TOTAL OPERATING REVENUES	85.0	103.4	21.6%	408.4	415.2	1.7%
Operating Expenses:						
Wages and benefits	40.9	39.4	-3.7%	152.6	152.6	0.0%
Contracted services	3.5	4.3	22.9%	13.8	16.6	20.3%
Aircraft fuel	9.3	12.2	31.2%	54.5	44.7	-18.0%
Aircraft maintenance	8.0	7.0	-12.5%	51.6	25.1	-51.4%
Aircraft rent	13.8	16.3	18.1%	48.4	62.2	28.5%
Food and beverage service	0.6	0.7	16.7%	2.9	2.7	-6.9%
Commissions	2.2	0.7	-68.2%	11.3	6.4	-43.4%
Other selling expenses	4.7	5.6	19.1%	22.2	23.0	3.6%
Depreciation and amortization	6.9	3.2	-53.6%	26.7	17.0	-36.3%
loss on sale of assets	(0.1)	(0.1)	NM	(0.4)	(1.6)	NM
Landing fees and other rentals	8.1	8.4	3.7%	30.2	31.2	3.3%
Other	10.4	11.1	6.7%	37.7	48.7	29.2%
Special charges	10.2		-100.0%	10.2		-100.0%
TOTAL OPERATING EXPENSES	118.5	108.8	-8.2%	461.7	428.6	-7.2%
OPERATING LOSS	(33.5)	(5.4)	NM	(53.3)	(13.4)	NM
Interest Income					0.7	
Interest expense	(0.3)	(0.5)		(3.0)	(2.1)	
Interest capitalized	0.3	0.2		3.0	0.6	
U.S. government compensation	(0.6)			9.8	0.2	
Other-net	(0.9)	(0.1)		(1.6)	1.2	
	(1.5)	(0.4)		8.2	0.6	
LOSS BEFORE INCOME TAX	\$ (35.0)	\$ (5.8)	-83.4%	\$ (45.1)	\$ (12.8)	NM
	=====	=====		=====	=====	
OPERATING STATISTICS:						
Revenue passengers (000)	1,034	1,194	15.5%	4,668	4,815	3.1%
RPMS (000,000)	300	386	28.7%	1,350	1,514	12.1%
ASMs (000,000)	474	632	33.3%	2,148	2,427	13.0%
Passenger load factor	63.3%	61.1%	(2.2)pts	62.8%	62.4%	(0.4)pts
Breakeven load factor	83.4%	65.0%	(18.7)pts	70.8%	65.0%	(5.8)pts
Yield per passenger mile	26.33(cents)	25.35(cents)	-3.7%	28.15(cents)	25.73(cents)	-8.6%
Operating revenue per ASM*	17.93(cents)	16.36(cents)	-8.8%	19.02(cents)	17.11(cents)	-10.0%
Operating expenses per ASM*	22.85(cents)	17.22(cents)	-24.6%	21.02(cents)	17.66(cents)	-16.0%
Expense per ASM excluding fuel	20.89(cents)	15.29(cents)	-26.8%	18.48(cents)	15.82(cents)	-14.4%
Fuel cost per gallon	77.4(cents)	87.7(cents)	13.3%	93.4(cents)	82.0(cents)	-12.2%
Fuel gallons (000,000)	12.0	13.9	15.8%	58.3	54.5	-6.5%
Average number of employees	3,534	3,518	-0.5%	3,764	3,476	-7.7%
Aircraft utilization (blk hrs/day)	6.7	7.5	11.9%	7.6	7.5	-1.3%
Operating fleet at period-end	60	63	5.0%	60	63	5.0%

*2001 amounts exclude the impact of a special charge in December 2001.

NM=Not Meaningful

EXHIBIT 99.2

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
Alaska Air Group, Inc.

Three Months Ended March 31 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated

OPERATING REVENUES				
Passenger	\$ 479.8	\$ 477.5	\$ 456.1	\$ 455.9
Freight and mail	20.6	20.6	17.1	17.1
Other - net	15.6	18.3	23.7	27.1

TOTAL OPERATING REVENUES	516.0	516.4	496.9	500.1

OPERATING EXPENSES				
Wages and benefits	192.0	191.5	204.6	202.9
Contracted services	20.9	21.8	22.8	24.7
Aircraft fuel	89.7	89.7	64.7	64.7
Aircraft maintenance	50.1	52.7	43.1	43.2
Aircraft rent	46.2	46.2	46.5	46.5
Food and beverage service	14.0	14.0	14.3	14.3
Commissions	15.4	15.4	12.4	12.4
Other selling expenses	31.8	31.8	30.2	30.2
Depreciation and amortization	29.9	30.4	31.7	32.3
(Gain) loss on sale of assets	0.8	0.8	(0.6)	(0.6)
Landing fees and other rentals	28.3	27.9	30.1	29.8
Other	46.4	48.2	48.5	49.3

TOTAL OPERATING EXPENSES	565.5	570.4	548.3	549.7

OPERATING LOSS	(49.5)	(54.0)	(51.4)	(49.6)

NONOPERATING INCOME (EXPENSE)				
Interest income	8.1	7.2	4.4	4.4
Interest expense	(12.1)	(12.1)	(11.9)	(11.9)
Interest capitalized	3.6	4.2	0.2	0.2
Other - net	(1.4)	(0.9)	5.3	4.5

	(1.8)	(1.6)	(2.0)	(2.8)

Loss before income tax and accounting change	(51.3)	(55.6)	(53.4)	(52.4)
Income tax benefit	(18.2)	(19.9)	(19.0)	(18.7)

Loss before accounting change	(33.1)	(35.7)	(34.4)	(33.7)

Cumulative effect of accounting change	--	--	--	(51.4)

Net Loss	\$ (33.1)	\$ (35.7)	\$ (34.4)	\$ (85.1)
=====				
BASIC LOSS PER SHARE:				
Loss before accounting change	\$ (1.25)	\$ (1.35)	\$ (1.30)	\$ (1.27)
Cumulative effect of accounting change	--	--	--	(1.94)

Net Loss	\$ (1.25)	\$ (1.35)	\$ (1.30)	\$ (3.21)
=====				
DILUTED LOSS PER SHARE:				
Loss before accounting change	\$ (1.25)	\$ (1.35)	\$ (1.30)	\$ (1.27)
Cumulative effect of accounting change	--	--	--	(1.94)

Net Loss	\$ (1.25)	\$ (1.35)	\$ (1.30)	\$ (3.21)
=====				
Shares used for computation:				
Basic	26.471	26.471	26.532	26.532
Diluted	26.471	26.471	26.532	26.532

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

Alaska Air Group, Inc.

Three Months Ended June 30 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 534.3	\$ 533.6	\$ 525.4	\$ 525.4
Freight and mail	24.1	24.0	21.3	21.2
Other - net	20.9	25.2	27.4	29.1
TOTAL OPERATING REVENUES	579.3	582.8	574.1	575.7
OPERATING EXPENSES				
Wages and benefits	194.1	194.0	212.4	211.8
Contracted services	20.9	21.9	22.3	22.4
Aircraft fuel	89.8	89.8	75.1	75.2
Aircraft maintenance	45.2	47.3	42.4	42.3
Aircraft rent	46.3	46.3	46.8	46.8
Food and beverage service	15.4	15.4	17.0	17.0
Commissions	16.4	16.3	11.5	11.5
Other selling expenses	32.8	32.8	33.5	33.5
Depreciation and amortization	31.6	32.2	34.2	34.0
Loss on sale of assets	0.4	0.4	0.0	0.1
Landing fees and other rentals	30.7	30.4	36.1	36.0
Other	44.4	47.0	49.6	50.1
TOTAL OPERATING EXPENSES	568.0	573.8	580.9	580.7
OPERATING INCOME (LOSS)	11.3	9.0	(6.8)	(5.0)
NONOPERATING INCOME (EXPENSE)				
Interest income	5.7	4.8	5.8	5.7
Interest expense	(10.6)	(10.6)	(11.6)	(11.6)
Interest capitalized	2.3	2.9	0.5	0.6
U.S. government compensation	--	--	5.6	0.1
Other - net	(0.5)	0.4	--	6.4
	(3.1)	(2.5)	0.3	1.2
Income (loss) before income tax	8.2	6.5	(6.5)	(3.8)
Income tax expense (benefit)	3.5	3.0	(2.0)	(0.9)
NET INCOME (LOSS)	\$ 4.7	\$ 3.5	\$ (4.5)	\$ (2.9)
BASIC EARNINGS (LOSS) PER SHARE	\$ 0.18	\$ 0.13	\$ (0.17)	\$ (0.11)
DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.18	\$ 0.13	\$ (0.17)	\$ (0.11)
Shares used for computation:				
Basic	26.481	26.481	26.548	26.548
Diluted	26.526	26.526	26.548	26.548

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
Alaska Air Group, Inc.

Three Months Ended September 30 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 536.8	\$ 536.2	\$ 569.8	\$ 570.7
Freight and mail	22.6	22.6	21.0	21.1
Other - net	24.0	28.6	29.3	28.8
TOTAL OPERATING REVENUES	583.4	587.4	620.1	620.6
OPERATING EXPENSES				
Wages and benefits	205.0	202.7	224.8	224.1
Contracted services	19.2	21.4	22.0	22.2
Aircraft fuel	85.6	85.6	82.8	82.7

Aircraft maintenance	42.7	43.6	35.8	35.8
Aircraft rent	46.0	46.0	48.3	48.3
Food and beverage service	15.2	15.2	18.6	18.6
Commissions	16.0	16.1	7.2	7.2
Other selling expenses	31.8	31.8	32.5	32.5
Depreciation and amortization	33.7	34.4	34.8	34.4
(Gain) loss on sale of assets	0.3	0.3	(0.2)	(0.3)
Landing fees and other rentals	33.8	33.2	38.9	38.1
Other	41.3	43.5	51.0	51.5

TOTAL OPERATING EXPENSES	570.6	573.8	596.5	595.1

OPERATING INCOME	12.8	13.6	23.6	25.5

NONOPERATING INCOME (EXPENSE)				
Interest income	7.1	6.2	5.8	6.0
Interest expense	(11.8)	(11.8)	(10.5)	(11.3)
Interest capitalized	1.6	2.2	--	0.7
U.S. government compensation	29.1	29.1	0.5	0.4
Other - net	(0.5)	0.5	(3.0)	(2.0)

	25.5	26.2	(7.2)	(6.2)

Income before income tax	38.3	39.8	16.4	19.3
Income tax expense	13.0	13.6	5.8	6.8

NET INCOME	\$ 25.3	\$ 26.2	\$ 10.6	\$ 12.5
=====				
BASIC EARNINGS PER SHARE	\$ 0.95	\$ 0.99	\$ 0.40	\$ 0.47
=====				
DILUTED EARNINGS PER SHARE	\$ 0.95	\$ 0.99	\$ 0.40	\$ 0.47
=====				
Shares used for computation:				
Basic	26.514	26.514	26.549	26.549
Diluted	26.559	26.559	26.562	26.562

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
Alaska Air Group, Inc.

Three Months Ended December 31 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported

OPERATING REVENUES			
Passenger	\$ 422.1	\$ 425.0	\$ 485.7
Freight and mail	19.0	19.0	17.7
Other - net	21.1	22.1	24.3

TOTAL OPERATING REVENUES	462.2	466.1	527.7

OPERATING EXPENSES			
Wages and benefits	208.2	207.3	219.3
Contracted services	21.0	21.7	23.7
Aircraft fuel	59.2	59.3	79.4
Aircraft maintenance	36.0	37.7	48.9
Aircraft rent	47.4	47.4	48.8
Food and beverage service	13.7	13.7	16.3
Commissions	12.4	12.3	3.9
Other selling expenses	28.5	28.5	28.7
Depreciation and amortization	36.5	37.2	31.8
Loss on sale of assets	3.2	3.1	0.9
Landing fees and other rentals	36.9	36.6	36.4
Other	45.4	46.1	49.4
Special charges	10.2	10.2	--

TOTAL OPERATING EXPENSES	558.6	561.1	587.5

OPERATING LOSS	(96.4)	(95.0)	(59.8)

NONOPERATING INCOME (EXPENSE)			
Interest income	4.9	4.0	5.1
Interest expense	(12.8)	(12.9)	(11.5)
Interest capitalized	0.6	1.3	1.2
U.S. government compensation	52.3	52.3	--

Other - net	(1.3)	(4.0)	0.1
	43.7	40.7	(5.1)
Loss before income tax	(52.7)	(54.3)	(64.9)
Income tax benefit	(16.3)	(16.9)	(21.8)
NET LOSS	\$ (36.4)	\$ (37.4)	\$ (43.1)
BASIC LOSS PER SHARE	\$ (1.37)	\$ (1.41)	\$ (1.62)
DILUTED LOSS PER SHARE	\$ (1.37)	\$ (1.41)	\$ (1.62)
Shares used for computation:			
Basic	26.528	26.528	26.556
Diluted	26.528	26.528	26.556

CONSOLIDATED STATEMENTS OF OPERATIONS
Alaska Airlines, Inc.

Three Months Ended March 31 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 385.1	\$ 382.8	\$ 374.2	\$ 374.0
Freight and mail	18.3	18.3	15.9	15.9
Other - net	14.7	17.5	18.8	22.3
TOTAL OPERATING REVENUES	418.1	418.6	408.9	412.2
OPERATING EXPENSES				
Wages and benefits	155.3	154.7	167.3	165.7
Contracted services	17.9	18.8	19.9	21.8
Aircraft fuel	74.0	74.0	55.2	55.2
Aircraft maintenance	31.1	34.5	36.5	35.6
Aircraft rent	35.3	35.3	31.8	31.8
Food and beverage service	13.2	13.2	13.9	13.9
Commissions	15.9	15.9	14.3	14.2
Other selling expenses	26.0	26.0	24.9	24.9
Depreciation and amortization	23.1	23.6	27.6	28.2
Loss on sale of assets	0.9	0.9	0.1	--
Landing fees and other rentals	21.5	21.5	23.7	23.6
Other	36.4	38.0	35.5	36.3
TOTAL OPERATING EXPENSES	450.6	456.4	450.7	451.2
OPERATING LOSS	(32.5)	(37.8)	(41.8)	(39.0)
NONOPERATING INCOME (EXPENSE)				
Interest income	9.5	8.6	5.0	5.0
Interest expense	(12.1)	(12.1)	(11.9)	(11.9)
Interest capitalized	2.6	3.2	0.1	0.1
Other - net	(1.2)	(0.5)	4.7	4.1
	(1.2)	(0.8)	(2.1)	(2.7)
Loss before income tax and cumulative effect of accounting change	(33.7)	(38.6)	(43.9)	(41.7)
Income tax benefit	(12.1)	(13.9)	(15.7)	(14.9)
Loss before accounting change	(21.6)	(24.7)	(28.2)	(26.8)
Cumulative effect of change in accounting	--	--	--	(12.5)
NET LOSS	(21.6)	(24.7)	(28.2)	(39.3)
OPERATING STATISTICS:				
Revenue passengers (000)	3,198	3,198	3,193	3,193
RPMS (000,000)	2,895	2,895	2,977	2,977
ASMs (000,000)	4,428	4,428	4,467	4,467
Passenger load factor	65.4%	65.4%	66.7%	66.7%
Yield per passenger mile	13.30 (cents)	13.22 (cents)	12.57 (cents)	12.56 (cents)
Operating revenue per ASM	9.44 (cents)	9.45 (cents)	9.16 (cents)	9.23 (cents)
Operating expenses per ASM	10.18 (cents)	10.31 (cents)	10.09 (cents)	10.10 (cents)
Expense per ASM excluding fuel	8.51 (cents)	8.64 (cents)	8.86 (cents)	8.87 (cents)
Fuel cost per gallon	97.1 (cents)	97.1 (cents)	73.6 (cents)	73.6 (cents)
Fuel gallons (000,000)	76.2	76.2	75.0	75.0
Average number of employees	10,203	10,203	9,815	9,815
Aircraft utilization (blk hrs/day)	11.0	11.0	10.1	10.1
Operating fleet at period-end	96	96	102	102

CONSOLIDATED STATEMENTS OF OPERATIONS
Alaska Airlines, Inc.

Three Months Ended June 30 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
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OPERATING REVENUES				
Passenger	\$ 434.7	\$ 434.1	\$ 433.6	\$ 433.6
Freight and mail	21.4	21.4	20.0	20.0
Other - net	15.2	19.2	23.3	25.1
TOTAL OPERATING REVENUES	471.3	474.7	476.9	478.7
OPERATING EXPENSES				
Wages and benefits	157.5	157.5	175.2	174.5
Contracted services	18.2	19.2	19.2	19.4
Aircraft fuel	74.1	74.1	64.2	64.2
Aircraft maintenance	32.1	32.6	36.1	36.1
Aircraft rent	35.0	35.0	31.8	31.8
Food and beverage service	14.7	14.7	16.2	16.2
Commissions	18.2	18.2	14.2	14.2
Other selling expenses	26.6	26.6	27.8	27.8
Depreciation and amortization	24.6	25.2	28.8	28.5
Loss on sale of assets	0.3	0.3	0.1	0.2
Landing fees and other rentals	23.3	23.4	28.4	28.5
Other	35.6	37.7	37.1	37.5
TOTAL OPERATING EXPENSES	460.2	464.5	479.1	478.9
OPERATING INCOME (LOSS)	11.1	10.2	(2.2)	(0.2)
NONOPERATING INCOME (EXPENSE)				
Interest income	6.8	6.0	6.1	6.1
Interest expense	(10.6)	(10.6)	(11.6)	(11.6)
Interest capitalized	1.2	1.9	0.4	0.4
U.S. government compensation	0.0	--	0.0	0.1
Other - net	(0.2)	0.6	4.6	5.1
	(2.8)	(2.1)	(0.5)	0.1
Income (loss) before income tax	8.3	8.1	(2.7)	(0.1)
Income tax expense (benefit)	3.5	3.5	(0.2)	0.7
NET INCOME (LOSS)	4.8	4.6	(2.5)	(0.8)
OPERATING STATISTICS:				
Revenue passengers (000)	3,698	3,698	3,616	3,616
RPMS (000,000)	3,290	3,290	3,372	3,372
ASMs (000,000)	4,683	4,683	4,929	4,929
Passenger load factor	70.3%	70.3%	68.4%	68.4%
Yield per passenger mile	13.21 (cents)	13.19 (cents)	12.86 (cents)	12.86 (cents)
Operating revenue per ASM	10.06 (cents)	10.14 (cents)	9.68 (cents)	9.71 (cents)
Operating expenses per ASM	9.82 (cents)	9.92 (cents)	9.72 (cents)	9.71 (cents)
Expense per ASM excluding fuel	8.24 (cents)	8.34 (cents)	8.42 (cents)	8.41 (cents)
Fuel cost per gallon	92.3 (cents)	92.3 (cents)	78.0 (cents)	78.0 (cents)
Fuel gallons (000,000)	80.3	80.3	82.3	82.3
Average number of employees	10,201	10,201	10,222	10,222
Aircraft utilization (blk hrs/day)	11.1	11.1	10.8	10.8
Operating fleet at period-end	100	100	102	102

CONSOLIDATED STATEMENTS OF OPERATIONS
Alaska Airlines, Inc.

Three Months Ended September 30 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 441.8	\$ 441.1	\$ 467.1	\$ 468.0
Freight and mail	20.8	20.8	19.7	19.6
Other - net	17.4	22.3	25.2	24.8
TOTAL OPERATING REVENUES	480.0	484.2	512.0	512.4
Operating Expenses				
Wages and benefits	166.6	164.3	186.0	185.4
Contracted services	16.8	19.0	19.0	19.1
Aircraft fuel	71.7	71.8	70.7	70.7
Aircraft maintenance	32.2	32.9	31.6	31.6
Aircraft rent	33.7	33.7	32.1	32.2
Food and beverage service	14.5	14.4	17.8	17.8
Commissions	16.3	16.4	12.1	12.1
Other selling expenses	26.3	26.3	26.1	26.1
Depreciation and amortization	26.7	27.3	29.5	29.2
Loss on sale of assets	0.6	0.6	0.5	0.5
Landing fees and other rentals	25.9	25.9	30.2	30.1
Other	32.8	34.6	39.5	38.9
TOTAL OPERATING EXPENSES	464.1	467.2	495.1	493.7
OPERATING INCOME	15.9	17.0	16.9	18.7
NONOPERATING INCOME (EXPENSE)				
Interest income	7.9	7.0	6.3	6.4
Interest expense	(11.9)	(11.8)	(11.3)	(11.2)
Interest capitalized	1.0	1.5	0.5	0.5
U.S. government compensation	18.7	18.7	0.3	0.2
Other - net	(0.3)	0.6	(2.3)	(1.5)

	15.4	16.0	(6.5)	(5.6)
Income before income tax	31.3	33.0	10.4	13.1
Income tax expense	10.1	10.7	3.2	4.2
NET INCOME	21.2	22.3	7.2	8.9
=====				
OPERATING STATISTICS:				
Revenue passengers (000)	3,747	3,747	3,978	3,978
RPMs (000,000)	3,328	3,328	3,673	3,673
ASMs (000,000)	4,687	4,687	5,207	5,207
Passenger load factor	71.0%	71.0%	70.5%	70.5%
Yield per passenger mile	13.27 (cents)	13.25 (cents)	12.72 (cents)	12.74 (cents)
Operating revenue per ASM	10.24 (cents)	10.33 (cents)	9.83 (cents)	9.84 (cents)
Operating expenses per ASM	9.90 (cents)	9.97 (cents)	9.51 (cents)	9.48 (cents)
Expense per ASM excluding fuel	8.37 (cents)	8.44 (cents)	8.15 (cents)	8.13 (cents)
Fuel cost per gallon	90.1 (cents)	90.1 (cents)	81.6 (cents)	81.6 (cents)
Fuel gallons (000,000)	79.6	79.6	86.6	86.6
Average number of employees	10,222	10,222	10,465	10,465
Aircraft utilization (blk hrs/day)	10.3	10.3	11.2	11.2
Operating fleet at period-end	102	102	102	102

CONSOLIDATED STATEMENTS OF OPERATIONS
Alaska Airlines, Inc.

Three Months Ended December 31 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported

OPERATING REVENUES			
Passenger	\$ 346.7	\$ 349.6	\$ 392.2
Freight and mail	17.7	17.7	16.6
Other - net	17.1	18.2	21.0

TOTAL OPERATING REVENUES	381.5	385.5	429.8

OPERATING EXPENSES			
Wages and benefits	167.3	166.4	179.9
Contracted services	18.3	19.0	20.4
Aircraft fuel	50.0	49.9	67.2
Aircraft maintenance	29.7	29.7	41.9
Aircraft rent	33.6	33.6	32.4
Food and beverage service	13.1	13.2	15.6
Commissions	13.7	13.6	7.6
Other selling expenses	23.8	23.8	23.1
Depreciation and amortization	29.2	30.0	28.4
Loss on sale of assets	3.2	3.2	1.0
Landing fees and other rentals	28.8	28.7	28.3
Other	35.1	35.4	38.0

TOTAL OPERATING EXPENSES	445.8	446.5	483.8

OPERATING LOSS	(64.3)	(61.0)	(54.0)

NONOPERATING INCOME (EXPENSE)			
Interest income	5.4	4.4	5.7
Interest expense	(12.8)	(12.9)	(11.5)
Interest capitalized	0.3	0.9	1.0
U.S. government compensation	52.9	52.9	--
Other - net	(1.2)	(3.1)	0.2

	44.6	42.2	(4.6)

Loss before income tax	(19.7)	(18.8)	(58.6)
Income tax benefit	(5.2)	(4.9)	(20.4)

NET LOSS	(14.5)	(13.9)	(38.2)
=====			
OPERATING STATISTICS:			
Revenue passengers (000)	3,025	3,025	3,367
RPMs (000,000)	2,736	2,736	3,164
ASMs (000,000)	4,121	4,121	4,758
Passenger load factor	66.4%	66.4%	66.5%
Yield per passenger mile	12.67 (cents)	12.78 (cents)	12.40 (cents)
Operating revenue per ASM	9.26 (cents)	9.35 (cents)	9.03 (cents)
Operating expenses per ASM	10.82 (cents)	10.84 (cents)	10.17 (cents)
Expense per ASM excluding fuel	9.60 (cents)	9.62 (cents)	8.76 (cents)
Fuel cost per gallon	71.9 (cents)	71.9 (cents)	84.7 (cents)
Fuel gallons (000,000)	69.6	69.6	79.3

Average number of employees	9,834	9,834	10,065
Aircraft utilization (blk hrs/day)	9.2	9.2	10.3
Operating fleet at period-end	101	101	102

CONSOLIDATED STATEMENTS OF OPERATIONS
Horizon Air, Inc.

Three Months Ended March 31 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 98.2	\$ 98.2	\$ 86.3	\$ 86.3
Freight and mail	2.3	2.3	1.2	1.2
Other - net	1.5	1.5	5.7	5.7
TOTAL OPERATING REVENUES	102.0	102.0	93.2	93.2
OPERATING EXPENSES				
Wages and benefits	36.7	36.7	37.3	37.3
Contracted services	3.7	3.7	3.9	3.9
Aircraft fuel	15.7	15.7	9.5	9.5
Aircraft maintenance	19.0	18.2	6.6	7.6
Aircraft rent	11.0	11.0	14.8	14.8
Food and beverage service	0.8	0.8	0.4	0.4
Commissions	2.9	2.9	2.3	2.3
Other selling expenses	5.8	5.8	5.3	5.3
Depreciation and amortization	6.4	6.4	3.9	3.9
Loss on sale of assets	(0.1)	(0.1)	(0.6)	(0.6)
Landing fees and other rentals	6.9	6.9	6.4	6.4
Other	9.9	9.9	12.7	12.7
TOTAL OPERATING EXPENSES	118.7	117.9	102.5	103.5
OPERATING LOSS	(16.7)	(15.9)	(9.3)	(10.3)
NONOPERATING INCOME (EXPENSE)				
Interest expense	(1.1)	(1.1)	(0.5)	(0.5)
Interest capitalized	1.1	1.1	0.2	0.2
Other - net	(0.4)	(0.4)	0.6	0.4
	(0.4)	(0.4)	0.3	0.1
LOSS BEFORE INCOME TAX	(17.1)	(16.3)	(9.0)	(10.2)
OPERATING STATISTICS:				
Revenue passengers (000)	1,177	1,177	1,095	1,095
RPM's (000,000)	336	336	329	329
ASM's (000,000)	543	543	531	531
Passenger load factor	61.8%	61.8%	62.0%	62.0%
Yield per passenger mile	29.24 (cents)	29.24 (cents)	26.20 (cents)	26.20 (cents)
Operating revenue per ASM	18.78 (cents)	18.78 (cents)	17.56 (cents)	17.56 (cents)
Operating expense per ASM	21.85 (cents)	21.71 (cents)	19.31 (cents)	19.50 (cents)
Expense per ASM excluding fuel	18.96 (cents)	18.83 (cents)	17.52 (cents)	17.71 (cents)
Fuel cost per gallon	100.1 (cents)	100.1 (cents)	77.2 (cents)	77.2 (cents)
Fuel gallons (000)	15.6	15.6	12.3	12.3
Average number of employees	3,923	3,923	3,452	3,452
Aircraft utilization (blk hrs/day)	8.1	8.1	7.1	7.1
Operating fleet at period-end	63	63	62	62

CONSOLIDATED STATEMENTS OF OPERATIONS
Horizon Air, Inc.

Three Months Ended June 30 (In Millions Except Per Share Amounts)	2001 As Reported	2001 As Restated	2002 As Reported	2002 As Restated
OPERATING REVENUES				
Passenger	\$ 104.4	\$ 104.4	\$ 96.4	\$ 96.4
Freight and mail	2.6	2.6	1.2	1.2
Other - net	6.9	6.9	5.5	5.5
TOTAL OPERATING REVENUES	113.9	113.9	103.1	103.1
OPERATING EXPENSES				
Wages and benefits	36.6	36.6	37.2	37.2
Contracted services	3.4	3.4	4.2	4.2
Aircraft fuel	15.7	15.7	11.0	11.0
Aircraft maintenance	13.1	14.7	6.2	6.2
Aircraft rent	11.3	11.3	14.9	14.9
Food and beverage service	0.7	0.7	0.8	0.8
Commissions	3.1	3.1	2.1	2.1
Other selling expenses	6.3	6.2	5.7	5.7
Depreciation and amortization	6.7	6.7	5.1	5.1
Loss on sale of assets	0.1	0.1	(0.1)	(0.1)
Landing fees and other rentals	7.3	7.3	7.8	7.8
Other	8.7	8.7	12.3	12.3
TOTAL OPERATING EXPENSES	113.0	114.5	107.2	107.2
OPERATING INCOME (LOSS)	0.9	(0.6)	(4.1)	(4.1)

NONOPERATING INCOME (EXPENSE)				
Interest income				0.4
Interest expense	(1.0)	(1.0)	(0.5)	(0.5)
Interest capitalized	1.0	1.0	0.1	0.1
U.S. government compensation				
Other - net	(0.1)	(0.2)	1.5	1.3

	(0.1)	(0.2)	1.1	1.3

INCOME (LOSS) BEFORE INCOME TAX	0.8	(0.8)	(3.0)	(2.8)
=====				
OPERATING STATISTICS:				
Revenue passengers (000)	1,250	1,250	1,192	1,192
RPM's (000,000)	358	358	374	374
ASM's (000,000)	575	575	607	607
Passenger load factor	62.2%	62.2%	61.7%	61.7%
Yield per passenger mile	29.19 (cents)	29.19 (cents)	25.79 (cents)	25.79 (cents)
Operating revenue per ASM	19.79 (cents)	19.79 (cents)	16.97 (cents)	16.97 (cents)
Operating expense per ASM	19.64 (cents)	19.90 (cents)	17.65 (cents)	17.65 (cents)
Expense per ASM excluding fuel	16.91 (cents)	17.16 (cents)	15.84 (cents)	15.84 (cents)
Fuel cost per gallon	98.4 (cents)	98.4 (cents)	80.8 (cents)	80.8 (cents)
Fuel gallons (000)	16.0	16.0	13.6	13.6
Average number of employees	3,786	3,786	3,417	3,417
Aircraft utilization (blk hrs/day)	8.1	8.1	7.5	7.5
Operating fleet at period-end	63	63	62	62

CONSOLIDATED STATEMENTS OF OPERATIONS
Horizon Air, Inc.

Three Months Ended September 30	2001	2001	2002	2002
(In Millions Except Per Share Amounts)	As Reported	As Restated	As Reported	As Restated

OPERATING REVENUES				
Passenger	\$ 98.4	\$ 98.4	\$ 108.9	\$ 108.9
Freight and mail	1.9	1.9	1.4	1.4
Other - net	7.2	7.2	5.2	5.2

TOTAL OPERATING REVENUES	107.5	107.5	115.5	115.5

OPERATING EXPENSES				
Wages and benefits	38.4	38.4	38.7	38.7
Contracted services	3.3	3.2	4.2	4.2
Aircraft fuel	13.8	13.8	12.0	12.0
Aircraft maintenance	10.5	10.7	4.3	4.3
Aircraft rent	12.3	12.3	16.2	16.2
Food and beverage service	0.8	0.8	0.8	0.8
Commissions	3.0	3.1	1.3	1.3
Other selling expenses	5.5	5.5	6.4	6.4
Depreciation and amortization	6.7	6.7	4.9	4.8
Loss on sale of assets	(0.3)	(0.3)	(0.7)	(0.8)
Landing fees and other rentals	7.9	7.9	8.6	8.6
Other	8.7	8.7	12.4	12.6

TOTAL OPERATING EXPENSES	110.6	110.8	109.1	109.1

OPERATING INCOME (LOSS)	(3.1)	(3.3)	6.4	6.4

NONOPERATING INCOME (EXPENSE)				
Interest income				0.3
Interest expense	(0.7)	(0.6)	(0.6)	(0.6)
Interest capitalized	0.6	0.6	0.1	0.1
U.S. government compensation	10.4	10.4	0.2	0.2
Other - net	(0.1)	(0.3)	(0.4)	

	10.3	10.3	(0.6)	(0.4)

INCOME BEFORE INCOME TAX	7.2	7.0	5.8	6.0
=====				
OPERATING STATISTICS:				
Revenue passengers (000)	1,207	1,207	1,334	1,334
RPM's (000,000)	357	357	424	424
ASM's (000,000)	555	555	657	657
Passenger load factor	64.3%	64.3%	64.6%	64.6%
Yield per passenger mile	27.59 (cents)	27.59 (cents)	25.66 (cents)	25.66 (cents)
Operating revenue per ASM	19.36 (cents)	19.36 (cents)	17.58 (cents)	17.58 (cents)
Operating expense per ASM	19.92 (cents)	19.97 (cents)	16.60 (cents)	16.60 (cents)
Expense per ASM excluding fuel	17.44 (cents)	17.47 (cents)	14.77 (cents)	14.77 (cents)
Fuel cost per gallon	94.0 (cents)	94.0 (cents)	81.9 (cents)	81.9 (cents)
Fuel gallons (000)	14.7	14.7	14.7	14.7
Average number of employees	3,811	3,811	3,518	3,518
Aircraft utilization (blk hrs/day)	7.6	7.6	7.7	7.7
Operating fleet at period-end	65	65	63	63

CONSOLIDATED STATEMENTS OF OPERATIONS
Horizon Air, Inc.

Three Months Ended December 31	2001	2001	2002
(In Millions Except Per Share Amounts)	As Reported	As Restated	As Reported

OPERATING REVENUES			
Passenger	\$ 79.0	\$ 79.0	\$ 97.9
Freight and mail	1.3	1.3	1.1
Other - net	4.7	4.7	4.4

TOTAL OPERATING REVENUES	85.0	85.0	103.4

OPERATING EXPENSES			
Wages and benefits	40.9	40.9	39.4
Contracted services	3.4	3.5	4.3
Aircraft fuel	9.3	9.3	12.2
Aircraft maintenance	6.4	8.0	7.0
Aircraft rent	13.8	13.8	16.3
Food and beverage service	0.6	0.6	0.7
Commissions	2.3	2.2	0.7
Other selling expenses	4.6	4.7	5.6
Depreciation and amortization	6.9	6.9	3.2
Loss on sale of assets	(0.1)	(0.1)	(0.1)
Landing fees and other rentals	8.1	8.1	8.4
Other	10.4	10.4	11.1
Special charges	10.2	10.2	--

TOTAL OPERATING EXPENSES	116.8	118.5	108.8

OPERATING LOSS	(31.8)	(33.5)	(5.4)

NONOPERATING INCOME (EXPENSE)			
Interest income			
Interest expense	(0.3)	(0.3)	(0.5)
Interest capitalized	0.3	0.3	0.2
U.S. government compensation	(0.6)	(0.6)	--
Other - net	(0.1)	(0.9)	(0.1)

	(0.7)	(1.5)	(0.4)

LOSS BEFORE INCOME TAX	(32.5)	(35.0)	(5.8)
=====			

OPERATING STATISTICS:

Revenue passengers (000)	1,034	1,034	1,194
RPM's (000,000)	300	300	386
ASM's (000,000)	474	474	632
Passenger load factor	63.3%	63.3%	61.1%
Yield per passenger mile	26.33 (cents)	26.33 (cents)	25.35 (cents)
Operating revenue per ASM	17.95 (cents)	17.93 (cents)	16.36 (cents)
Operating expense per ASM	22.51 (cents)	22.85 (cents)	17.22 (cents)
Expense per ASM excluding fuel	20.55 (cents)	20.89 (cents)	15.29 (cents)
Fuel cost per gallon	77.4 (cents)	77.4 (cents)	87.7 (cents)
Fuel gallons (000)	12.0	12.0	13.9
Average number of employees	3,534	3,534	3,518
Aircraft utilization (blk hrs/day)	6.7	6.7	7.5
Operating fleet at period-end	60	60	63