

Alaska Air Group, Inc.

CODE OF CONDUCT & ETHICS

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FROM THE CHAIRMAN OF THE BOARD

Alaska Air Group, Inc.

To: All Alaska Airlines and Horizon Air Employees

At the most basic level, ethics and compliance are about building trust. Our customers trust us to deliver a safe and high-quality service at a reasonable price. Our investors trust us to deliver a fair return on their investment. Our vendors and partners trust us to deal with them fairly. And we trust each other, as fellow employees, to do our jobs with integrity and professionalism. We work to continually build on the trust of government agencies that oversee our business. Trust is a fundamental asset that will enable our airline to succeed in these challenging times and into the future. Based on more than a decade of personal observation, I believe that the people of Alaska Airlines and Horizon Air conduct themselves with the highest ethical standards. For example, just to look at Alaska Airlines' core values -- Alaska spirit, resourcefulness, integrity, professionalism and caring -- or Horizon's shared values -- integrity, heart, partnership, innovation/initiative and continuous improvement -- is to be reminded of how much our commitment to ethical behavior pervades our culture.

The thing about trust, though, is that it can take years to build, but only a moment to destroy. That is why it's so important that we live our values constantly. In reality, no set of written rules, guidelines or codes can answer every ethical issue that we will face while at work. Nevertheless, the Alaska Air Group Code of Conduct and Ethics is an important tool to help us toward this goal. The expectation I have of myself, the Board of Directors, our officers, and each of you, is that we nurture the many trusting relationships we have built over the years by knowing and observing the principles set out in this Code.

Bill Ayer

1. UNDERSTANDING OUR CODE OF CONDUCT AND ETHICS

Applicability of the Code

The Alaska Air Group Code of Conduct and Ethics (“Code”) applies to all officers and employees of Alaska Airlines and Horizon Air (the “Company”), as well as all members of the Board of Directors (“Board Members”) of Alaska Air Group and each subsidiary company. Unless expressly stated otherwise, references to “you”, “employees”, or “we” are meant to include all members of these groups. This Code is designed to satisfy the requirements for the senior financial officer and employee codes of conduct as mandated by U.S. Securities and Exchange Commission and New York Stock Exchange rules.

Responsibility for Compliance

Your compliance with the Code is a condition of employment. Violations may be grounds for discipline, up to and including dismissal. Violations may also carry severe civil and even criminal consequences for you and for the Company.

Statement of Purpose

As employees of the Company, we are committed to observing the highest standards of business and personal ethics, while at all times promoting the best interests of the Company. Employees are expected to perform their duties in an honest, courteous manner while abiding by all applicable laws, regulations and Company policies. Employees should avoid situations that may involve, or give the appearance of involving, a conflict between personal interests and the interests of our Company. The principles in the Code are not meant to be exhaustive, but are provided as general guidelines for acceptable conduct. You are encouraged to ask questions and seek clarification whenever in doubt.

Asking Questions and Reporting Possible Violations

Although there is no substitute for a thorough knowledge of the Code, laws, regulations and other Company policies, one way to give yourself a quick “gut-check” in making an ethical decision is to answer the following questions:

- Is my decision consistent with our Mission Statement, Values and Critical Success Factors?
- Would I be comfortable telling my friends, family and coworkers what I did?
- Would I feel right if a coworker, vendor or business partner acted this way toward me?
- Will this affect my ability or motivation to always act in the best interests of the Company?
- Would I like to see my actions -- or inaction -- described on the evening news or in the newspaper?

General questions. If you have a general ethics or compliance question not related to a specific possible violation, you should talk to your supervisor, speak to a contact in the specific management or operational division that the issue pertains to, or contact Corporate Compliance at (206) 392-5021 or AAG.Compliance@AlaskaAir.com. (See Contacts.)

Specific possible violations. If you have reasonable concern that there has been a violation of a law, regulation, this Code, or other Company internal procedure, you have an obligation to report it. To do this, you should utilize one or more of the resources described below. Generally, it is recommended that you follow them in the order in which they are listed. However, if you have a valid reason not to use one or more procedures, such as concerns about confidentiality, fear of retaliation from a supervisor, or supervisor involvement in the specific issue, you may skip one or more of them. Whichever method you choose, it is essential that you share your concerns so they can be reviewed and addressed as appropriate. Retaliation for good-faith reporting of suspected violations is itself a violation of this Code.

Questions or Concerns:

1. Talk to your supervisor. Your supervisor should be able to help you determine whether there is a compliance issue, and if so, how to investigate and respond to it.
2. Talk to someone further up the chain of command within your division. You may wish to do this if you fear retaliation from a supervisor or your supervisor might be involved in the specific issue.
3. Contact the specific department (for example, Human Resources at Alaska Airlines or Employee Resources at Horizon Air, or either Company's Legal Department) listed under the relevant section of this Code.
4. Contact Corporate Compliance. (See Contacts.) An appropriate inquiry will be initiated, and you will receive a response.
5. If your concern is a safety or maintenance-related issue, call a hotline or use another reporting mechanism that we have set up specifically for those issues. Both Alaska Airlines and Horizon Air have hotlines available for maintenance and safety issues. In addition, we have Web and paper-based safety reporting mechanisms. (See Contacts.)
6. For concerns not related to safety or maintenance, Alaska Air Group has established a hotline, through an outside vendor, that may be used by employees wishing to ensure that their concern is raised in a completely anonymous environment. You can access this hotline by dialing: toll-free in the United States and Canada 1-888-738-1915; or from Mexico 001-866-737-6850. The hotline vendor will take the information provided and relay it to Alaska Air Group Corporate Compliance. If the employee requests anonymity, a procedure will be established for on-going communication and/or response through the hotline.

7. Nothing in this Code of Conduct & Ethics shall prohibit employees from exercising their legal right to contact any governmental agency on a confidential basis when they have reasonable concerns regarding safety issues. The Company also encourages employees to bring such concerns to the attention of management or the Company Safety Department in keeping with its open-door policy. Such concerns will be treated confidentially whenever possible, and no retaliation or harassment of employees voicing such concerns will be tolerated.

Prohibition Against Retaliation

The Company does not tolerate retaliation of any kind for raising concerns or making a report in good faith about an ethical or compliance issue. Be aware that raising an issue that involves your own conduct may be covered by one of the non-punitive reporting programs that are described below.

Non-punitive Reporting

We recognize that no one is perfect, and sometimes good-faith mistakes are made. The Company's policy is to encourage people to report compliance issues involving their own conduct. In support of that goal, we have a number of non-punitive, self-reporting programs.

They include:

- Aviation Safety Action Program (ASAP)
- Alaska Airlines Error Reporting System
- Horizon Air Error Reporting System

Remember that you must meet the standards of a specific non-punitive reporting program to be entitled to its protections. Self-reporting is not, by itself, a way of avoiding the consequences of conduct or performance issues that do not meet the criteria of a non-punitive reporting program. If you have questions about the applicability of any of these programs, you should talk to your supervisor, contact your Safety Department, or contact Corporate Compliance. (See [Contacts](#).)

2. COMPLIANCE WITH LAWS AND REGULATIONS

Our business is far-reaching and complex. Numerous state and federal agencies have jurisdiction over virtually every aspect of our operation, under a wide array of laws and regulations. It is each person's responsibility to be aware of the regulations that apply to his or her work for the Company. The sections below are by no means exhaustive, but they cover some of the significant laws and regulations that may affect you. Where applicable, we have referenced other Company manuals and policies that will provide you with more information about the requirements in these areas. If you are unsure about whether an action you are considering is illegal or otherwise inappropriate, you should talk to your supervisor, speak to a contact in the specific management or operational division that the issue pertains to, call the Legal Department or contact Corporate Compliance. (See [Contacts](#).)

Insider Trading and Securities Laws

Alaska Air Group common stock is publicly traded on the New York Stock Exchange. Many, if not most, of you own Alaska Air Group stock through employee stock purchase plans, your 401(k) or your own investment activities. It is critical that every investor in Alaska Air Group be able to make investment decisions on a level playing field, which means with the same access to material information. Consequently, you must read, understand and comply with the Alaska Air Group Insider Trading Policy. The full text of this policy is available in Alaska Airlines System Regulations, Section 11.200 (available online at www.alaskasworld.com) and the Horizon Air Employees Guide (available online at www.onyourhorizon.com).

In general, this policy states that you must never trade, or encourage, suggest, induce, or otherwise make it possible for others to trade, in the stock of Alaska Air Group based on material inside information. “Inside” means not publicly available. “Material” means information that would be important to a reasonable investor in making a decision to buy or sell Company stock. Insider trading may result in disciplinary action and/or civil or criminal sanctions by state or federal authorities. It is also improper to trade, or encourage, suggest, induce, or otherwise make trading possible, in the stock of another company while having knowledge of material inside information about that company gained through your position at an Alaska Air Group company. Some of you, by virtue of your position at the Company, may be subject to stock trading windows and blackout periods. You should make sure that you are aware of and abide by any such restrictions.

In addition to insider trading rules, the U.S. Securities and Exchange Commission’s “Regulation FD” limits what Alaska Air Group can say to brokers, analysts, bankers and other financial professionals without simultaneously disclosing it to the public. You should not disclose any material inside information about Alaska Air Group unless that information is being broadly disclosed to the public at the same time, or you have a confidentiality agreement with the recipient.

We recognize that this area of the law and the regulations that govern insider trading are quite complex. Therefore, if you have any questions or doubts about the appropriate course of conduct, you should contact the Alaska Airlines Corporate Affairs Department for clarification and/or guidance. (See [Contacts](#).)

Other resources and cross-references:

- Questions and concerns – contact the Alaska Airlines or Horizon Air Legal Departments. (See [Contacts](#).)
- Alaska Airlines System Regulations, Section 11.200 [Insider Trading Policy](#), available online at www.alaskasworld.com.
- Horizon Air Employee Guide, available online at www.onyourhorizon.com.

Accurate, Fair & Timely Reporting in SEC Reports & Public Communications

As a publicly traded company, it is critical that we provide complete, timely and accurate financial and other information concerning Alaska Air Group. We communicate this information in a variety of ways, including reports filed with the U.S. Securities and Exchange Commission, press releases, webcasts, and industry and financial conferences. Even if you do not directly prepare these reports and communications, you may be involved in the process of recording or gathering the underlying information. Anyone involved in the process of keeping, analyzing, booking, collecting or recording financial information must do so strictly in accordance with applicable accounting rules and Company procedures. If you are asked to perform one of these functions in a way that you believe to be misleading, fraudulent, or otherwise inconsistent with proper practice, you should refuse to do so, and utilize one of the described resources.

Other resources and cross-references:

- Questions and concerns – contact the Internal Audit Department, Alaska Airlines Controller’s Office, Horizon Air’s Vice President of Finance, or your Legal Department. (See [Contacts](#).)

Fair Competition / Antitrust

We must all do our jobs in a way that ensures the Company’s business is conducted in compliance with the antitrust laws of the United States. These laws regulate the actions and relationships between and among competitors, suppliers, and customers and prohibit certain conduct deemed to be anti-competitive.

Antitrust laws prohibit agreements or understandings with competitors that unreasonably restrain trade. These include agreements to fix prices, divide markets, allocate customers, restrict capacity or refuse to deal with certain customers or suppliers. In addition, exclusive arrangements and preferential treatment of one customer who is a competitor of other customers may present antitrust risks and must be carefully reviewed. As a result, you should not engage in any discussion with competitors concerning prices, pricing policy, discounts, promotions, terms or conditions of sale, territorial markets, capacity, operating costs or similar subjects unless your Legal Department has advised you that the nature of the discussion would not create antitrust concerns.

Because antitrust laws are exceedingly complex, it is not possible to detail the full scope of these laws. A bedrock principle is that any communication, coordination or agreement that tends to artificially decrease competition is suspect and may be illegal, and should be avoided unless approved by your Legal Department.

Federal Aviation Regulations

Federal Aviation Regulations ("FARs") govern many facets of how we operate and maintain our aircraft. FARs particularly affect employees in the Flight Operations, Maintenance and

Customer Services Divisions. Compliance with the FARs is key to achieving our first business objective of being #1 in safety and compliance.

Aviation Security Regulations

Department of Homeland Security regulations (published in the Code of Federal Regulations, or “CFRs”) govern the security and international facilitation of our passengers, employees, and aircraft through various agencies, such as the Transportation Security Administration and Customs and Border Protection. Strict adherence to company policy and procedures relative to these regulations by all Company employees is critical to aviation security.

Other resources and cross-references:

- You can find specific Company manuals applicable to your division that are designed, in part, to ensure compliance with FARs and CFRs at www.alaskasworld.com or at www.onyourhorizon.com. Depending on your position, you may have responsibilities governed by FARs, CFRs, and/or Company manuals designed to ensure compliance with them. If you have questions, you should start by asking your supervisor or others in your chain of command. Some divisions have people specifically tasked with overseeing FAR and CFR compliance, e.g. Flight Operations, Maintenance and Engineering, Customer Service – Airports, etc. If you need further assistance, you can talk with your Legal Department or contact Corporate Compliance. (See Contacts.)

Health & Safety

Protecting the health and safety of our employees and customers is a paramount goal. Although this is the full-time job of the Alaska Airlines Safety Division and the Horizon Air Safety & Health Department, we all have an important role to play to ensure that our operations are safe and environmentally sound. Everything we do in performing our jobs must be consistent with our goal of being #1 in safety and compliance.

Other resources and cross-references:

- Questions and concerns – contact the Alaska Airlines Safety Division or the Horizon Air Safety & Health Department. (See Contacts.)
- Safety and Environmental Manual, online at www.alaskasworld.com or www.onyourhorizon.com.

Harassment & Discrimination

The Company is an Equal Opportunity Employer. That means the Company is committed to providing equal consideration for employment, advancement, training opportunities and other terms and conditions of employment based on job-related criteria such as experience, work record, education, training, motivation, attitude, character and skill.

The Company is also committed to providing a positive and respectful work environment for our employees.

Therefore, the Company does not tolerate any form of unlawful discrimination, harassment or any other illegal behavior in the workplace. Please refer to the resources below for more specific information about these areas.

Other resources and cross-references:

- Questions and concerns – contact the Alaska Airlines Human Resources Department or Horizon Air Employee Resources Department. (See [Contacts](#).)
- Alaska Airlines System Regulations, Section 2 [Human Resources Guide](#), available online at www.alaskasworld.com.
- Horizon Air Employee Guide, available online at www.onyourhorizon.com.

Other Laws and Regulations

Although there are too many applicable laws and regulations to list in this Code, we expect each of you to be reasonably familiar with the primary ones that apply to the work you do. If you have any question about a law or regulation, or our compliance with it, you should contact your supervisor or your Legal Department. (See [Contacts](#).)

3. COMPLIANCE WITH INTERNAL POLICIES AND PROCEDURES

In addition to laws and regulations, we expect you to familiarize yourself and comply with internal Company policies and procedures that apply to your position and performance of your duties. Talk to your supervisor to make sure you have received copies of applicable Company policies and procedures or know how to access them. You should be aware that Alaska Airlines System Regulations, which include the Employee Rules of Conduct, are available online at www.alaskasworld.com. Similarly, the Horizon Air Employee Guide is available online at www.onyourhorizon.com.

Contests, Raffles and Games of Chance

Games and contests involving chance are a popular way to raise money, especially for charitable causes. For the purpose of this policy, “contest” will include any of the following:

- Raffles
- Drawings

- Sweepstakes
- Any other contest or game of chance

Any employee or organization subject to this Code that wishes to hold a contest must adhere to the following guidelines.

Contests are illegal, and prohibited by this policy, if they involve ALL of the following three elements:

- A prize
- An element of chance in determining who wins the prize (e.g. a random drawing)
- Mandatory consideration (i.e. the requirement that a participant give something of value – usually money – in order to participate in the contest)

Even if the contest is held to raise money for a good cause, the legal prohibition, and this policy, still apply.

Therefore, in order for a contest to be permissible under this policy, one of the three elements listed above must not be present. Because a prize and an element of chance are almost always a part of any contest, eliminating the mandatory consideration element is the most likely solution. Because many contests are specifically intended to raise money, elimination of mandatory consideration may seem problematic. One solution, however, is to have a suggested donation to participate, but also provide a means for people to enter even if they do not want to contribute money. Most of the time, people will display the Alaska Spirit and make the suggested donation. Permissible, consideration-free ways of entering a contest include small actions such as submitting a 3x5 postcard, filling out a survey or visiting a website to register.

Finally, it is permissible to meet the legal requirements by eliminating the chance element. In other words, contests whose winners are chosen by demonstrating a skill, such as cooking or making the best costume, are permissible.

Other resources and cross-references:

- Questions and concerns – contact the Alaska Airlines or Horizon Air Legal Departments. (See Contacts.)

4. COOPERATION WITH GOVERNMENT AND INTERNAL INVESTIGATIONS

Occasionally, a regulatory or law enforcement agency may request information and/or documents as part of an investigation of the Company or another firm or individual. They may even show up, unannounced, at your workplace. It is our policy to cooperate with such investigations, consistent with our legal rights to defend the Company and its employees. If you receive a subpoena, letter, phone call, personal visit or other request from a government or law enforcement agency for information related to Alaska Air Group, Alaska Airlines or Horizon Air

and/or your employment with any of these companies that is not an audit or inspection in the ordinary course of business, you should:

- Contact your Legal Department immediately.
- Preserve all physical and electronic documents that may in any way be related to the subject of the investigation. This is extremely important. DO NOT destroy, hide or alter any such documents. Failure to properly preserve relevant material may expose you to prosecution for obstruction of justice, even if it turns out that the government's investigation does not result in prosecution of the potential charges it is investigating in the first place.
- In consultation with the Legal Department, conduct a thorough search of all documents in your control in order to make a good-faith response to any document or information request.
- Consistent with your and the Company's legal rights, provide all other information being requested in a complete and forthright manner. This may include personal interviews or depositions.

The Company is also subject to scheduled or non-scheduled interactions that are part of our ordinary relationship with various regulatory agencies (for instance, Environmental Protection Agency inspections, everyday interaction with the FAA, EEOC audits, etc.). It is not always necessary to involve the Legal Department in these inspections; however, you should always observe the guidelines above concerning cooperation and not destroying or altering documents.

You are also required to cooperate fully with internal investigations concerning possible violations of law or Company policy. This includes not destroying or altering documents, producing all requested documents, and being forthcoming and truthful in response to questions from authorized Company personnel.

5. COMPANY INFORMATION AND ASSETS

Confidential and Proprietary Information

Through your employment with the Company, you will gain some knowledge and information that has not been made public and is proprietary. For purposes of simplicity, we refer to this information collectively as "Confidential Information". (Use of the broad term "Confidential Information" in the Code is not intended to conflict with, or supersede, the Data Classification terms as used in the Technology and Information Policy). Confidential Information includes, but is not limited to, personal employee information (such as salary or performance records), customer information, financial or operating statistics, existing and future marketing and planning strategies, new products or services in development, internal Company manuals, contracts or other details of business relationships, patent or technological developments, or any other information which, if disclosed, could jeopardize the Company's competitive position.

We are in an intensely competitive industry. Protecting our Confidential Information is important to maintain our competitive advantages, as well as necessary to respect personal privacy and legal obligations. Various laws enable us to protect these assets. You should never

disclose Confidential Information to anyone, internally or outside the Company, unless specifically authorized to do so.

Confidential Information should be used only for Company purposes and never for personal benefit or in any other inappropriate way. You are responsible for the safekeeping of any Confidential Information to which you have gained or have access, whether verbal, written or electronic, and for limiting access to those who have a need to know in order to do their jobs. This means you should avoid discussing or otherwise transmitting Confidential Information in common areas of your workplace, during travel, or in other public areas. Confidential Information should be stored and disposed of securely. Disclosure of Confidential Information outside the Company should be limited to those situations where there is a legal obligation to do so, or where the receiver has a need to know and has signed a Non-Disclosure Agreement in advance, which has been approved by your Legal Department.

Other resources and cross-references:

- Questions and concerns – contact your Legal Department.
- Technology and Information Security Policy, online at www.alaskasworld.com
- Horizon Air Employee Guide, available online at: www.onyourhorizon.com.

Intellectual Property

Protection of the Company’s intellectual property, including trademarks, patents, copyrights, trade secrets, and business methodologies, is essential to maintaining the Company’s competitive advantage.

Any intellectual property you create for the Company in the course of your employment belongs to the Company. This is considered “work product” and includes, without limitation, ideas, inventions, improvements, computer code and other proprietary technology, manuals, trade and service marks, artwork, advertising copy or any works of authorship. This work product is Company property if it is developed or created on company time, as part of your duties or through use of Company resources or information you learned through your employment. You may not, without the express consent of the Company, license, assign or use intellectual property developed in the course of employment at the Company for your own gain or to compete with the Company, and you must treat it with the same care as other confidential information. Likewise, all intellectual property created by contractors or outside consultants employed by the Company should transfer to the benefit of the Company. It is essential that any necessary release or agreement be in place before any work begins.

Our trademarks are vital assets and all employees, as well as our business partners, should help protect them. Our trademarks should be used properly and protected from others’ misuse. Please consult the Company’s guidelines on proper trademark use.

Just as we protect our own Confidential Information, including intellectual property, we must exercise the same care when in possession of confidential and proprietary information of third parties that the Company has rightfully received under Non-Disclosure, or other, Agreements.

No Expectation of Privacy

When you create, send or store information in Company computers, physical files or other resources, you do not have an expectation of privacy in that information, even if it is password-protected. The Company reserves the right to monitor, store, access and review all email, electronic and physical files and other information created or received by Company employees on our premises or equipment. This could include personal emails and other information. Consistent with applicable law, we may disclose all such information to law enforcement agencies or other third parties at our discretion for any reason.

Protection of Company Assets

Preventing the loss, damage, misuse, or theft of the Company's assets and records is the responsibility of every employee. You must use Company assets only for conducting business and not for personal matters unless you have the prior approval of your supervisor. Reasonable, limited personal use of items such as photocopiers, email and telephone is permitted, provided it does not result in a material expense to the Company or distract from the performance of your job.

6. CONFLICTS OF INTEREST

Investments in Customers, Vendors and Business Partners

It is the Company's policy to award business solely on the basis of legitimate business considerations, including quality, service and competitive price. Transactions between the Company and other business entities shall not be influenced or appear to be influenced by the personal interests or activities of employees of the Company or their immediate families. Transactions that do not follow these guidelines are considered conflicts of interest and are prohibited. Examples of a potential conflict of interest include but are not limited to:

- Ownership of a material interest (1% or more) in any customer company, supplier, competitor, or other entity with which the Company does business without the prior written consent of the Chief Ethics and Compliance Officer.
- Making a loan to, or receiving a loan from, any entity with which the Company does business, other than with established banking or other lending institutions on terms available to that institution's customers generally.
- Serving as an officer or on the board of directors of any entity with which the Company does business without the prior written consent of the Chief Ethics and Compliance Officer.

For further guidance in this area, you should talk with your supervisor or contact Corporate Compliance. (See [Contacts](#).)

Receiving Gifts and Other Business Courtesies

Acceptance of business courtesies requires good judgment and common sense. Business courtesies include non-monetary gifts or favors that involve vendors, customers or other entities

doing business with the Company. Examples may include meals, drinks, entertainment, tickets, passes, discounts, gifts, use of equipment, etc.

Neither you nor an immediate family member should accept a business courtesy unless it meets the following criteria:

- it is not reasonably likely that it would improperly influence, or appear to influence, your ability to make business decisions based solely on the best interests of the Company; and
- it is within the range of usual and customary business courtesies that are exchanged in similar circumstances in the industry.

In case of any doubt about the propriety of the gift or courtesy, you should first disclose the offer of the courtesy and receive approval from your supervisor, division officer, or, in the case of the CEO or a Board Member, the Audit Committee. If you accept a business courtesy without appropriate consultation, you will be accountable for that decision.

You may not in any circumstances accept or give gifts that are cash or cash equivalents (for example, marketable securities, bonds, gift certificates, etc.) where the gift, or receipt of the gift, is in any way related to the fact that you are affiliated with the Company. (Note: gift certificates of minimal value [under \$25] may be accepted assuming the criteria listed for other business gifts and courtesies are met.)

Giving Gifts and Other Business Courtesies

You may not give or offer to give any business courtesy to an individual employee of a supplier, customer or other entity with which the Company does business unless the item is of such limited value that it cannot reasonably be construed as an attempt to gain business improperly. You should also ask about and be sensitive to the business courtesies policy of the firm you are doing business with. In any case, business courtesies given should meet the same criteria as those received. (See above.)

We operate or sell our services in a number of foreign countries, and have business partners that are domiciled in several foreign countries. These activities may subject us to the laws of these countries, as well as U.S. laws concerning conducting business in foreign countries such as the Foreign Corrupt Practices Act, which prohibits the giving of bribes to foreign nationals. Employees are expected to comply with laws of the country in which they are operating. Employees should not make improper payments either inside or outside of the United States.

No one shall give improper or illegal gratuities or payments to any official of a government or governmental agency. Nominal business courtesies may be allowed, however, so long as they are legal and consistent with Company policy, local customs and standards, correctly identified in Company records, and properly treated for tax purposes.

You may not use outside organizations or individuals in order to circumvent the Company's policy prohibiting improper payments.

Given the complications of foreign legal systems, customs and cultures, you should be extremely cautious whenever a gratuity or payment in a foreign country is involved. Any concerns or questions should be cleared in advance through your Legal Department.

Congressional and Executive Branch Gift Policy

The Company prohibits any employee, acting in their professional capacity, from giving any gifts to Members of Congress, their staff or federal Executive Branch officials. This prohibition includes giving gifts of even nominal value (e.g. promotional items, meals, upgrades, etc.). Although there are limited exceptions to the general prohibitions on giving gifts, no employee shall seek to utilize any exception without obtaining prior approval of the Government/Public Affairs Department. (See Contacts.) The full text of this policy is available in Alaska Airlines System Regulations, Section 11.500 (available online at www.alaskasworld.com) and the Horizon Air Employees Guide (available online at www.onyourhorizon.com).

Outside Employment or Directorship

Employees shall not hold a second job with an outside corporation that is a supplier, customer or competitor without the prior written consent of the applicable division officer. Employees are not allowed to hold a second job with, or become an officer or board member of, any outside corporation where such activity distracts from optimum performance of the employee's job at the Company.

Employees who engage in gainful employment while on medical leave without prior written permission from the Company and their union, if applicable, except employees on special assignments, in the interest of the Company, shall be deemed to have resigned from the Company's service and, if applicable, his/her name will be removed from the related seniority roster(s).

Board Members of the Company may, of course, have outside employment and have other affiliations with business or charitable organizations. All such relationships should be consistent with the Company's Corporate Governance Guidelines.

Other resources and cross-references:

- Questions and concerns – contact the Alaska Airlines Human Resources Department, the Horizon Air Employee Resources Department or Corporate Compliance. (See Contacts.)
- Corporate Governance Guidelines are available online at www.alaskaair.com.

Participation in Civic or Political Activities

The Company encourages employees to participate in public affairs and political activities on their own time. You should not, however, participate in public affairs and political activities to the extent that such participation distracts from optimum performance of the employee's job or creates a potential conflict of interest for the Company.

Elected officers of the Company may authorize political contributions on behalf of the Company that are not illegal in the governing jurisdiction, with the prior approval of the Government/Public Affairs Department or General Counsel.

7. CORPORATE OPPORTUNITIES

A corporate opportunity is a potential business dealing with a third party that may be beneficial to the Company. We expect that if a corporate opportunity arises in the course of your employment with or service for the Company, you first present that opportunity to the Company. If the Company declines to take advantage of the opportunity, you may present it to another entity with which you are connected.

8. FAIR DEALING

It is necessary for our success that we compete vigorously with our competitors and strive for the best possible terms with our vendors and business partners. At the same time, we should deal fairly with others in pursuing these goals. This means demonstrating integrity, honoring our commitments and not taking unfair advantage of others. You should avoid manipulation, misuse of proprietary information, misrepresentation of material facts and other abusive practices. One way to look at this issue is to ask, “Are we behaving like a company that we would want to do business with?”

9. WAIVERS AND AMENDMENTS

No provision of this Code may be waived except by the Chief Ethics and Compliance Officer, in consultation with the applicable division officer or above. The Company will publicly disclose any waiver given to an executive officer or Board Member.

Places where you can find policies and procedures that may apply to you:

www.alaskasworld.com

www.onyourhorizon.com

Contacts

ALASKA AIR GROUP

Chief Ethics and Compliance Officer: Thomas R. O'Grady
(206) 392-5021
AAG.Compliance@AlaskaAir.com

Ethics & Compliance Hotline toll-free in the U.S. and Canada: (888) 738-1915
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Internal Audit: (206) 392-5290

ALASKA AIRLINES, INC.

Controller's Office: (206) 392-5763
Corporate Affairs: (206) 392-5131
Corporate Headquarters Switchboard: (206) 433-3200
Government/Public Affairs: (206) 392-5805
Human Resources Department: (206) 392-5208
Legal Department: (206) 392-5033
Safety Division: (206) 392-9841
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 email: safety@alaskaair.com
 Online forms at: www.alaskasworld.com/Safety
 Safety Hotline: toll-free: (877) 610-4039
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HORIZON AIR INDUSTRIES, INC.

Corporate Headquarters: (206) 241-6757
Employee Resources: (206) 431-4618
Legal Department: (206) 431-4691
Safety & Health Department: (503) 384-4222
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 Online forms at: www.onyourhorizon.com/Safety
 Safety Hotline: toll-free: (800) 451-0222 x44500
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