

**AIR TRANSPORT**

	INDUSTRY SEGMENT			PAGE
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
<b>EQUITY RATE</b>	<b>11.5%</b>	<b>11.5%</b>	<b>9.2%</b>	
<b>Yield Capitalization</b>				
CAPM - ex post - Ibbotson Rm	9.7%	8.1%	7.6%	6
CAPM - ex ante	11.3%	9.3%	8.7%	7
CAPM - ex ante Guideline Companies Smoothed Premium	13.8%	13.3%	10.7%	8
<b>Build-Up Method</b>				
Build-Up 2-- Guideline Companies Smoothed Premium	9.7%	11.2%	9.2%	8
Guideline Companies Smoothed Premium with ERP Adjustment	11.2%	13.2%	10.2%	9
Guideline Companies Smoothed Premium with ERP Adjustment Unlevered	10.2%	12.0%	9.2%	9b
<b>Dividend Growth Models</b>				
Value Line, based on Dividends Growth	NMF	NMF	9.8%	10
Value Line, based on Earnings Growth	NMF	NMF	12.5%	11

	INDUSTRY SEGMENT			PAGE
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
<b>DEBT RATE</b>	<b>8.5%</b>	<b>8.5%</b>	<b>3.9%</b>	12

**MAJOR PASSENGER**

Equity	40%	x	11.5%	=	4.6%
Operating Leases	15%	x	8.5%	=	1.3%
Debt	45%	x	8.5%	=	3.8%
Subtotal Financing portion of structure					5.1%
Marginal Tax Rate	38%	=	(1-.38)	x	5.1%
					<u>3.2%</u>

**WEIGHTED AVERAGE COST OF CAPITAL**

**7.8%**

**NON-MAJOR PASSENGER**

Equity	40%	x	11.5%	=	4.6%
Operating Leases	15%	x	8.5%	=	1.3%
Debt	45%	x	8.5%	=	3.8%
Subtotal Financing portion of structure					5.1%
Marginal Tax Rate	38%	=	(1-.38)	x	5.1%
					<u>3.2%</u>

**WEIGHTED AVERAGE COST OF CAPITAL**

**7.8%**

**FREIGHT**

Equity	85%	x	9.2%	=	7.8%
Operating Leases	5%	x	3.9%	=	0.2%
Debt	10%	x	3.9%	=	0.4%
Subtotal Financing portion of structure					0.6%
Marginal Tax Rate	38%	=	(1-.38)	x	0.6%
					<u>0.4%</u>

**WEIGHTED AVERAGE COST OF CAPITAL**

**8.2%**

## SUPPORT FOR GUIDELINE COMPANIES

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft	Earnings Growth (G)	
NM	Alaska Air Group, Inc.	ALK	1.10	10.5	NIL	4,644	543	4,360	5,505	11,955	172	13.0%
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1.65	9.4	NIL	1,646	190	2,948	3,153	1,744	40	6.0%
M	Delta Air Lines, Inc.	DAL	1.40	6.4	NIL	36,678	1,026	24,156	44,550	73,561	717	27.0%
F	FedEx Corporation	FDX	1.00	16.1	0.5%	42,339	4,070	32,040	31,312	280,000	660	12.0%
NM	Hawaiian Holdings, Inc.	HA	1.10	7.5	NIL	1,963	242	1,278	1,866	4,906	45	23.0%
NM	JetBlue Airways Corp.	JBLU	1.25	12.2	NIL	4,975	515	5,035	7,070	12,070	180	21.0%
NM	Republic Airways Holdings Inc.	RJET	0.95	11.8	NIL	2,869	332	3,198	3,655	9,140	281	NMF
NM	SkyWest, Inc.	SKYW	1.15	10.8	1.2%	3,534	412	4,189	4,255	18,590	744	23.0%
M	Southwest Airlines Co.	LUV	1.00	13.9	0.3%	17,037	1,283	11,492	18,587	45,861	694	19.5%
M	United Continental Holdings, Inc.	UAL	1.60	9.8	NIL	37,149	850	25,653	37,628	88,000	1,253	NMF
F	United Parcel Service, Inc.	UPS	0.85	17.8	2.9%	54,092	6,295	85,266	38,863	399,000	562	10.0%
M	US Airways Group, Inc.	LCC	1.60	4.1	NIL	13,824	314	10,009	9,396	31,236	622	34.0%
<b>Mean</b>		<b>1.22</b>	<b>10.9</b>	<b>1.2%</b>	<b>18,396</b>	<b>1,339</b>	<b>17,469</b>	<b>17,153</b>	<b>81,339</b>	<b>498</b>	<b>18.9%</b>	

### MAJOR PASSENGER

Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft	Earnings Growth (G)	
M	Delta Air Lines, Inc.	DAL	1.40	6.4	NIL	36,678	1,026	24,156	44,550	73,561	717	27.0%
M	Southwest Airlines Co.	LUV	1.00	13.9	0.3%	17,037	1,283	11,492	18,587	45,861	694	19.5%
M	United Continental Holdings, Inc.	UAL	1.60	9.8	NIL	37,149	850	25,653	37,628	88,000	1,253	NMF
M	US Airways Group, Inc.	LCC	1.60	4.1	NIL	13,824	314	10,009	9,396	31,236	622	34.0%
<b>Mean</b>		<b>1.40</b>	<b>8.55</b>	<b>0.3%</b>	<b>26,172</b>	<b>868</b>	<b>17,828</b>	<b>27,540</b>	<b>59,665</b>	<b>822</b>	<b>26.8%</b>	

### NON-MAJOR PASSENGER

Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft	Earnings Growth (G)	
NM	Alaska Air Group, Inc.	ALK	1.10	10.5	NIL	4,644	543	4,360	5,505	11,955	172	13.0%
NM	Hawaiian Holdings, Inc.	HA	1.10	7.5	NIL	1,963	242	1,278	1,866	4,906	45	23.0%
NM	JetBlue Airways Corp.	JBLU	1.25	12.2	NIL	4,975	515	5,035	7,070	12,070	180	21.0%
NM	Republic Airways Holdings Inc.	RJET	0.95	11.8	NIL	2,869	332	3,198	3,655	9,140	281	NMF
NM	SkyWest, Inc.	SKYW	1.15	10.8	1.2%	3,534	412	4,189	4,255	18,590	744	23.0%
<b>Mean</b>		<b>1.11</b>	<b>10.56</b>	<b>1.2%</b>	<b>3,597</b>	<b>409</b>	<b>3,612</b>	<b>4,470</b>	<b>11,332</b>	<b>284</b>	<b>20.0%</b>	

### FREIGHT

Company	Ticker	Beta	P/E Ratio	Div'd Yield	Gross Revenues (Millions)	5 yr Average EBITDA	Total Debt & Op Leases & Equity (Millions)	Balance Sheet-Total Assets (Millions)	Number of Employees	Number of Aircraft	Earnings Growth (G)	
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1.65	9.4	NIL	1,646	190	2,948	3,153	1,744	40	6.0%
F	FedEx Corporation	FDX	1.00	16.1	0.5%	42,339	4,070	32,040	31,312	280,000	660	12.0%
F	United Parcel Service, Inc.	UPS	0.85	17.8	2.9%	54,092	6,295	85,266	38,863	399,000	562	10.0%
<b>Mean</b>		<b>1.17</b>	<b>14.43</b>	<b>1.7%</b>	<b>32,693</b>	<b>3,518</b>	<b>40,085</b>	<b>24,443</b>	<b>226,915</b>	<b>421</b>	<b>9.3%</b>	

## SUPPORT FOR CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity	
NM	Alaska Air Group, Inc.	ALK	40.18	70,314,136	2,825,221,984	64.8%	-	0.0%	1,103,000,000	25.3%	431,300,000	9.9%	4,359,521,984
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	26,443,441	1,239,051,500	42.0%	-	0.0%	1,343,459,000	45.6%	365,300,000	12.4%	2,947,810,500
M	Delta Air Lines, Inc.	DAL	10.13	851,590,992	8,628,036,067	35.7%	-	0.0%	13,000,000,000	53.8%	2,528,300,000	10.5%	24,156,336,067
F	FedEx Corporation	FDX	90.17	314,461,506	28,355,518,099	88.5%	-	0.0%	2,600,000,000	8.1%	1,084,900,000	3.4%	32,040,418,099
NM	Hawaiian Holdings, Inc.	HA	6.01	51,443,267	309,259,773	24.2%	-	0.0%	654,572,000	51.2%	313,800,000	24.6%	1,277,631,773
NM	JetBlue Airways Corp.	JBLU	5.24	284,298,140	1,489,722,254	29.6%	-	0.0%	2,870,000,000	57.0%	674,800,000	13.4%	5,034,522,254
NM	Republic Airways Holdings Inc.	RJET	5.23	48,491,600	253,368,610	7.9%	-	0.0%	2,071,200,000	64.8%	873,600,000	27.3%	3,198,168,610
NM	SkyWest, Inc.	SKYW	11.42	51,805,588	591,360,787	14.1%	-	0.0%	1,744,200,000	41.6%	1,853,900,000	44.3%	4,189,460,787
M	Southwest Airlines Co.	LUV	9.36	728,096,579	6,814,983,979	59.3%	-	0.0%	3,240,000,000	28.2%	1,436,900,000	12.5%	11,491,883,979
M	United Continental Holdings, Inc.	UAL	20.86	332,426,868	6,932,762,332	27.0%	-	0.0%	14,333,000,000	55.9%	4,387,000,000	17.1%	25,652,762,332
F	United Parcel Service, Inc.	UPS	72.90	954,010,737	69,544,202,692	81.6%	-	0.0%	15,098,000,000	17.7%	623,700,000	0.7%	85,265,902,692
M	US Airways Group, Inc.	LCC	12.23	162,442,970	1,986,677,523	19.8%	-	0.0%	5,020,000,000	50.2%	3,002,500,000	30.0%	10,009,177,523
			<b>Mean</b>			<b>41.2%</b>		<b>0.0%</b>		<b>41.6%</b>		<b>17.2%</b>	
			<b>Weighted Mean</b>	128,970,165,601		<b>61.5%</b>	-	<b>0.0%</b>	63,077,431,000	<b>30.1%</b>	17,620,900,000	<b>8.4%</b>	209,623,596,601
			<b>Median</b>			<b>32.7%</b>		<b>0.0%</b>		<b>47.9%</b>		<b>13.0%</b>	

### MAJOR PASSENGER

Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity	
M	Delta Air Lines, Inc.	DAL	10.13	851,590,992	8,628,036,067	35.7%	-	0.0%	13,000,000,000	53.8%	2,528,300,000	10.5%	24,156,336,067
M	Southwest Airlines Co.	LUV	9.36	728,096,579	6,814,983,979	59.3%	-	0.0%	3,240,000,000	28.2%	1,436,900,000	12.5%	11,491,883,979
M	United Continental Holdings, Inc.	UAL	20.86	332,426,868	6,932,762,332	27.0%	-	0.0%	14,333,000,000	55.9%	4,387,000,000	17.1%	25,652,762,332
M	US Airways Group, Inc.	LCC	12.23	162,442,970	1,986,677,523	19.8%	-	0.0%	5,020,000,000	50.2%	3,002,500,000	30.0%	10,009,177,523
			<b>Mean:</b>			35.5%		0.0%		47.0%		17.5%	
			<b>Weighted Mean:</b>	24,362,459,902		34.2%	-	0.0%	35,593,000,000	49.9%	11,354,700,000	15.9%	71,310,159,902
			<b>Median:</b>			31.4%		0.0%		52.0%		14.8%	
<b>Estimated Target Capital Structure</b>					<b>40.0%</b>		<b>0.0%</b>		<b>45.0%</b>		<b>15.0%</b>		

### NON-MAJOR PASSENGER

Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity	
NM	Alaska Air Group, Inc.	ALK	40.18	70,314,136	2,825,221,984	64.8%	-	0.0%	1,103,000,000	25.3%	431,300,000	9.9%	4,359,521,984
NM	Hawaiian Holdings, Inc.	HA	6.01	51,443,267	309,259,773	24.2%	-	0.0%	654,572,000	51.2%	313,800,000	24.6%	1,277,631,773
NM	JetBlue Airways Corp.	JBLU	5.24	284,298,140	1,489,722,254	29.6%	-	0.0%	2,870,000,000	57.0%	674,800,000	13.4%	5,034,522,254
NM	Republic Airways Holdings Inc.	RJET	5.23	48,491,600	253,368,610	7.9%	-	0.0%	2,071,200,000	64.8%	873,600,000	27.3%	3,198,168,610
NM	SkyWest, Inc.	SKYW	11.42	51,805,588	591,360,787	14.1%	-	0.0%	1,744,200,000	41.6%	1,853,900,000	44.3%	4,189,460,787
			<b>Mean:</b>			28.1%		0.0%		48.0%		23.9%	
			<b>Weighted Mean:</b>	5,468,933,409		30.3%	-	0.0%	8,442,972,000	46.8%	4,147,400,000	23.0%	18,059,305,409
			<b>Median:</b>			24.2%		0.0%		51.2%		24.6%	
<b>Estimated Target Capital Structure</b>					<b>40.0%</b>		<b>0.0%</b>		<b>45.0%</b>		<b>15.0%</b>		

### FREIGHT

Company	Ticker	Stock Average	Common Shares	Common Stock	%	Preferred Stock	%	Long Term Debt	%	Operating Leases	%	Total Debt & Op Leases & Equity	
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	26,443,441	1,239,051,500	42.0%	-	0.0%	1,343,459,000	45.6%	365,300,000	12.4%	2,947,810,500
F	FedEx Corporation	FDX	90.17	314,461,506	28,355,518,099	88.5%	-	0.0%	2,600,000,000	8.1%	1,084,900,000	3.4%	32,040,418,099
F	United Parcel Service, Inc.	UPS	72.90	954,010,737	69,544,202,692	81.6%	-	0.0%	15,098,000,000	17.7%	623,700,000	0.7%	85,265,902,692
			<b>Mean:</b>			70.7%		0.0%		23.8%		5.5%	
			<b>Weighted Mean:</b>	99,138,772,290		82.4%	-	0.0%	19,041,459,000	15.8%	2,073,900,000	1.7%	120,254,131,290
			<b>Median:</b>			81.6%		0.0%		17.7%		3.4%	
<b>Estimated Target Capital Structure</b>					<b>85.0%</b>		<b>0.0%</b>		<b>10.0%</b>		<b>5.0%</b>		

# SUPPORT FOR MARKET MULTIPLES

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## INDUSTRY OVERALL

Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decld	Multiple	Book Value	Multiple	
NM	Alaska Air Group, Inc.	ALK	40.18	66.05	0.61	8.65	4.6	4.73	8.5	NIL	NMF	20.15	2.0
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	62.25	0.75	7.64	6.1	4.89	9.6	NIL	NMF	48.57	1.0
M	Delta Air Lines, Inc.	DAL	10.13	43.07	0.24	3.66	2.8	1.83	5.5	NIL	NMF	(2.50)	NMF
F	FedEx Corporation	FDX	90.17	134.64	0.67	13.08	6.9	6.41	14.1	0.56	161.02	46.46	1.9
NM	Hawaiian Holdings, Inc.	HA	6.01	38.15	0.16	2.70	2.2	1.01	6.0	NIL	NMF	5.22	1.2
NM	JetBlue Airways Corp.	JBLU	5.24	17.50	0.30	1.35	3.9	0.40	13.1	NIL	NMF	6.60	0.8
NM	Republic Airways Holdings Inc.	RJET	5.23	59.17	0.09	3.56	1.5	1.14	4.6	NIL	NMF	9.51	0.5
NM	SkyWest, Inc.	SKYW	11.42	68.22	0.17	5.85	2.0	0.99	11.5	0.16	71.34	26.78	0.4
M	Southwest Airlines Co.	LUV	9.36	23.40	0.40	1.73	5.4	0.56	16.7	0.04	234.00	9.57	1.0
M	United Continental Holdings, Inc.	UAL	20.86	111.75	0.19	6.35	3.3	1.59	13.1	NIL	NMF	5.50	3.8
F	United Parcel Service, Inc.	UPS	72.90	56.70	1.29	6.60	11.0	4.53	16.1	2.48	29.39	8.15	8.9
M	US Airways Group, Inc.	LCC	12.23	85.10	0.14	5.45	2.2	3.28	3.7	NIL	NMF	4.85	2.5
<b>Mean</b>					<b>0.4</b>		<b>4.3</b>		<b>10.2</b>		<b>123.9</b>		<b>2.2</b>
<b>Median</b>					<b>0.3</b>		<b>3.6</b>		<b>10.6</b>		<b>116.2</b>		<b>1.2</b>

## MAJOR PASSENGER

Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decld	Multiple	Book Value	Multiple	
M	Delta Air Lines, Inc.	DAL	10.13	43.07	0.24	3.66	2.8	1.83	5.5	NIL	NMF	(2.50)	NMF
M	Southwest Airlines Co.	LUV	9.36	23.40	0.40	1.73	5.4	0.56	16.7	0.04	234.00	9.57	1.0
M	United Continental Holdings, Inc.	UAL	20.86	111.75	0.19	6.35	3.3	1.59	13.1	NIL	NMF	5.50	3.8
M	US Airways Group, Inc.	LCC	12.23	85.10	0.14	5.45	2.2	3.28	3.7	NIL	NMF	4.85	2.5
<b>Mean</b>					<b>0.2</b>		<b>3.4</b>		<b>9.8</b>		<b>234.0</b>		<b>2.4</b>
<b>Weighted Mean</b>				<b>52.6</b>	<b>263.3</b>	<b>0.2</b>	<b>17.2</b>	<b>3.1</b>	<b>7.3</b>	<b>0.04</b>	<b>234.0</b>	<b>19.9</b>	<b>2.1</b>
<b>Median</b>					<b>0.2</b>		<b>3.0</b>		<b>9.3</b>		<b>234.0</b>		<b>2.5</b>
<b>Standard Deviation</b>					<b>0.1</b>		<b>1.4</b>		<b>6.2</b>		<b>NMF</b>		<b>1.4</b>
<b>Coefficient of Variation</b>					<b>0.5</b>		<b>0.4</b>		<b>0.6</b>		<b>NMF</b>		<b>0.6</b>
<b>Estimated</b>					<b>0.2</b>		<b>3.0</b>		<b>7.5</b>		<b>NMF</b>		<b>2.5</b>

## NON-MAJOR PASSENGER

Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decld	Multiple	Book Value	Multiple	
NM	Alaska Air Group, Inc.	ALK	40.18	66.05	0.61	8.65	4.6	4.73	8.5	NIL	NMF	20.15	2.0
NM	Hawaiian Holdings, Inc.	HA	6.01	38.15	0.16	2.70	2.2	1.01	6.0	NIL	NMF	5.22	1.2
NM	JetBlue Airways Corp.	JBLU	5.24	17.50	0.30	1.35	3.9	0.40	13.1	NIL	NMF	6.60	0.8
NM	Republic Airways Holdings Inc.	RJET	5.23	59.17	0.09	3.56	1.5	1.14	4.6	NIL	NMF	9.51	0.5
NM	SkyWest, Inc.	SKYW	11.42	68.22	0.17	5.85	2.0	0.99	11.5	0.16	71.34	26.78	0.4
<b>Mean</b>					<b>0.3</b>		<b>2.8</b>		<b>8.7</b>		<b>71.3</b>		<b>1.0</b>
<b>Weighted Mean</b>				<b>68.1</b>	<b>249.1</b>	<b>0.3</b>	<b>22.1</b>	<b>3.1</b>	<b>8.3</b>	<b>0.16</b>	<b>71.3</b>	<b>68.3</b>	<b>1.0</b>
<b>Median</b>					<b>0.2</b>		<b>2.2</b>		<b>8.5</b>		<b>71.3</b>		<b>0.8</b>
<b>Standard Deviation</b>					<b>0.2</b>		<b>1.4</b>		<b>3.6</b>		<b>NMF</b>		<b>0.6</b>
<b>Coefficient of Variation</b>					<b>0.8</b>		<b>0.5</b>		<b>0.4</b>		<b>NMF</b>		<b>0.6</b>
<b>Estimated</b>					<b>0.3</b>		<b>3.0</b>		<b>8.5</b>		<b>NMF</b>		<b>1.0</b>

## FREIGHT

Company	Ticker	Stock Avg	Revenues	Multiple	Cash Flow	Multiple	Earnings	Multiple	Divds Decld	Multiple	Book Value	Multiple	
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	62.25	0.75	7.64	6.1	4.89	9.6	NIL	NMF	48.57	1.0
F	FedEx Corporation	FDX	90.17	134.64	0.67	13.08	6.9	6.41	14.1	0.56	161.02	46.46	1.9
F	United Parcel Service, Inc.	UPS	72.90	56.70	1.29	6.60	11.0	4.53	16.1	2.48	29.39	8.15	8.9
<b>Mean</b>					<b>0.9</b>		<b>8.0</b>		<b>13.2</b>		<b>95.2</b>		<b>3.9</b>
<b>Weighted Mean</b>				<b>209.9</b>	<b>253.6</b>	<b>0.8</b>	<b>27.3</b>	<b>7.7</b>	<b>15.8</b>	<b>3.04</b>	<b>53.6</b>	<b>103.2</b>	<b>2.0</b>
<b>Median</b>					<b>0.8</b>		<b>6.9</b>		<b>14.1</b>		<b>95.2</b>		<b>1.9</b>
<b>Standard Deviation</b>					<b>0.3</b>		<b>2.6</b>		<b>3.3</b>		<b>93.1</b>		<b>4.4</b>
<b>Coefficient of Variation</b>					<b>0.4</b>		<b>0.3</b>		<b>0.3</b>		<b>1.0</b>		<b>1.1</b>
<b>Estimated</b>					<b>0.8</b>		<b>7.5</b>		<b>13.5</b>		<b>NMF</b>		<b>2.0</b>

Note: Average Stock Price = 4th 1/4 High/Low common stock price averages.

## BETA CALCULATION FOR CAPM

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

	Company	Ticker	Value Line
NM	Alaska Air Group, Inc.	ALK	1.10
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1.65
M	Delta Air Lines, Inc.	DAL	1.40
F	FedEx Corporation	FDX	1.00
NM	Hawaiian Holdings, Inc.	HA	1.10
NM	JetBlue Airways Corp.	JBLU	1.25
NM	Republic Airways Holdings Inc.	RJET	0.95
NM	SkyWest, Inc.	SKYW	1.15
M	Southwest Airlines Co.	LUV	1.00
M	United Continental Holdings, Inc.	UAL	1.60
F	United Parcel Service, Inc.	UPS	0.85
M	US Airways Group, Inc.	LCC	1.60
<b>Mean</b>			<b>1.22</b>
<b>Median</b>			<b>1.13</b>

### MAJOR PASSENGER

	Company	Ticker	Value Line
M	Delta Air Lines, Inc.	DAL	1.40
M	Southwest Airlines Co.	LUV	1.00
M	United Continental Holdings, Inc.	UAL	1.60
M	US Airways Group, Inc.	LCC	1.60
<b>Mean</b>			<b>1.40</b>
<b>Median</b>			<b>1.50</b>
<b>Min</b>			<b>1.00</b>
<b>Max</b>			<b>1.60</b>
<b>Estimated</b>			<b>1.45</b>

### NON-MAJOR PASSENGER

	Company	Ticker	Value Line
NM	Alaska Air Group, Inc.	ALK	1.10
NM	Hawaiian Holdings, Inc.	HA	1.10
NM	JetBlue Airways Corp.	JBLU	1.25
NM	Republic Airways Holdings Inc.	RJET	0.95
NM	SkyWest, Inc.	SKYW	1.15
<b>Mean</b>			<b>1.11</b>
<b>Median</b>			<b>1.10</b>
<b>Min</b>			<b>0.95</b>
<b>Max</b>			<b>1.25</b>
<b>Estimated</b>			<b>1.10</b>

### FREIGHT

	Company	Ticker	Value Line
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1.65
F	FedEx Corporation	FDX	1.00
F	United Parcel Service, Inc.	UPS	0.85
<b>Mean</b>			<b>1.17</b>
<b>Median</b>			<b>1.00</b>
<b>Min</b>			<b>0.85</b>
<b>Max</b>			<b>1.65</b>
<b>Estimated</b>			<b>1.00</b>

# SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION CAPITAL ASSET PRICING MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## Ex Post

$$K_e = R_f + B (R_m - R_f)$$

### Ke = Cost of Equity

		INDUSTRY SEGMENT			
		MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
Rf = risk free rate	2.90%				
Rp = risk premium	4.7%				
B = Beta		1.45	1.10	1.00	page 5
<b>Ke =</b>		<b>9.7%</b>	<b>8.1%</b>	<b>7.6%</b>	to page 1

### Rp = Risk Premium (Rm-Rf) **4.7%**

to above

#### Ibbotson SBBI, Risk Premia Over Time Report 2013, page 6

Ibbotson, SBBI, Large Co. Stocks, Total Return

9.8% Rm

#### Ibbotson SBBI, Risk Premia Over Time Report 2013, page 6

Ibbotson, SBBI, Long Term Government Bond, Income Return

5.1% Historical Rf

### Rf = Risk Free Rate **2.9%**

to above

#### Ibbotson SBBI, Risk Premia Over Time Report 2013, page 7

Long Term (20 years) US Treasury Bond Yield 2.41%

#### Value Line Investment Survey, Selected Yields January 11, 2013, page 1177

US Treasury Securities (as of 1-2-13)	
5 year	0.76%
10 year	1.84%
30 year	3.05%
30 year Zero	3.29%

#### Federal Reserve Statistical Release (<http://www.federalreserve.gov/Releases/H15/Current/>)

Treasury Constant Maturities (as of 12-31-12)	
5 year	0.72%
10 year	1.78%
20 year	2.54%
20 year TIPS	0.15%
	2.39%
30 year	2.95%
30 year TIPS	0.41%
	2.54%

### Inflation **2.3%**

#### Value Line Investment Survey, Economic Series January 11, 2013, page 1500

Consumer Price Index Annual Rate of Change 2015-17 2.3%

#### The Livingston Survey December 12, 2012 page 3

Inflation average (measured by the Consumer Price Index) over next 10 years 2.5%

**SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION  
CAPITAL ASSET PRICING MODEL**

WASHINGTON STATE DEPARTMENT OF REVENUE  
2013 ASSESSMENT YEAR  
AIR TRANSPORT

**Ex Ante**  
**Ke = Rf + B (Rp)**

**Ke = Cost of Equity**

	INDUSTRY SEGMENT			
	MAJOR PASSENGER	NON-MAJOR PASSENGER	FREIGHT	
Rm = rate of return				8.70%
Rf = risk free rate				2.90%
Rp = risk premium				5.80%
B = Beta				
	1.45	1.10	1.00	page 5
<b>Ke =</b>	<b>11.3%</b>	<b>9.3%</b>	<b>8.7%</b>	to page 1

**Rp = Risk Premium**

**5.80%**

				to above
<b>Shannon Pratt and Roger Grabowski</b>		3.5 - 6%		
Cost of Capital, Applications and Examples, Third Edition, 2008, Page 113				
<b>Dr. Aswath Damodaran</b>		5.78%		
http://pages.stern.nyu.edu/~adamodar/ 2013 Implied Premium				
<b>Ibbotson</b>		6.11%		
2013 Risk Premia Over Time Report, Page 7 Long-horizon expected ERP (supply side)				
<b>John Graham and Campbell Harvey</b>		3.83%	December 2012	
The Equity Risk Premium in 2013, Pages 4 and 7	2.39 - 4.74%		10 year average range	

**Rf = Risk Free Rate**

**2.9%**

to above

**Ibbotson SBBI, Risk Premia Over Time Report 2013, page 7**

Long Term (20 years) US Treasury Bond Yield      2.41%

**Value Line Investment Survey, Selected Yields January 11, 2013, page 1177**

US Treasury Securities (as of 1-2-13)

5 year	0.76%
10 year	1.84%
30 year	3.05%
30 year Zero	3.29%

**Federal Reserve Statistical Release (<http://www.federalreserve.gov/Releases/H15/Current/>)**

Treasury Constant Maturities (as of 12-31-12)

5 year	0.72%
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20 year TIPS	0.15%
	2.39%
30 year	2.95%
30 year TIPS	0.41%
	2.54%

**Inflation**

**2.3%**

**Value Line Investment Survey, Economic Series January 11, 2013, page 1500**

Consumer Price Index Annual Rate of Change 2015-17      2.3%

**The Livingston Survey December 12, 2012 page 3**

Inflation average (measured by the Consumer Price  
Index) over next 10 years      2.5%

**SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION  
CAPITAL ASSET PRICING MODEL-SIZE AND INDUSTRY PREMIUMS**

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

**INDUSTRY OVERALL**

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
NM Alaska Air Group, Inc.	ALK	3,005	3.29%	1,421	3.61%	159	3.78%	4,108	3.38%	5,505	3.49%	543	3.70%	4,644	3.65%	11,955	3.62%
F Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	4.45%	1,284	3.69%	102	4.17%	2,492	3.93%	3,153	3.96%	190	4.60%	1,646	4.36%	1,744	5.06%
M Delta Air Lines, Inc.	DAL	9,793	1.86%	(2,131)	NMF	(1,541)	NMF	22,793	1.49%	44,550	1.70%	1,026	3.15%	36,678	2.24%	73,561	2.25%
F FedEx Corporation	FDX	28,424	0.57%	15,543	1.73%	1,178	2.07%	31,024	1.15%	31,312	2.00%	4,070	1.97%	42,339	2.14%	280,000	1.25%
NM Hawaiian Holdings, Inc.	HA	332	5.95%	269	4.92%	61	4.60%	987	4.95%	1,866	4.41%	242	4.39%	1,963	4.24%	4,906	4.29%
NM JetBlue Airways Corp.	JBLU	1,586	4.06%	1,888	3.39%	58	4.65%	4,456	3.29%	7,070	3.27%	515	3.74%	4,975	3.60%	12,070	3.61%
NM Republic Airways Holdings Inc.	RJET	277	6.17%	514	4.41%	2	7.54%	2,348	4.00%	3,655	3.84%	332	4.12%	2,869	3.98%	9,140	3.82%
NM SkyWest, Inc.	SKYW	637	5.16%	1,387	3.63%	63	4.57%	2,381	3.98%	4,255	3.71%	412	3.93%	3,534	3.84%	18,590	3.29%
M Southwest Airlines Co.	LUV	7,397	2.20%	6,966	2.36%	267	3.34%	10,637	2.33%	18,587	2.45%	1,283	2.96%	17,037	2.76%	45,861	2.61%
M United Continental Holdings, Inc.	UAL	7,659	2.16%	481	4.47%	(1,135)	NMF	21,992	1.53%	37,628	1.84%	850	3.31%	37,149	2.23%	88,000	2.12%
F United Parcel Service, Inc.	UPS	69,481	-0.51%	4,653	2.68%	2,651	1.38%	84,579	0.05%	38,863	1.81%	6,295	1.60%	54,092	1.98%	399,000	0.98%
M US Airways Group, Inc.	LCC	2,078	3.73%	790	4.08%	(242)	NMF	7,098	2.78%	9,396	3.03%	314	4.17%	13,824	2.91%	31,236	2.90%
<b>Mean</b>		<b>3.55%</b>		<b>3.54%</b>		<b>4.01%</b>		<b>2.85%</b>		<b>2.96%</b>		<b>3.47%</b>		<b>3.16%</b>		<b>2.98%</b>	
<b>Median</b>		<b>3.90%</b>		<b>3.63%</b>		<b>4.17%</b>		<b>3.03%</b>		<b>3.15%</b>		<b>3.72%</b>		<b>3.25%</b>		<b>3.09%</b>	

**MAJOR PASSENGER**

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
M Delta Air Lines, Inc.	DAL	9,793	1.86%	(2,131)	NMF	(1,541)	NMF	22,793	1.49%	44,550	1.70%	1,026	3.15%	36,678	2.24%	73,561	2.25%	2.12%	2.05%	
M Southwest Airlines Co.	LUV	7,397	2.20%	6,966	2.36%	267	3.34%	10,637	2.33%	18,587	2.45%	1,283	2.96%	17,037	2.76%	45,861	2.61%	2.63%	2.53%	
M United Continental Holdings, Inc.	UAL	7,659	2.16%	481	4.47%	(1,135)	NMF	21,992	1.53%	37,628	1.84%	850	3.31%	37,149	2.23%	88,000	2.12%	2.52%	2.16%	
M US Airways Group, Inc.	LCC	2,078	3.73%	790	4.08%	(242)	NMF	7,098	2.78%	9,396	3.03%	314	4.17%	13,824	2.91%	31,236	2.90%	3.37%	3.03%	
<b>Mean</b>		<b>2.49%</b>		<b>3.63%</b>		<b>3.34%</b>		<b>2.03%</b>		<b>2.25%</b>		<b>3.40%</b>		<b>2.54%</b>		<b>2.47%</b>		<b>2.66%</b>	<b>2.44%</b>	
<b>Median</b>		<b>2.18%</b>		<b>4.08%</b>		<b>3.34%</b>		<b>1.93%</b>		<b>2.14%</b>		<b>3.23%</b>		<b>2.50%</b>		<b>2.43%</b>		<b>2.57%</b>	<b>2.34%</b>	
<b>Estimated regression smoothed size premium</b>			<b>2.20%</b>		<b>3.75%</b>		<b>NMF</b>		<b>2.00%</b>		<b>2.20%</b>		<b>3.30%</b>		<b>2.50%</b>		<b>2.45%</b>		<b>2.63%</b>	<b>2.50%</b>
add: Rf + B (ERP)			11.31%		11.31%		11.31%		11.31%		11.31%		11.31%		11.31%		11.31%		11.31%	
<b>Ke</b>			<b>13.51%</b>		<b>15.06%</b>		<b>NMF</b>		<b>13.31%</b>		<b>13.51%</b>		<b>14.61%</b>		<b>13.81%</b>		<b>13.94%</b>		<b>13.76%</b>	<b>13.81%</b>
<b>Build-Up 2--Estimated regression smoothed size premium</b>			<b>2.20%</b>		<b>3.75%</b>		<b>NMF</b>		<b>2.00%</b>		<b>2.20%</b>		<b>3.30%</b>		<b>2.50%</b>		<b>2.45%</b>		<b>2.63%</b>	<b>2.50%</b>
add: Rf + ERP + adjusted IRP			7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%	
<b>Ke</b>			<b>9.36%</b>		<b>10.91%</b>		<b>NMF</b>		<b>9.16%</b>		<b>9.36%</b>		<b>10.46%</b>		<b>9.66%</b>		<b>9.61%</b>		<b>9.79%</b>	<b>9.61%</b>

**NON-MAJOR PASSENGER**

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated	
NM Alaska Air Group, Inc.	ALK	3,005	3.29%	1,421	3.61%	159	3.78%	4,108	3.38%	5,505	3.49%	543	3.70%	4,644	3.65%	11,955	3.62%	3.56%	3.62%		
NM Hawaiian Holdings, Inc.	HA	332	5.95%	269	4.92%	61	4.60%	987	4.95%	1,866	4.41%	242	4.39%	1,963	4.24%	4,906	4.29%	4.72%	4.51%		
NM JetBlue Airways Corp.	JBLU	1,586	4.06%	1,888	3.39%	58	4.65%	4,456	3.29%	7,070	3.27%	515	3.74%	4,975	3.60%	12,070	3.61%	3.70%	3.61%		
NM Republic Airways Holdings Inc.	RJET	277	6.17%	514	4.41%	2	7.54%	2,348	4.00%	3,655	3.84%	332	4.12%	2,869	3.98%	9,140	3.82%	4.73%	4.06%		
NM SkyWest, Inc.	SKYW	637	5.16%	1,387	3.63%	63	4.57%	2,381	3.98%	4,255	3.71%	412	3.93%	3,534	3.84%	18,590	3.29%	4.01%	3.89%		
<b>Mean</b>		<b>4.93%</b>		<b>3.99%</b>		<b>5.03%</b>		<b>3.92%</b>		<b>3.74%</b>		<b>3.98%</b>		<b>3.86%</b>		<b>3.72%</b>		<b>4.15%</b>	<b>3.93%</b>		
<b>Median</b>		<b>5.16%</b>		<b>3.63%</b>		<b>4.60%</b>		<b>3.98%</b>		<b>3.71%</b>		<b>3.93%</b>		<b>3.84%</b>		<b>3.62%</b>		<b>4.01%</b>	<b>3.89%</b>		
<b>Estimated regression smoothed size premium</b>			<b>5.00%</b>		<b>4.00%</b>		<b>4.50%</b>		<b>3.90%</b>		<b>3.70%</b>		<b>3.95%</b>		<b>3.85%</b>		<b>3.70%</b>		<b>4.08%</b>	<b>3.93%</b>	<b>4.00%</b>
add: Rf + B (ERP)			9.28%		9.28%		9.28%		9.28%		9.28%		9.28%		9.28%		9.28%		9.28%		
<b>Ke</b>			<b>14.28%</b>		<b>13.28%</b>		<b>13.78%</b>		<b>13.18%</b>		<b>12.98%</b>		<b>13.23%</b>		<b>13.13%</b>		<b>12.98%</b>		<b>13.36%</b>	<b>13.21%</b>	<b>13.28%</b>
<b>Build-Up 2--Estimated regression smoothed size premium</b>			<b>5.00%</b>		<b>4.00%</b>		<b>4.50%</b>		<b>3.90%</b>		<b>3.70%</b>		<b>3.95%</b>		<b>3.85%</b>		<b>3.70%</b>		<b>4.08%</b>	<b>3.93%</b>	<b>4.00%</b>
add: Rf + ERP + adjusted IRP			7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		
<b>Ke</b>			<b>12.16%</b>		<b>11.16%</b>		<b>11.66%</b>		<b>11.06%</b>		<b>10.86%</b>		<b>11.11%</b>		<b>11.01%</b>		<b>10.86%</b>		<b>11.23%</b>	<b>11.08%</b>	<b>11.16%</b>

**FREIGHT**

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated	
F Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	4.45%	1,284	3.69%	102	4.17%	2,492	3.93%	3,153	3.96%	190	4.60%	1,646	4.36%	1,744	5.06%	4.28%	4.26%		
F FedEx Corporation	FDX	28,424	0.57%	15,543	1.73%	1,178	2.07%	31,024	1.15%	31,312	2.00%	4,070	1.97%	42,339	2.14%	280,000	1.25%	1.61%	1.85%		
F United Parcel Service, Inc.	UPS	69,481	-0.51%	4,653	2.68%	2,651	1.38%	84,579	0.05%	38,863	1.81%	6,295	1.60%	54,092	1.98%	399,000	0.98%	1.25%	1.49%		
<b>Mean</b>		<b>1.50%</b>		<b>2.70%</b>		<b>2.54%</b>		<b>1.71%</b>		<b>2.59%</b>		<b>2.72%</b>		<b>2.83%</b>		<b>2.43%</b>		<b>2.38%</b>	<b>2.53%</b>		
<b>Median</b>		<b>0.57%</b>		<b>2.68%</b>		<b>2.07%</b>		<b>1.15%</b>		<b>2.00%</b>		<b>1.97%</b>		<b>2.14%</b>		<b>1.25%</b>		<b>1.61%</b>	<b>1.85%</b>		
<b>Estimated regression smoothed size premium</b>			<b>NMF</b>		<b>2.68%</b>		<b>2.20%</b>		<b>1.30%</b>		<b>2.00%</b>		<b>2.00%</b>		<b>2.20%</b>		<b>2.00%</b>		<b>2.05%</b>	<b>2.00%</b>	<b>2.00%</b>
add: Rf + B (Rp)			8.70%		8.70%		8.70%		8.70%		8.70%		8.70%		8.70%		8.70%		8.70%		
<b>Ke</b>			<b>NMF</b>		<b>11.38%</b>		<b>10.90%</b>		<b>10.00%</b>		<b>10.70%</b>		<b>10.70%</b>		<b>10.90%</b>		<b>10.70%</b>		<b>10.75%</b>	<b>10.70%</b>	<b>10.70%</b>
<b>Build-Up 2--Estimated regression smoothed size premium</b>			<b>NMF</b>		<b>2.68%</b>		<b>2.20%</b>		<b>1.30%</b>		<b>2.00%</b>		<b>2.00%</b>		<b>2.20%</b>		<b>2.00%</b>		<b>2.05%</b>	<b>2.00%</b>	<b>2.00%</b>
add: Rf + ERP + adjusted IRP			7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		7.16%		
<b>Ke</b>			<b>NMF</b>		<b>9.84%</b>		<b>9.36%</b>		<b>8.46%</b>		<b>9.16%</b>		<b>9.16%</b>		<b>9.36%</b>		<b>9.16%</b>		<b>9.21%</b>	<b>9.16%</b>	<b>9.16%</b>

**SBBI IRP adjustment to Risk Premium data**

Sic code 4512	IRP	SBBI ERP	FI-beta	ex-ante	New IRP
2012 year end	-1.78%	6.70%	0.73433	6%	-1.54%

# SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION

## BUILD-UP METHOD

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
Alaska Air Group, Inc.	ALK	3,005	8.41%	1,421	8.58%	159	8.65%	4,108	8.35%	5,505	8.07%	543	8.51%	4,644	8.52%	11,955	8.63%
Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	9.86%	1,284	8.70%	102	9.20%	2,492	9.08%	3,153	8.76%	190	9.82%	1,646	9.51%	1,744	10.37%
Delta Air Lines, Inc.	DAL	9,793	6.62%	(2,131)	NMF	(1,541)	NMF	22,793	5.84%	44,550	5.48%	1,026	7.72%	36,678	6.54%	73,561	6.99%
FedEx Corporation	FDX	28,424	5.01%	15,543	5.81%	1,178	6.22%	31,024	5.39%	31,312	5.92%	4,070	6.01%	42,339	6.41%	280,000	5.78%
Hawaiian Holdings, Inc.	HA	332	11.74%	269	10.51%	61	9.82%	987	10.43%	1,866	9.40%	242	9.52%	1,963	9.34%	4,906	9.44%
JetBlue Airways Corp.	JBLU	1,586	9.37%	1,888	8.25%	58	9.89%	4,456	8.23%	7,070	7.76%	515	8.58%	4,975	8.45%	12,070	8.62%
Republic Airways Holdings Inc.	RJET	277	12.01%	514	9.76%	2	13.99%	2,348	9.16%	3,655	8.57%	332	9.13%	2,869	8.98%	9,140	8.88%
SkyWest, Inc.	SKYW	637	10.75%	1,387	8.61%	63	9.78%	2,381	9.14%	4,255	8.39%	412	8.86%	3,534	8.78%	18,590	8.23%
Southwest Airlines Co.	LUV	7,397	7.04%	6,966	6.74%	267	8.03%	10,637	6.96%	18,587	6.56%	1,283	7.44%	17,037	7.28%	45,861	7.42%
United Continental Holdings, Inc.	UAL	7,659	6.99%	481	9.84%	(1,135)	NMF	21,992	5.89%	37,628	5.69%	850	7.96%	37,149	6.53%	88,000	6.83%
United Parcel Service, Inc.	UPS	69,481	3.66%	4,653	7.21%	2,651	5.24%	84,579	3.92%	38,863	5.65%	6,295	5.46%	54,092	6.17%	399,000	5.46%
US Airways Group, Inc.	LCC	2,078	8.96%	790	9.26%	(242)	NMF	7,098	7.55%	9,396	7.41%	314	9.20%	13,824	7.48%	31,236	7.76%
<b>Mean</b>			<b>8.46%</b>		<b>8.48%</b>		<b>8.98%</b>		<b>7.65%</b>		<b>7.31%</b>		<b>8.18%</b>		<b>7.83%</b>		<b>7.87%</b>
<b>Median</b>			<b>8.96%</b>		<b>8.61%</b>		<b>9.20%</b>		<b>7.89%</b>		<b>7.58%</b>		<b>8.55%</b>		<b>7.96%</b>		<b>8.00%</b>

### MAJOR PASSENGER

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
Delta Air Lines, Inc.	DAL	9,793	6.62%	(2,131)	NMF	(1,541)	NMF	22,793	5.84%	44,550	5.48%	1,026	7.72%	36,678	6.54%	73,561	6.99%	6.53%	6.58%	
Southwest Airlines Co.	LUV	7,397	7.04%	6,966	6.74%	267	8.03%	10,637	6.96%	18,587	6.56%	1,283	7.44%	17,037	7.28%	45,861	7.42%	7.18%	7.16%	
United Continental Holdings, Inc.	UAL	7,659	6.99%	481	9.84%	(1,135)	NMF	21,992	5.89%	37,628	5.69%	850	7.96%	37,149	6.53%	88,000	6.83%	7.10%	6.83%	
US Airways Group, Inc.	LCC	2,078	8.96%	790	9.26%	(242)	NMF	7,098	7.55%	9,396	7.41%	314	9.20%	13,824	7.48%	31,236	7.76%	8.23%	7.76%	
<b>Mean</b>			<b>7.40%</b>		<b>8.61%</b>		<b>8.03%</b>		<b>6.56%</b>		<b>6.29%</b>		<b>8.08%</b>		<b>6.96%</b>		<b>7.25%</b>	<b>7.26%</b>	<b>7.08%</b>	
<b>Median</b>			<b>7.02%</b>		<b>9.26%</b>		<b>8.03%</b>		<b>6.42%</b>		<b>6.13%</b>		<b>7.84%</b>		<b>6.91%</b>		<b>7.20%</b>	<b>7.14%</b>	<b>6.99%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>7.00%</b>		<b>9.00%</b>		<b>NMF</b>		<b>6.50%</b>		<b>6.20%</b>		<b>7.90%</b>		<b>6.90%</b>		<b>7.20%</b>	<b>7.24%</b>	<b>7.00%</b>	<b>7.00%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>11.20%</b>		<b>13.20%</b>		<b>NMF</b>		<b>10.70%</b>		<b>10.40%</b>		<b>12.10%</b>		<b>11.10%</b>		<b>11.40%</b>	<b>11.44%</b>	<b>11.20%</b>	<b>11.20%</b>

### NON-MAJOR PASSENGER

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
Alaska Air Group, Inc.	ALK	3,005	8.41%	1,421	8.58%	159	8.65%	4,108	8.35%	5,505	8.07%	543	8.51%	4,644	8.52%	11,955	8.63%	8.46%	8.52%	
Hawaiian Holdings, Inc.	HA	332	11.74%	269	10.51%	61	9.82%	987	10.43%	1,866	9.40%	242	9.52%	1,963	9.34%	4,906	9.44%	10.02%	9.67%	
JetBlue Airways Corp.	JBLU	1,586	9.37%	1,888	8.25%	58	9.89%	4,456	8.23%	7,070	7.76%	515	8.58%	4,975	8.45%	12,070	8.62%	8.64%	8.52%	
Republic Airways Holdings Inc.	RJET	277	12.01%	514	9.76%	2	13.99%	2,348	9.16%	3,655	8.57%	332	9.13%	2,869	8.98%	9,140	8.88%	10.06%	9.15%	
SkyWest, Inc.	SKYW	637	10.75%	1,387	8.61%	63	9.78%	2,381	9.14%	4,255	8.39%	412	8.86%	3,534	8.78%	18,590	8.23%	9.07%	8.82%	
<b>Mean</b>			<b>10.46%</b>		<b>9.14%</b>		<b>10.43%</b>		<b>9.06%</b>		<b>8.44%</b>		<b>8.92%</b>		<b>8.81%</b>		<b>8.76%</b>	<b>9.25%</b>	<b>8.93%</b>	
<b>Median</b>			<b>10.75%</b>		<b>8.61%</b>		<b>9.82%</b>		<b>9.14%</b>		<b>8.39%</b>		<b>8.86%</b>		<b>8.78%</b>		<b>8.63%</b>	<b>9.07%</b>	<b>8.82%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>10.70%</b>		<b>9.00%</b>		<b>9.80%</b>		<b>9.00%</b>		<b>8.40%</b>		<b>8.90%</b>		<b>8.80%</b>		<b>8.7%</b>	<b>9.23%</b>	<b>9.00%</b>	<b>9.00%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>14.90%</b>		<b>13.20%</b>		<b>14.00%</b>		<b>13.20%</b>		<b>12.60%</b>		<b>13.10%</b>		<b>13.00%</b>		<b>4.20%</b>	<b>12.28%</b>	<b>13.15%</b>	<b>13.20%</b>

### FREIGHT

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	9.86%	1,284	8.70%	102	9.20%	2,492	9.08%	3,153	8.76%	190	9.82%	1,646	9.51%	1,744	10.37%	9.41%	9.35%	
FedEx Corporation	FDX	28,424	5.01%	15,543	5.81%	1,178	6.22%	31,024	5.39%	31,312	5.92%	4,070	6.01%	42,339	6.41%	280,000	5.78%	5.82%	5.86%	
United Parcel Service, Inc.	UPS	69,481	3.66%	4,653	7.21%	2,651	5.24%	84,579	3.92%	38,863	5.65%	6,295	5.46%	54,092	6.17%	399,000	5.46%	5.35%	5.46%	
<b>Mean</b>			<b>6.17%</b>		<b>7.24%</b>		<b>6.89%</b>		<b>6.13%</b>		<b>6.78%</b>		<b>7.10%</b>		<b>7.36%</b>		<b>7.21%</b>	<b>6.86%</b>	<b>6.89%</b>	
<b>Median</b>			<b>5.01%</b>		<b>7.21%</b>		<b>6.22%</b>		<b>5.39%</b>		<b>5.92%</b>		<b>6.01%</b>		<b>6.41%</b>		<b>5.78%</b>	<b>5.82%</b>	<b>5.86%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>5.00%</b>		<b>7.20%</b>		<b>6.50%</b>		<b>5.75%</b>		<b>6.00%</b>		<b>6.00%</b>		<b>6.50%</b>		<b>6.00%</b>	<b>6.12%</b>	<b>6.00%</b>	<b>6.00%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>9.20%</b>		<b>11.40%</b>		<b>10.70%</b>		<b>9.95%</b>		<b>10.20%</b>		<b>10.20%</b>		<b>10.70%</b>		<b>10.20%</b>	<b>10.32%</b>	<b>10.20%</b>	<b>10.20%</b>

# SUPPORT FOR EQUITY RATE - YIELD CAPITALIZATION

## BUILD-UP METHOD UNLEVERED

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8
NM Alaska Air Group, Inc.	ALK	3,005	7.34%	1,421	7.47%	159	7.59%	4,108	7.24%	5,505	6.92%	543	7.41%	4,644	7.37%	11,955	7.48%
F Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	8.68%	1,284	7.58%	102	8.09%	2,492	7.92%	3,153	7.59%	190	8.64%	1,646	8.32%	1,744	9.16%
M Delta Air Lines, Inc.	DAL	9,793	5.70%	(2,131)	NMF	(1,541)	NMF	22,793	4.87%	44,550	4.38%	1,026	6.65%	36,678	5.49%	73,561	5.91%
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NM Hawaiian Holdings, Inc.	HA	332	10.40%	269	9.30%	61	8.67%	987	9.20%	1,866	8.23%	242	8.36%	1,963	8.15%	4,906	8.26%
NM JetBlue Airways Corp.	JBLU	1,586	8.23%	1,888	7.15%	58	8.73%	4,456	7.12%	7,070	6.61%	515	7.47%	4,975	7.31%	12,070	7.48%
NM Republic Airways Holdings Inc.	RJET	277	10.65%	514	8.59%	2	12.54%	2,348	8.01%	3,655	7.41%	332	7.99%	2,869	7.81%	9,140	7.72%
NM SkyWest, Inc.	SKYW	637	9.49%	1,387	7.49%	63	8.63%	2,381	7.99%	4,255	7.23%	412	7.73%	3,534	7.62%	18,590	7.10%
M Southwest Airlines Co.	LUV	7,397	6.09%	6,966	5.72%	267	7.00%	10,637	5.92%	18,587	5.44%	1,283	6.39%	17,037	6.19%	45,861	6.32%
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M US Airways Group, Inc.	LCC	2,078	7.85%	790	8.11%	(242)	NMF	7,098	6.48%	9,396	6.27%	314	8.05%	13,824	6.38%	31,236	6.65%
		<b>Mean</b>	<b>7.39%</b>		<b>7.37%</b>		<b>7.89%</b>		<b>6.58%</b>		<b>6.17%</b>		<b>7.09%</b>		<b>6.72%</b>		<b>6.75%</b>
		<b>Median</b>	<b>7.85%</b>		<b>7.49%</b>		<b>8.09%</b>		<b>6.80%</b>		<b>6.44%</b>		<b>7.44%</b>		<b>6.84%</b>		<b>6.88%</b>

### MAJOR PASSENGER

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
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		<b>Mean</b>	<b>6.42%</b>		<b>7.50%</b>		<b>7.00%</b>		<b>5.55%</b>		<b>5.17%</b>		<b>6.99%</b>		<b>5.88%</b>		<b>6.16%</b>	<b>6.20%</b>	<b>6.03%</b>	
		<b>Median</b>	<b>6.07%</b>		<b>8.11%</b>		<b>7.00%</b>		<b>5.42%</b>		<b>5.01%</b>		<b>6.77%</b>		<b>5.84%</b>		<b>6.11%</b>	<b>6.09%</b>	<b>5.95%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>6.10%</b>		<b>8.00%</b>		<b>NMF</b>		<b>5.50%</b>		<b>5.00%</b>		<b>6.90%</b>		<b>5.85%</b>		<b>6.10%</b>	<b>6.21%</b>	<b>6.10%</b>	<b>6.00%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>10.30%</b>		<b>12.20%</b>		<b>NMF</b>		<b>9.70%</b>		<b>9.20%</b>		<b>11.10%</b>		<b>10.05%</b>		<b>10.30%</b>	<b>10.41%</b>	<b>10.30%</b>	<b>10.20%</b>

### NON-MAJOR PASSENGER

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
NM Alaska Air Group, Inc.	ALK	3,005	7.34%	1,421	7.47%	159	7.59%	4,108	7.24%	5,505	6.92%	543	7.41%	4,644	7.37%	11,955	7.48%	7.35%	7.39%	
NM Hawaiian Holdings, Inc.	HA	332	10.40%	269	9.30%	61	8.67%	987	9.20%	1,866	8.23%	242	8.36%	1,963	8.15%	4,906	8.26%	8.82%	8.51%	
NM JetBlue Airways Corp.	JBLU	1,586	8.23%	1,888	7.15%	58	8.73%	4,456	7.12%	7,070	6.61%	515	7.47%	4,975	7.31%	12,070	7.48%	7.51%	7.39%	
NM Republic Airways Holdings Inc.	RJET	277	10.65%	514	8.59%	2	12.54%	2,348	8.01%	3,655	7.41%	332	7.99%	2,869	7.81%	9,140	7.72%	8.84%	8.00%	
NM SkyWest, Inc.	SKYW	637	9.49%	1,387	7.49%	63	8.63%	2,381	7.99%	4,255	7.23%	412	7.73%	3,534	7.62%	18,590	7.10%	7.91%	7.68%	
		<b>Mean</b>	<b>9.22%</b>		<b>8.00%</b>		<b>9.23%</b>		<b>7.91%</b>		<b>7.28%</b>		<b>7.79%</b>		<b>7.65%</b>		<b>7.61%</b>	<b>8.09%</b>	<b>7.79%</b>	
		<b>Median</b>	<b>9.49%</b>		<b>7.49%</b>		<b>8.67%</b>		<b>7.99%</b>		<b>7.23%</b>		<b>7.73%</b>		<b>7.62%</b>		<b>7.48%</b>	<b>7.91%</b>	<b>7.68%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>9.45%</b>		<b>7.70%</b>		<b>8.50%</b>		<b>8.00%</b>		<b>7.25%</b>		<b>7.75%</b>		<b>7.65%</b>		<b>7.50%</b>	<b>7.98%</b>	<b>7.73%</b>	<b>7.80%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>13.65%</b>		<b>11.90%</b>		<b>12.70%</b>		<b>12.20%</b>		<b>11.45%</b>		<b>11.95%</b>		<b>11.85%</b>		<b>11.70%</b>	<b>12.18%</b>	<b>11.93%</b>	<b>12.00%</b>

### FREIGHT

Company	Ticker	Market Value of Equity	ERP1	Book Value of Equity	ERP2	5 Yr Ave Net Income	ERP3	Market Value of Invested Capital	ERP4	Total Assets	ERP5	5 yr Ave EBITDA	ERP6	Sales	ERP7	Number of Employees	ERP8	Means	Medians	Final Estimated
F Atlas Air Worldwide Holdings, Inc.	AAWW	1,149	8.68%	1,284	7.58%	102	8.09%	2,492	7.92%	3,153	7.59%	190	8.64%	1,646	8.32%	1,744	9.16%	8.25%	8.20%	
F FedEx Corporation	FDX	28,424	4.23%	15,543	4.84%	1,178	5.33%	31,024	4.45%	31,312	4.81%	4,070	5.03%	42,339	5.36%	280,000	4.74%	4.85%	4.82%	
F United Parcel Service, Inc.	UPS	69,481	2.99%	4,653	6.16%	2,651	4.41%	84,579	3.07%	38,863	4.54%	6,295	4.51%	54,092	5.13%	399,000	4.44%	4.41%	4.48%	
		<b>Mean</b>	<b>5.30%</b>		<b>6.19%</b>		<b>5.94%</b>		<b>5.15%</b>		<b>5.65%</b>		<b>6.06%</b>		<b>6.27%</b>		<b>6.11%</b>	<b>5.83%</b>	<b>5.83%</b>	
		<b>Median</b>	<b>4.23%</b>		<b>6.16%</b>		<b>5.33%</b>		<b>4.45%</b>		<b>4.81%</b>		<b>5.03%</b>		<b>5.36%</b>		<b>4.74%</b>	<b>4.85%</b>	<b>4.82%</b>	
<b>Regression Smoothed Premium Estimated RPM+s</b>			<b>4.50%</b>		<b>6.15%</b>		<b>5.50%</b>		<b>4.50%</b>		<b>5.00%</b>		<b>5.00%</b>		<b>5.50%</b>		<b>4.80%</b>	<b>5.12%</b>	<b>5.00%</b>	<b>5.00%</b>
add: Rf + adjustment for ERP			4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%		4.20%			
<b>Ke</b>			<b>8.70%</b>		<b>10.35%</b>		<b>9.70%</b>		<b>8.70%</b>		<b>9.20%</b>		<b>9.20%</b>		<b>9.70%</b>		<b>9.00%</b>	<b>9.32%</b>	<b>9.20%</b>	<b>9.20%</b>

Source: Value Line, 10-K's, yahoo, Duff & Phelps Risk Premium Report 2012 Exhibit C

# SUPPORT FOR YIELD CAPITALIZATION EQUITY COMPONENT DIVIDEND GROWTH MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## Based on Dividends Growth

$$K_e = D_1 / P_o + G$$

**Ke** = Cost of Equity  
**D1** = Expected Dividends  
**Po** = Current Price  
**G** = Sustainable Growth

### INDUSTRY OVERALL

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
NM	Alaska Air Group, Inc.	ALK	40.18	NIL		NIL	NMF
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	NIL		NIL	NMF
M	Delta Air Lines, Inc.	DAL	10.13	NIL		NIL	NMF
F	FedEx Corporation	FDX	90.17	0.56	0.6%	8.0%	8.6%
NM	Hawaiian Holdings, Inc.	HA	6.01	NIL		NIL	NMF
NM	JetBlue Airways Corp.	JBLU	5.24	NIL		NIL	NMF
NM	Republic Airways Holdings Inc.	RJET	5.23	NIL		NIL	NMF
NM	SkyWest, Inc.	SKYW	11.42	0.16	1.4%	4.0%	5.4%
M	Southwest Airlines Co.	LUV	9.36	0.04	0.4%	11.0%	11.4%
M	United Continental Holdings, Inc.	UAL	20.86	NIL		NIL	NMF
F	United Parcel Service, Inc.	UPS	72.90	2.48	3.4%	7.5%	10.9%
M	US Airways Group, Inc.	LCC	12.23	NIL		NIL	NMF
<b>Median</b>							<b>9.8%</b>
<b>Mean</b>							<b>9.1%</b>

### MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
M	Delta Air Lines, Inc.	DAL	10.13	NIL		NIL	NMF
M	Southwest Airlines Co.	LUV	9.36	0.04	0.4%	11.0%	11.4%
M	United Continental Holdings, Inc.	UAL	20.86	NIL		NIL	NMF
M	US Airways Group, Inc.	LCC	12.23	NIL		NIL	NMF
<b>Median</b>							<b>11.4%</b>
<b>Mean</b>							<b>11.4%</b>
<b>Estimated</b>							<b>NMF</b>

### NON-MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
NM	Alaska Air Group, Inc.	ALK	40.18	NIL		NIL	NMF
NM	Hawaiian Holdings, Inc.	HA	6.01	NIL		NIL	NMF
NM	JetBlue Airways Corp.	JBLU	5.24	NIL		NIL	NMF
NM	Republic Airways Holdings Inc.	RJET	5.23	NIL		NIL	NMF
NM	SkyWest, Inc.	SKYW	11.42	0.16	1.4%	4.0%	5.4%
<b>Median</b>							<b>5.4%</b>
<b>Mean</b>							<b>5.4%</b>
<b>Estimated</b>							<b>NMF</b>

### FREIGHT

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Dividend Growth (G)	Ke
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	NIL		NIL	NMF
F	FedEx Corporation	FDX	90.17	0.56	0.6%	8.0%	8.6%
F	United Parcel Service, Inc.	UPS	72.90	2.48	3.4%	7.5%	10.9%
<b>Median</b>							<b>9.8%</b>
<b>Mean</b>							<b>9.8%</b>
<b>Estimated</b>							<b>9.8%</b>

Note: Stock Price = 4th 1/4 High / Low average

# SUPPORT FOR YIELD CAPITALIZATION EQUITY COMPONENT DIVIDEND GROWTH MODEL

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## Based on Earnings Growth

$$K_e = D1 / P_o + G$$

**Ke** = Cost of Equity  
**D1** = Expected Dividends  
**Po** = Current Price  
**G** = Sustainable Growth

### INDUSTRY OVERALL

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
NM	Alaska Air Group, Inc.	ALK	40.18	NIL		13.0%	13.0%
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	NIL		6.0%	6.0%
M	Delta Air Lines, Inc.	DAL	10.13	NIL		27.0%	27.0%
F	FedEx Corporation	FDX	90.17	0.56	0.6%	12.0%	12.6%
NM	Hawaiian Holdings, Inc.	HA	6.01	NIL		23.0%	23.0%
NM	JetBlue Airways Corp.	JBLU	5.24	NIL		21.0%	21.0%
NM	Republic Airways Holdings Inc.	RJET	5.23	NIL		NMF	NMF
NM	SkyWest, Inc.	SKYW	11.42	0.16	1.4%	23.0%	24.4%
M	Southwest Airlines Co.	LUV	9.36	0.04	0.4%	19.5%	19.9%
M	United Continental Holdings, Inc.	UAL	20.86	NIL		NMF	NMF
F	United Parcel Service, Inc.	UPS	72.90	2.48	3.4%	10.0%	13.4%
M	US Airways Group, Inc.	LCC	12.23	NIL		34.0%	34.0%
						<b>Median</b>	<b>20.5%</b>
						<b>Mean</b>	<b>19.4%</b>

### MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
M	Delta Air Lines, Inc.	DAL	10.13	NIL		27.0%	27.0%
M	Southwest Airlines Co.	LUV	9.36	0.04	0.4%	19.5%	19.9%
M	United Continental Holdings, Inc.	UAL	20.86	NIL		NMF	NMF
M	US Airways Group, Inc.	LCC	12.23	NIL		34.0%	34.0%
						<b>Median</b>	<b>27.0%</b>
						<b>Mean</b>	<b>27.0%</b>
						<b>Estimated</b>	<b>NMF</b>

### NON-MAJOR PASSENGER

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
NM	Alaska Air Group, Inc.	ALK	40.18	NIL		13.0%	13.0%
NM	Hawaiian Holdings, Inc.	HA	6.01	NIL		23.0%	23.0%
NM	JetBlue Airways Corp.	JBLU	5.24	NIL		21.0%	21.0%
NM	Republic Airways Holdings Inc.	RJET	5.23	NIL		NMF	NMF
NM	SkyWest, Inc.	SKYW	11.42	0.16	1.4%	23.0%	24.4%
						<b>Median</b>	<b>22.0%</b>
						<b>Mean</b>	<b>20.4%</b>
						<b>Estimated</b>	<b>NMF</b>

### FREIGHT

	Company	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/Po)	Earnings Growth (G)	Ke
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	NIL		6.0%	6.0%
F	FedEx Corporation	FDX	90.17	0.56	0.6%	12.0%	12.6%
F	United Parcel Service, Inc.	UPS	72.90	2.48	3.4%	10.0%	13.4%
						<b>Median</b>	<b>12.6%</b>
						<b>Mean</b>	<b>10.7%</b>
						<b>Estimated</b>	<b>12.5%</b>

Note: Stock Price = 4th 1/4 High / Low average

## SUPPORT FOR DEBT RATING AND DEBT YIELD RATE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### INDUSTRY OVERALL

	Company	Ticker	Mergent's Ratings	S&P Ratings
NM	Alaska Air Group, Inc.	ALK	B1	BB-
F	Atlas Air Worldwide Holdings, Inc.	AAWW	NRL	NRL
M	Delta Air Lines, Inc.	DAL	B2	B
F	FedEx Corporation	FDX	Baa1	BBB
NM	Hawaiian Holdings, Inc.	HA	NRL	NRL
NM	JetBlue Airways Corp.	JBLU	B3	B-
NM	Republic Airways Holdings Inc.	RJET	NRL	NRL
NM	SkyWest, Inc.	SKYW	NRL	NRL
M	Southwest Airlines Co.	LUV	Baa3	BBB-
M	United Continental Holdings, Inc.	UAL	B2	B
F	United Parcel Service, Inc.	UPS	Aa3	A+
M	US Airways Group, Inc.	LCC	B3	B-
<b>Overall Average Debt Rating</b>			<b>Ba2</b>	<b>BB</b>

### MAJOR PASSENGER

	Company	Ticker	Mergent's Ratings	S&P Ratings
M	Delta Air Lines, Inc.	DAL	B2	B
M	Southwest Airlines Co.	LUV	Baa3	BBB-
M	United Continental Holdings, Inc.	UAL	B2	B
M	US Airways Group, Inc.	LCC	B3	B-
<b>Overall Average Debt Rating</b>			<b>B1</b>	<b>B+</b>
<b>DEBT YIELD RATE</b>			<b>8.5%</b>	

### NON-MAJOR PASSENGER

	Company	Ticker	Mergent's Ratings	S&P Ratings
NM	Alaska Air Group, Inc.	ALK	B1	BB-
NM	Hawaiian Holdings, Inc.	HA	NRL	NRL
NM	JetBlue Airways Corp.	JBLU	B3	B-
NM	Republic Airways Holdings Inc.	RJET	NRL	NRL
NM	SkyWest, Inc.	SKYW	NRL	NRL
<b>Overall Average Debt Rating</b>			<b>B2</b>	<b>B</b>
<b>DEBT YIELD RATE</b>			<b>8.5%</b>	

### FREIGHT

	Company	Ticker	Mergent's Ratings	S&P Ratings
F	Atlas Air Worldwide Holdings, Inc.	AAWW	NRL	NRL
F	FedEx Corporation	FDX	Baa1	BBB
F	United Parcel Service, Inc.	UPS	Aa3	A+
<b>Overall Average Debt Rating</b>			<b>A2</b>	<b>A-</b>
<b>DEBT YIELD RATE</b>			<b>3.9%</b>	

### Mergent's Bond Record\*

Corporate	Aaa	Aa	A	Baa	Ba	B
October	3.47%	3.63%	3.90%	4.58%	6.29%	10.61%
November	3.50%	3.57%	3.87%	4.51%	5.88%	8.79%
December	3.65%	3.70%	3.98%	4.63%	6.14%	9.64%
<b>Average</b>	<b>3.54%</b>	<b>3.63%</b>	<b>3.92%</b>	<b>4.57%</b>	<b>6.10%</b>	<b>9.68%</b>

Public Utilities	Aaa	Aa	A	Baa	Ba	B
October		3.68%	3.91%	4.54%	6.27%	10.99%
November		3.60%	3.84%	4.42%	5.82%	9.21%
December		3.75%	4.00%	4.56%	5.81%	8.62%
<b>Average</b>		<b>3.68%</b>	<b>3.92%</b>	<b>4.51%</b>	<b>5.97%</b>	<b>9.61%</b>

Industrials	Aaa	Aa	A	Baa	Ba	B
October	3.47%	3.58%	3.89%	4.62%	6.34%	10.39%
November	3.50%	3.54%	3.89%	4.60%	6.04%	8.96%
December	3.65%	3.65%	3.96%	4.70%	6.47%	10.68%
<b>Average</b>	<b>3.54%</b>	<b>3.59%</b>	<b>3.91%</b>	<b>4.64%</b>	<b>6.28%</b>	<b>10.01%</b>

### Bonds Online Rating Spreads\*\*

	B1--10yr	B1--30yr	B2--10yr	B2--30yr	B3--10yr	B3--30yr
Transportation	748	903	832	985	917	1068
Utility	720	922	806	1016	891	1111

#### Sources:

Standard & Poor's Bond Guide and <http://www.standardandpoors.com>

Mergent's and <http://www.moodys.com>

\*Mergent's data for non-investment grade debt are not given rates shown for Ba and B are extrapolated from given Aaa-Baa rates.

\*\*Spread values represent basis points (bps) over a US Treasury security of the same maturity, or the closest matching maturity. Treasury yield 12/31/2012 10yr Rf=1.78%, 30yr Rf=2.95%. The spreads are added to those corresponding yields.

**SUPPORT FOR DEBT YIELD RATE**

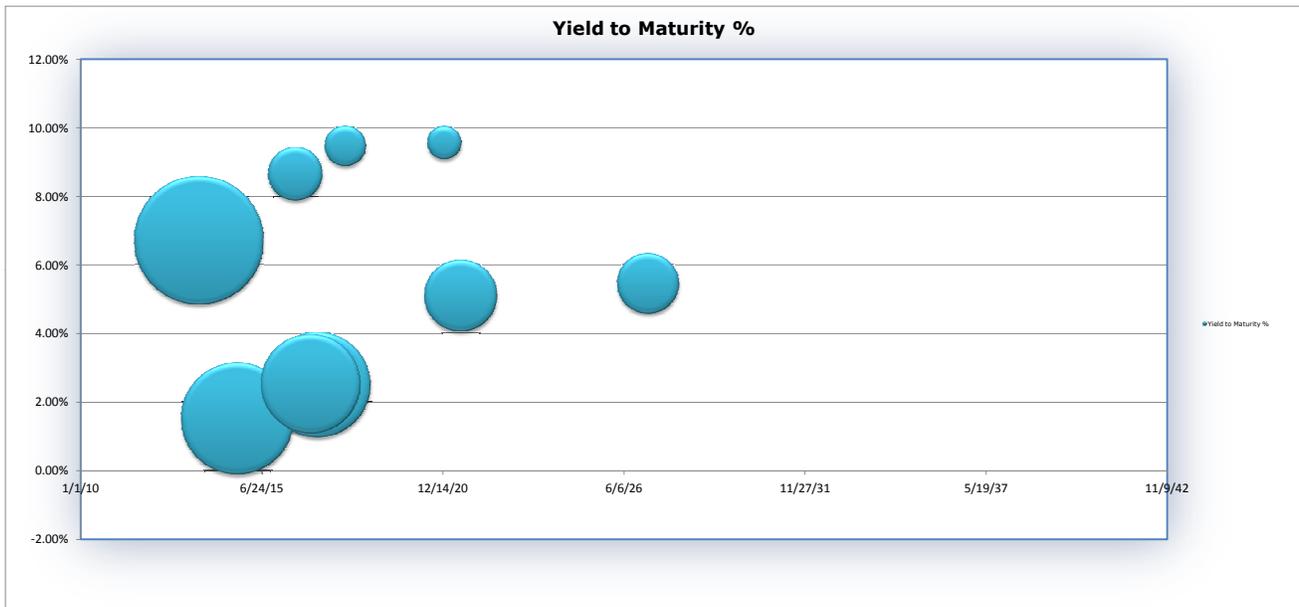
WASHINGTON STATE DEPARTMENT OF REVENUE  
 2013 ASSESSMENT YEAR  
 AIR TRANSPORT

**MAJOR PASSENGER**

Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
M Northwest Air	02/06/2015	118.2	100	0.922	---	---	Bond - Corp Passthr	US Treasury 10-20 Yr Yld USD	---
M Southwest Air 5.25%	10/01/2014	378	106.5	5.25	Yes	1.50%	Corporate Bond	US Treasury 10-20 Yr Yld USD	12/28/2012
M Southwest Air 5.125%	03/01/2017	335	110.4	5.125	Yes	2.49%	Corporate Bond	US Treasury 10-20 Yr Yld USD	12/27/2012
M Southwest Air 5.75%	12/15/2016	296	112.2	5.75	Yes	2.51%	Corporate Bond	US Treasury 7-10 Yr Yld USD	12/28/2012
M Southwest Air 7.375%	03/01/2027	111	118.9	7.375	Yes	5.44%	Corporate Bond	US Treasury 20+ Yr Yld USD	12/27/2012
M Southwest Air 1994-A 9.15%	07/01/2016	86.3	102.6	9.15	---	8.64%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Southwest Air 1995-A 7.64%	01/01/2018	49	89.7	7.64	---	9.45%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Southwest Air 1995-A 7.22%	07/01/2013	43.3	100	7.22	---	7.23%	Bond - Asset Backed	US Treasury 10-20 Yr Yld USD	---
M Southwest Air 1996-A 7.67%	01/02/2014	33.3	100.5	7.67	No	7.34%	Bond - Asset Backed	US Treasury 10-20 Yr Yld USD	07/10/2012
M Southwest Air 1996-A 8%	01/02/2021	33.1	89.4	8	No	9.54%	Bond - Asset Backed	US Treasury 20+ Yr Yld USD	07/31/2009
M Ual 144A Cv 4.5%	06/30/2021	726	---	---	---	4.5	Corporate Bond	US Treasury 10-20 Yr Yld USD	07/31/2009
M United Air Lines 9.875%	08/01/2013	500	103.5	9.875	Yes	6.70%	Corporate Bond	US Treasury 3-5 Yr Yld USD	05/31/2012
M Ual Cv 6%	10/15/2029	345	275.6	6	Yes	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	11/28/2011
M United Air Lines 12%	11/01/2013	190.6	---	12	Yes	---	Corporate Bond	US Treasury 3-5 Yr Yld USD	08/23/2010
M Ual Cv 4.5%	06/30/2021	155.6	96	4.5	No	5.08%	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	12/17/2012
M Ual 6%	02/01/2031	---	92	6	---	6.75%	Corporate Bond	US Treasury 20+ Yr Yld USD	11/09/2011
M Ual Cv	02/01/2021	---	---	2	---	---	Preferred - Cnvtbl	US Treasury 10-20 Yr Yld USD	---
M Ual 6.375%	02/01/2025	---	---	6.375	---	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	---
M Us Airways Grp Cv 7.25%	05/15/2014	172	284	7.25	No	---	Bond - Cnvtbl	US Treasury 3-5 Yr Yld USD	11/30/2011
M Usair 1993-A Pass Thru Tr 10.375%	03/01/2013	162.7	---	10.375	Yes	---	Corporate Bond	US Treasury 10-20 Yr Yld USD	---
M U S Airways Grp 144A Cv 7%	09/30/2020	143.8	---	7	No	---	Corporate Bond	US Treasury 10-20 Yr Yld USD	07/31/2009
M U S Airways Grp Cv 7%	09/30/2020	4.81	---	7	No	---	Bond - Cnvtbl	US Treasury 10-20 Yr Yld USD	09/01/2010
M U S Air 10.76%	06/27/2013	2.615	---	10.76	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld USD	---
M U S Air 7.56%	06/01/2013	---	---	7.56	---	---	Bond - Other	US Treasury 10-20 Yr Yld USD	---
M U S Air	06/01/2013	---	---	---	---	---	Bond - Other	US Treasury 10-20 Yr Yld USD	---

Source: <http://www.morningstar.com/>

**Weighted Average YTM 4.44%**  
**Weighted Average YTM 10+ year maturities 3.98%**  
**Weighted Average YTM 20+ year maturities 7.62%**



\*This is an illustration of the type of information on debt held by the industry. Although any long term corporate bond (non-convertible) issues YTM's may be considered for the industry debt rate, the overall weighted YTM's calculated here are not necessarily used.

**SUPPORT FOR DEBT YIELD RATE**

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

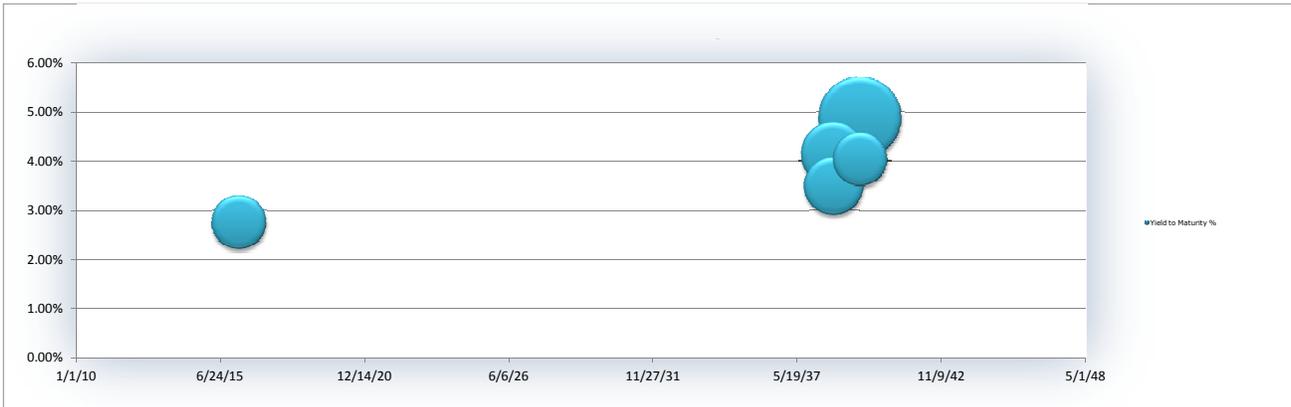
AIR TRANSPORT

**NON-MAJOR PASSENGER**

Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
NM Alaska Air Grp 6.875%	06/15/2014	---	---	6.875	---	---	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	---
NM Hawaiian Hldgs Cv 5%	03/15/2016	86.3	107	5	No	2.74%	Bond - Cnvrtrbl	US Treasury 3-5 Yr Yld USD	12/11/2012
NM Jetblue Airways Cv 6.75%	10/15/2039	201	128	6.75	Yes	4.87%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	12/13/2012
NM Jetblue Airways Cv 5.5%	10/15/2038	123	121.8	5.5	Yes	4.13%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	09/25/2012
NM Jetblue Airways Cv 5.5%	10/15/2038	100.6	134.3	5.5	Yes	3.48%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	11/08/2012
NM Jetblue Airways Cv 6.75%	10/15/2039	86	144.3	6.75	Yes	4.03%	Bond - Cnvrtrbl	US Treasury 20+ Yr Yld USD	12/27/2012

Source: <http://www.morningstar.com/>

**Weighted Average YTM 4.28%**  
**Weighted Average YTM 20+ year maturities 4.05%**



\*This is an illustration of the type of information on debt held by the industry. Although any long term corporate bond (non-convertible) issues YTM's may be considered for the industry debt rate, the overall weighted YTM's calculated here are not necessarily used.

**SUPPORT FOR DEBT YIELD RATE**

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

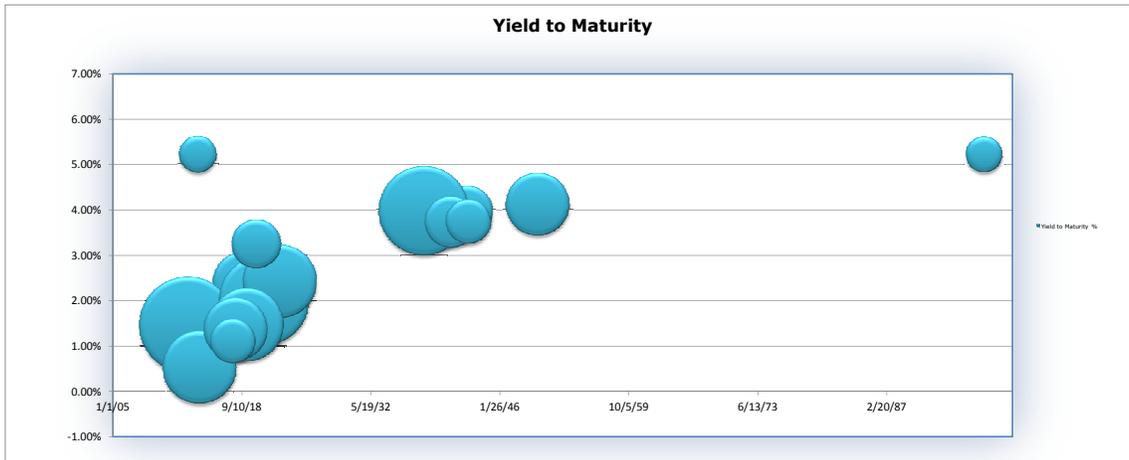
AIR TRANSPORT

**FREIGHT**

Company	Maturity Date	Amount \$(Mil)	Price	Coupon %	Callable	Yield to Maturity %	Detail Type	Treasury Yield Type	Latest Data
F Atlas Air 1998-1 8.01%	05/02/2021	71.3	---	8.01	Yes	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	10/18/2006
F Atlas Air 2000-1 9.702%	11/02/2020	19.3	---	9.702	---	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	01/30/2009
F Atlas Air 2000-1 9.702%	11/02/2020	19.3	---	9.702	---	---	Bond - Asset Backed	US Treasury 20+ Yr Yld	10/18/2010
F Fedex 3%	01/15/2019	750	131.6	8	Yes	2.37%	Corporate Bond	US Treasury 7-10 Yr Yld	12/28/2012
F Fedex 3.875%	08/01/2042	500	98.7	3.875	Yes	3.95%	Corporate Bond	US Treasury 20+ Yr Yld	12/28/2012
F Fedex 2.625%	08/01/2022	500	99.8	2.625	Yes	2.65%	Corporate Bond	US Treasury 10-20 Yr	12/28/2012
F Fedex 7.375%	01/15/2014	250	145.2	7.375	Yes	5.21%	Corporate Bond	US Treasury 3-5 Yr Yld	12/28/2012
F Federal Express 7.6%	07/01/2097	239	145.2	7.6	No	5.21%	Corporate Bond	US Treasury 20+ Yr Yld	08/14/2012
F Federal Express 9.625%	10/15/2019	---	---	9.625	---	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 4.5%	01/15/2013	1750	100.2	4.5	Yes	1.45%	Corporate Bond	US Treasury 3-5 Yr Yld	12/28/2012
F United Parcel Svc 6.2%	01/15/2038	1500	135.1	6.2	Yes	3.97%	Corporate Bond	US Treasury 20+ Yr Yld	12/28/2012
F United Parcel Svc 3.125%	01/15/2021	1500	---	3.125	Yes	1.99%	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 2.45%	10/01/2022	1000	100.3	2.45	Yes	2.41%	Corporate Bond	US Treasury 10-20 Yr	12/28/2012
F United Parcel Svc 3.875%	04/01/2014	1000	104.2	3.875	Yes	0.52%	Corporate Bond	US Treasury 5-7 Yr Yld	12/28/2012
F United Parcel Svc 5.125%	04/01/2019	1000	121.9	5.125	Yes	1.46%	Corporate Bond	US Treasury 10-20 Yr	12/28/2012
F United Parcel Svc 5.5%	01/15/2018	750	120.2	5.5	Yes	1.36%	Corporate Bond	US Treasury 7-10 Yr Yld	12/28/2012
F Utd Parcel Serv 5.125%	02/15/2050	734.5	119.2	5.125	---	4.11%	Corporate Bond	US Treasury 20+ Yr Yld	12/28/2012
F United Parcel Svc 4.875%	11/15/2040	500	---	4.875	Yes	3.72%	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc Amer 8.375%	04/01/2020	446	133.1	8.375	No	3.23%	Corporate Bond	US Treasury 20+ Yr Yld	2012-12-28
F United Parcel Svc 3.625%	10/01/2042	375	98.1	3.625	Yes	3.73%	Corporate Bond	US Treasury 20+ Yr Yld	12/27/2012
F United Parcel Svc 1.125%	10/01/2017	375	100.1	1.125	Yes	1.10%	Corporate Bond	US Treasury 5-7 Yr Yld	12/28/2012
F United Parcel Svc Amer 8.375%	04/01/2030	276	147.9	8.375	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc	02/28/2053	100	98.4	0	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc	12/21/2051	95	99	0	Yes	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F United Parcel Svc	12/21/2050	89	98.8	0	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc Amer	10/26/2049	55	98	0	Yes	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F United Parcel Svc Inc Mtn Be 5%	03/15/2013	54.3	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	10/01/2007
F United Parcel Svc	06/21/2051	52.4	97.3	3.301	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc	03/27/2050	50	---	0	Yes	---	Bond - FRN	US Treasury 20+ Yr Yld	---
F United Parcel Svc Inc Mtn Be 5%	10/15/2018	7.745	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	10/03/2008
F United Parcel Svc Inc Mtn Be 5%	10/15/2013	6.05	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	---
F United Parcel Svc Inc Mtn Be 5%	10/15/2017	5.704	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	09/23/2008
F United Parcel Svc Inc Mtn Be 5.25%	12/15/2018	5.324	---	5.25	Yes	---	Corporate Bond	US Treasury 10-20 Yr	05/23/2008
F United Parcel Svc Inc Mtn Be 3%	12/15/2016	4.253	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	05/21/2008
F United Parcel Svc Inc Mtn Be 5.05%	12/15/2016	4.066	---	5.05	Yes	---	Corporate Bond	US Treasury 7-10 Yr Yld	05/28/2008
F United Parcel Svc Inc Mtn Be 5%	12/15/2018	3.525	---	5	Yes	---	Corporate Bond	US Treasury 10-20 Yr	06/09/2008
F United Parcel Svc Inc Mtn Be 5%	12/15/2015	3.272	---	5	Yes	---	Corporate Bond	US Treasury 7-10 Yr Yld	05/21/2008
F United Parcel Svc Inc Mtn Be 5.15%	10/15/2018	2.884	---	5.15	Yes	---	Corporate Bond	US Treasury 10-20 Yr	09/11/2008
F United Parcel Svc Inc Mtn Be 5%	05/15/2015	1.61	---	5	Yes	---	Corporate Bond	US Treasury 7-10 Yr Yld	---
F United Parcel Svc Inc Mtn Be 4.7%	11/15/2013	1.166	---	4.7	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	---
F United Parcel Svc Inc Mtn Be 5%	10/15/2013	1	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	---
F United Parcel Svc Inc Mtn Be 5%	10/15/2013	1	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	09/08/2008
F United Parcel Svc Inc Mtn Be 5%	12/15/2017	1	---	5	Yes	---	Corporate Bond	US Treasury 7-10 Yr Yld	07/31/2009
F United Parcel Svc Inc Mtn Be 5%	10/15/2013	1	---	5	Yes	---	Corporate Bond	US Treasury 5-7 Yr Yld	05/30/2008
F United Parcel Svc 6.5%	05/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6%	04/15/2013	---	---	6	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.55%	05/15/2016	---	---	6.55	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.25%	05/15/2016	---	---	6.25	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6%	03/15/2016	---	---	6	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.2%	03/15/2016	---	---	6.2	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.5%	04/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc Amer	03/27/2050	---	---	0	Yes	---	Corporate Bond	US Treasury 20+ Yr Yld	---
F United Parcel Svc 6.25%	04/15/2016	---	---	6.25	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.5%	06/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.5%	06/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6%	12/15/2016	---	---	6	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 5.05%	10/15/2016	---	---	5.05	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6%	12/15/2013	---	---	6	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.5%	06/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.25%	06/15/2013	---	---	6.25	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F United Parcel Svc 6.5%	02/15/2016	---	---	6.5	No	---	Corporate Bond	US Treasury 10-20 Yr	---
F Utd Parcel Serv 5.5%	02/12/2031	---	124.1	5.5	---	3.59%	Corporate Bond	US Treasury 20+ Yr Yld	12/28/2012

Source: <http://www.morningstar.com/>

**Weighted Average YTM 2.48%**  
**Weighted Average YTM 20+ year maturities 3.93%**



# SUPPORT FOR DIRECT CAPITALIZATION EQUITY COMPONENT

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## INDUSTRY OVERALL

Company	Ticker	Stock Price (Po)	2012 Cash Flow Per Share	Ratio	2013 Cash Flow Per Share	Ratio	2012 EPS	Ratio	2013 EPS	Ratio	
NM	Alaska Air Group, Inc.	ALK	40.18	8.65	21.5%	8.95	22.3%	4.73	11.8%	5.00	12.4%
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	7.64	16.3%	8.00	17.1%	4.89	10.4%	5.00	10.7%
M	Delta Air Lines, Inc.	DAL	10.13	3.66	36.1%	4.35	42.9%	1.83	18.1%	2.45	24.2%
F	FedEx Corporation	FDX	90.17	13.08	14.5%	13.80	15.3%	6.41	7.1%	6.35	7.0%
NM	Hawaiian Holdings, Inc.	HA	6.01	2.70	44.9%	2.90	48.2%	1.01	16.8%	1.15	19.1%
NM	JetBlue Airways Corp.	JBLU	5.24	1.35	25.8%	1.60	30.5%	0.40	7.6%	0.65	12.4%
NM	Republic Airways Holdings Inc.	RJET	5.23	3.56	68.1%	N/A	NMF	1.14	21.8%	1.52	29.1%
NM	SkyWest, Inc.	SKYW	11.42	5.85	51.2%	6.10	53.4%	0.99	8.7%	1.30	11.4%
M	Southwest Airlines Co.	LUV	9.36	1.73	18.5%	2.10	22.4%	0.56	6.0%	0.95	10.1%
M	United Continental Holdings, Inc.	UAL	20.86	6.35	30.4%	8.40	40.3%	1.59	7.6%	3.80	18.2%
F	United Parcel Service, Inc.	UPS	72.90	6.60	9.1%	6.90	9.5%	4.53	6.2%	4.90	6.7%
M	US Airways Group, Inc.	LCC	12.23	5.45	44.6%	5.90	48.2%	3.28	26.8%	3.50	28.6%
			<b>Mean</b>		<b>31.8%</b>		<b>31.8%</b>		<b>12.4%</b>		<b>15.8%</b>
			<b>Median</b>		<b>28.1%</b>		<b>30.5%</b>		<b>9.6%</b>		<b>12.4%</b>

## MAJOR PASSENGER

Company	Ticker	Stock Price (Po)	2012 Cash Flow Per Share	Ratio	2013 Cash Flow Per Share	Ratio	2012 EPS	Ratio	2013 EPS	Ratio		
M	Delta Air Lines, Inc.	DAL	10.13	3.66	36.1%	4.35	42.9%	1.83	18.1%	2.45	24.2%	
M	Southwest Airlines Co.	LUV	9.36	1.73	18.5%	2.10	22.4%	0.56	6.0%	0.95	10.1%	
M	United Continental Holdings, Inc.	UAL	20.86	6.35	30.4%	8.40	40.3%	1.59	7.6%	3.80	18.2%	
M	US Airways Group, Inc.	LCC	12.23	5.45	44.6%	5.90	48.2%	3.28	26.8%	3.50	28.6%	
			<b>Mean</b>		<b>32.4%</b>		<b>38.5%</b>		<b>14.6%</b>		<b>20.3%</b>	
			<b>Weighted Mean</b>	<b>52.58</b>	<b>17.19</b>	<b>32.7%</b>	<b>20.75</b>	<b>39.5%</b>	<b>7.26</b>	<b>13.8%</b>	<b>10.70</b>	<b>20.4%</b>
			<b>Median</b>		<b>33.3%</b>		<b>41.6%</b>		<b>12.8%</b>		<b>21.2%</b>	
			<b>Estimated</b>		<b>33.0%</b>		<b>40.0%</b>		<b>13.5%</b>		<b>20.5%</b>	

## NON-MAJOR PASSENGER

Company	Ticker	Stock Price (Po)	2012 Cash Flow Per Share	Ratio	2013 Cash Flow Per Share	Ratio	2012 EPS	Ratio	2013 EPS	Ratio		
NM	Alaska Air Group, Inc.	ALK	40.18	8.65	21.5%	8.95	22.3%	4.73	11.8%	5.00	12.4%	
NM	Hawaiian Holdings, Inc.	HA	6.01	2.70	44.9%	2.90	48.2%	1.01	16.8%	1.15	19.1%	
NM	JetBlue Airways Corp.	JBLU	5.24	1.35	25.8%	1.60	30.5%	0.40	7.6%	0.65	12.4%	
NM	Republic Airways Holdings Inc.	RJET	5.23	3.56	68.1%	N/A	NMF	1.14	21.8%	1.52	29.1%	
NM	SkyWest, Inc.	SKYW	11.42	5.85	51.2%	6.10	53.4%	0.99	8.7%	1.30	11.4%	
			<b>Mean</b>		<b>42.3%</b>		<b>38.6%</b>		<b>13.3%</b>		<b>16.9%</b>	
			<b>Weighted Mean</b>	<b>68.07</b>	<b>22.11</b>	<b>32.5%</b>	<b>19.55</b>	<b>31.1%</b>	<b>8.27</b>	<b>12.1%</b>	<b>9.62</b>	<b>14.1%</b>
			<b>Median</b>		<b>44.9%</b>		<b>39.4%</b>		<b>11.8%</b>		<b>12.4%</b>	
			<b>Estimated</b>		<b>34.0%</b>		<b>35.0%</b>		<b>12.0%</b>		<b>13.0%</b>	

## FREIGHT

Company	Ticker	Stock Price (Po)	2012 Cash Flow Per Share	Ratio	2013 Cash Flow Per Share	Ratio	2012 EPS	Ratio	2013 EPS	Ratio		
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	7.64	16.3%	8.00	17.1%	4.89	10.4%	5.00	10.7%	
F	FedEx Corporation	FDX	90.17	13.08	14.5%	13.80	15.3%	6.41	7.1%	6.35	7.0%	
F	United Parcel Service, Inc.	UPS	72.90	6.60	9.1%	6.90	9.5%	4.53	6.2%	4.90	6.7%	
			<b>Mean</b>		<b>13.3%</b>		<b>13.9%</b>		<b>7.9%</b>		<b>8.1%</b>	
			<b>Weighted Mean</b>	<b>209.93</b>	<b>27.32</b>	<b>13.0%</b>	<b>28.70</b>	<b>13.7%</b>	<b>15.83</b>	<b>7.5%</b>	<b>16.25</b>	<b>7.7%</b>
			<b>Median</b>		<b>14.5%</b>		<b>15.3%</b>		<b>7.1%</b>		<b>7.0%</b>	
			<b>Estimated</b>		<b>13.5%</b>		<b>14.0%</b>		<b>7.5%</b>		<b>7.5%</b>	

WASHINGTON STATE DEPARTMENT OF REVENUE

**Assessment Year** 2013 ASSESSMENT YEAR

**Industry** AIR TRANSPORT

	<b>Guideline Companies</b>	<b>Ticker</b>	<b>Stock Price (4th 1/4 average)</b>	<b>Stock Close Price</b>	<b>Value Line Common Shares</b>	<b>Preferred \$ Stock \$</b>	<b>LTD + OP Lease</b>	<b>Long Term \$Debt\$</b>	<b>Operating Leases</b>
NM	Alaska Air Group, Inc.	ALK	40.18	42.73	70,314,136	-	1,534,300,000	1,103,000,000	431,300,000
F	Atlas Air Worldwide Holdings, Inc.	AAWW	46.86	43.44	26,443,441	-	1,708,759,000	1,343,459,000	365,300,000
M	Delta Air Lines, Inc.	DAL	10.13	11.50	851,590,992	-	15,528,300,000	13,000,000,000	2,528,300,000
F	FedEx Corporation	FDX	90.17	90.39	314,461,506	-	3,684,900,000	2,600,000,000	1,084,900,000
NM	Hawaiian Holdings, Inc.	HA	6.01	6.46	51,443,267	-	968,372,000	654,572,000	313,800,000
NM	JetBlue Airways Corp.	JBLU	5.24	5.58	284,298,140	-	3,544,800,000	2,870,000,000	674,800,000
NM	Republic Airways Holdings Inc.	RJET	5.23	5.71	48,491,600	-	2,944,800,000	2,071,200,000	873,600,000
NM	SkyWest, Inc.	SKYW	11.42	12.30	51,805,588	-	3,598,100,000	1,744,200,000	1,853,900,000
M	Southwest Airlines Co.	LUV	9.36	10.16	728,096,579	-	4,676,900,000	3,240,000,000	1,436,900,000
M	United Continental Holdings, Inc.	UAL	20.86	23.04	332,426,868	-	18,720,000,000	14,333,000,000	4,387,000,000
F	United Parcel Service, Inc.	UPS	72.90	72.83	954,010,737	-	15,721,700,000	15,098,000,000	623,700,000
M	US Airways Group, Inc.	LCC	12.23	12.79	162,442,970	-	8,022,500,000	5,020,000,000	3,002,500,000

Source:

Yahoo

Yahoo

Value Line

Value Line

Value Line  
or 10K's Fair Value

AC Leases pg 19 Calc PV

WASHINGTON STATE DEPARTMENT OF REVENUE

**Assessment Year** 2013 ASSESSMENT YEAR

**Industry** AIR TRANSPORT

	<b>Guideline Companies</b>	<b>Ticker</b>	<b>Total Revenues - 2012</b>	<b>2012 Revenues Per Share</b>	<b>2012 Cash Flow Per Share</b>	<b>2013 Cash Flow Per Share</b>	<b>2012 EPS</b>	<b>2013 EPS</b>	<b>D1 Dividends Per Share</b>	<b>2012 BV per share</b>	<b>Beta</b>	<b>P/E Ratio</b>
NM	Alaska Air Group, Inc.	ALK	4,644,248,683	66.05	8.65	8.95	4.73	5.00	NIL	20.15	1.10	10.5
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1,646,104,202	62.25	7.64	8.00	4.89	5.00	NIL	48.57	1.65	9.4
M	Delta Air Lines, Inc.	DAL	36,678,024,025	43.07	3.66	4.35	1.83	2.45	NIL	(2.50)	1.40	6.4
F	FedEx Corporation	FDX	42,339,097,168	134.64	13.08	13.80	6.41	6.35	0.56	46.46	1.00	16.1
NM	Hawaiian Holdings, Inc.	HA	1,962,560,636	38.15	2.70	2.90	1.01	1.15	NIL	5.22	1.10	7.5
NM	JetBlue Airways Corp.	JBLU	4,975,217,450	17.50	1.35	1.60	0.40	0.65	NIL	6.60	1.25	12.2
NM	Republic Airways Holdings Inc.	RJET	2,869,247,972	59.17	3.56	N/A	1.14	1.52	NIL	9.51	0.95	11.8
NM	SkyWest, Inc.	SKYW	3,534,177,213	68.22	5.85	6.10	0.99	1.30	0.16	26.78	1.15	10.8
M	Southwest Airlines Co.	LUV	17,037,459,949	23.40	1.73	2.10	0.56	0.95	0.04	9.57	1.00	13.9
M	United Continental Holdings, Inc.	UAL	37,148,702,499	111.75	6.35	8.40	1.59	3.80	NIL	5.50	1.60	9.8
F	United Parcel Service, Inc.	UPS	54,092,408,788	56.70	6.60	6.90	4.53	4.90	2.48	8.15	0.85	17.8
M	US Airways Group, Inc.	LCC	13,823,896,747	85.10	5.45	5.90	3.28	3.50	NIL	4.85	1.60	4.1

Source:

Value Line

WASHINGTON STATE DEPARTMENT OF REVENUE

**Assessment Year** 2013 ASSESSMENT YEAR

**Industry** AIR TRANSPORT

	<b>Guideline Companies</b>	<b>Ticker</b>	<b>Div'd Yield</b>	<b>Earnings Growth</b>	<b>Dividends Growth</b>	<b>Number of Employees</b>	<b>Number of Aircraft</b>	<b>Sales</b>	<b>5 yr Average EBITDA</b>	<b>2012 or TTM EBIT</b>	<b>5 yr Ave Net Profit</b>
NM	Alaska Air Group, Inc.	ALK	NIL	13.0%	NIL	11,955	172	4,644,248,683	542.58	448,900,000	159
F	Atlas Air Worldwide Holdings, Inc.	AAWW	NIL	6.0%	NIL	1,744	40	1,646,104,202	190.31	151,100,000	102
M	Delta Air Lines, Inc.	DAL	NIL	27.0%	NIL	73,561	717	36,678,024,025	1026.00	1,975,000,000	(1,541)
F	FedEx Corporation	FDX	0.5%	12.0%	8%	280,000	660	42,339,097,168	4069.80	3,129,000,000	1,178
NM	Hawaiian Holdings, Inc.	HA	NIL	23.0%	NIL	4,906	45	1,962,560,636	241.89	20,283,000	61
NM	JetBlue Airways Corp.	JBLU	NIL	21.0%	NIL	12,070	180	4,975,217,450	514.60	322,000,000	58
NM	Republic Airways Holdings Inc.	RJET	NIL	NMF	NIL	9,140	281	2,869,247,972	331.85	(105,600,000)	2
NM	SkyWest, Inc.	SKYW	1.2%	23.0%	4.0%	18,590	744	3,534,177,213	412.15	41,107,000	63
M	Southwest Airlines Co.	LUV	0.3%	19.5%	11%	45,861	694	17,037,459,949	1283.20	693,000,000	267
M	United Continental Holdings, Inc.	UAL	NIL	NMF	NIL	88,000	1,253	37,148,702,499	849.80	1,822,000,000	(1,135)
F	United Parcel Service, Inc.	UPS	2.9%	10.0%	7.5%	399,000	562	54,092,408,788	6294.60	6,080,000,000	2,651
M	US Airways Group, Inc.	LCC	NIL	34.0%	NIL	31,236	622	13,823,896,747	313.60	426,000,000	(242)
	Source:		Value Line	Value Line	Value Line	Value Line, 10K, or 8K	Value Line, 10K, or 8K	Value Line	10K	10K	10K

WASHINGTON STATE DEPARTMENT OF REVENUE  
**Assessment Year** 2013 ASSESSMENT YEAR  
**Industry** AIR TRANSPORT

	<b>Guideline Companies</b>	<b>Ticker</b>	<b>2012 Share Equity</b>	<b>Net Working Capital</b>	<b>Retained Earnings</b>	<b>Balance Sheet Total Assets</b>	<b>TOTAL LIABILITIES</b>	<b>Z-score</b>
NM	Alaska Air Group, Inc.	ALK	1,421	236,000,000	1,127,000,000	5,505,000,000	4,084,000,000	1.865
F	Atlas Air Worldwide Holdings, Inc.	AAWW	1,284	304,979,000	798,676,000	3,152,685,000	1,864,581,000	1.549
M	Delta Air Lines, Inc.	DAL	(2,131)	(4,998,000,000)	(7,389,000,000)	44,550,000,000	46,681,000,000	0.713
F	FedEx Corporation	FDX	15,543	4,331,000,000	17,899,000,000	31,312,000,000	15,769,000,000	3.726
NM	Hawaiian Holdings, Inc.	HA	269	(81,932,000)	117,288,000	1,865,824,000	1,597,222,000	1.238
NM	JetBlue Airways Corp.	JBLU	1,888	(508,000,000)	433,000,000	7,070,000,000	5,200,000,000	1.025
NM	Republic Airways Holdings Inc.	RJET	514	(110,200,000)	288,200,000	3,655,200,000	3,141,700,000	0.811
NM	SkyWest, Inc.	SKYW	1,387	842,615,000	1,147,117,000	4,254,637,000	2,867,462,000	1.601
M	Southwest Airlines Co.	LUV	6,966	(432,000,000)	5,768,000,000	18,587,000,000	11,621,000,000	1.797
M	United Continental Holdings, Inc.	UAL	481	(2,769,000,000)	(5,586,000,000)	37,628,000,000	37,147,000,000	0.962
F	United Parcel Service, Inc.	UPS	4,653	7,201,000,000	7,997,000,000	38,863,000,000	34,130,000,000	3.640
M	US Airways Group, Inc.	LCC	790	279,000,000	(1,339,000,000)	9,396,000,000	8,606,000,000	1.594
	Source:		10K	10K	10K	10K	10K	

## AVERAGE FOURTH QUARTER STOCK PRICE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

### Alaska Air Group, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	ALK
Dec-12	42.88	45.15	42.05	42.73	634,000	42.73	<b>Q4 Average 40.180</b>
Nov-12	38.25	43.07	37.65	42.75	949,200	42.75	
Oct-12	34.94	38.59	34.57	38.24	642,300	38.24	
Sep-12	33.43	35.94	32.69	35.06	697,200	35.06	
Aug-12	35.06	35.58	33.09	33.55	621,100	33.55	
Jul-12	36.12	38.46	34	34.85	991,100	34.85	
Jun-12	33.73	36.5	32.16	35.9	986,100	35.9	
May-12	33.76	34.55	31.29	34.3	932,900	34.3	
Apr-12	35.75	36.62	33.4	33.8	843,200	33.8	
Mar-12	68.87	72.61	34.41	35.82	1,032,200	35.82	
Feb-12	76.48	79.53	67.37	68.57	1,048,800	34.28	
Jan-12	76.43	77.15	70.9	76.13	914,300	38.06	

### Atlas Air Worldwide Holdings, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	AAWW
Dec-12	43.41	45.99	41.18	43.44	179,900	43.44	<b>Q4 Average 46.857</b>
Nov-12	49.9	49.9	39.3	43.28	322,500	43.28	
Oct-12	52.17	55.04	49.73	54.99	165,000	54.99	
Sep-12	51.34	57	50.66	51.63	269,000	51.63	
Aug-12	45.68	54.72	44.52	51.5	288,600	51.5	
Jul-12	43.75	47.65	41.18	45.36	170,500	45.36	
Jun-12	44.34	47.37	39.98	43.51	258,100	43.51	
May-12	45.98	53.12	44.19	45.42	321,400	45.42	
Apr-12	49.2	50.65	43.75	46.05	288,200	46.05	
Mar-12	42.77	50.59	40.94	49.21	358,900	49.21	
Feb-12	48.08	52.44	40.94	42.62	529,600	42.62	
Jan-12	39.4	47.93	38.22	47.63	307,900	47.63	

### Delta Air Lines, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	DAL
Dec-12	9.99	11.98	9.5	11.5	13,466,800	11.5	<b>Q4 Average 10.132</b>
Nov-12	9.64	10.5	9.21	10	9,321,100	10	
Oct-12	9.12	10.49	9.11	9.63	10,656,700	9.63	
Sep-12	8.66	9.7	8.42	9.16	10,899,400	9.16	
Aug-12	9.49	9.93	8.46	8.65	12,554,700	8.65	
Jul-12	11.11	11.25	9.08	9.65	13,511,500	9.65	
Jun-12	12.02	12.04	9.89	10.95	14,765,300	10.95	
May-12	11.14	12.25	10.03	12.1	14,230,600	12.1	
Apr-12	9.88	11.12	9.78	10.96	11,898,800	10.96	
Mar-12	9.8	10.28	9.07	9.92	13,145,700	9.92	
Feb-12	10.68	11.58	9.4	9.81	11,058,700	9.81	
Jan-12	8.23	10.88	7.83	10.55	13,947,800	10.55	

### FedEx Corporation

Date	Open	High	Low	Close	Volume	Adj Close	FDX
Dec-12	89.98	95.44	87.99	90.39	2,062,700	90.39	<b>Q4 Average 90.172</b>
Nov-12	91.54	93.98	85.15	89.53	1,892,900	89.53	
Oct-12	84.93	94.26	84.21	91.99	2,579,400	91.84	
Sep-12	87.37	90.92	83.92	84.62	3,151,500	84.48	
Aug-12	90.66	91.12	86.87	87.63	1,660,200	87.34	
Jul-12	91.59	93.17	86.22	90.3	1,837,000	90.01	
Jun-12	87.22	92.31	83.8	91.61	2,544,500	91.31	
May-12	88.14	91.43	84.86	89.14	1,989,800	88.71	
Apr-12	92.04	92.85	86.2	88.24	1,986,000	87.81	
Mar-12	90.15	96.89	88.03	91.96	2,452,700	91.51	
Feb-12	92.79	97.19	89.42	89.99	2,304,000	89.42	
Jan-12	85.47	93.52	82.79	91.49	2,278,600	90.91	

# AVERAGE FOURTH QUARTER STOCK PRICE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## Hawaiian Holdings, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	HA
Dec-12	6.26	6.86	6.14	6.46	538,500	6.46	<b>Q4 Average 6.012</b>
Nov-12	5.97	6.29	5.6	6.24	548,800	6.24	
Oct-12	5.61	6.02	5.16	5.93	703,600	5.93	
Sep-12	5.9	6	5.56	5.59	575,600	5.59	
Aug-12	6.42	6.6	5.76	5.93	518,000	5.93	
Jul-12	6.56	7	5.83	6.37	916,700	6.37	
Jun-12	5.69	6.66	5.45	6.51	721,700	6.51	
May-12	5.66	5.9	5.18	5.78	496,000	5.78	
Apr-12	5.2	5.89	4.92	5.66	569,100	5.66	
Mar-12	5.3	5.47	4.92	5.23	576,200	5.23	
Feb-12	6.5	6.81	5.16	5.31	802,400	5.31	
Jan-12	5.91	6.98	5.19	6.96	582,700	6.96	

## JetBlue Airways Corp.

Date	Open	High	Low	Close	Volume	Adj Close	JBLU
Dec-12	5.14	5.99	5.04	5.58	3,567,800	5.58	<b>Q4 Average 5.240</b>
Nov-12	5.27	5.48	4.8	5.14	3,201,400	5.14	
Oct-12	4.83	5.36	4.77	5.29	3,305,700	5.29	
Sep-12	4.92	5.18	4.76	4.8	4,100,600	4.8	
Aug-12	5.43	5.43	4.85	4.9	3,624,600	4.9	
Jul-12	5.35	5.94	5.12	5.51	5,027,100	5.51	
Jun-12	5.07	5.44	4.86	5.3	6,095,200	5.3	
May-12	4.72	5.24	4.06	5.23	5,698,100	5.23	
Apr-12	4.92	4.95	4.6	4.75	4,762,200	4.75	
Mar-12	5.16	5.39	4.73	4.89	7,033,400	4.89	
Feb-12	5.97	6.32	4.76	5.1	6,147,400	5.1	
Jan-12	5.33	5.97	5.04	5.92	6,890,700	5.92	

## Republic Airways Holdings Inc.

Date	Open	High	Low	Close	Volume	Adj Close	RJET
Dec-12	5.88	5.95	5.26	5.71	256,800	5.71	<b>Q4 Average 5.225</b>
Nov-12	4.71	5.89	4.41	5.81	193,700	5.81	
Oct-12	4.64	5.28	4.56	4.67	119,900	4.67	
Sep-12	4.46	5.07	4.3	4.63	202,700	4.63	
Aug-12	4.34	5.39	4.09	4.45	230,500	4.45	
Jul-12	5.55	5.97	4.32	4.55	369,200	4.55	
Jun-12	5.31	5.89	5.25	5.55	510,600	5.55	
May-12	5.09	5.44	4.68	5.42	454,400	5.42	
Apr-12	4.9	5.26	4.71	5.09	211,300	5.09	
Mar-12	5.31	5.5	4.49	4.94	286,400	4.94	
Feb-12	5.55	6.33	5	5.31	336,000	5.31	
Jan-12	3.49	5.71	3.39	5.52	281,100	5.52	

## SkyWest, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	SKYW
Dec-12	11.63	12.98	11.18	12.3	344,600	12.3	<b>Q4 Average 11.415</b>
Nov-12	10.99	11.91	10.81	11.59	401,800	11.59	
Oct-12	10.36	11.71	9.9	10.94	427,100	10.94	
Sep-12	8.8	11.73	8.77	10.33	524,600	10.33	
Aug-12	6.77	8.99	6.25	8.77	557,300	8.74	
Jul-12	6.5	8.16	6.5	7	584,400	6.97	
Jun-12	6.92	7.1	6.25	6.53	498,800	6.5	
May-12	8.96	10.44	6.91	7.05	636,300	6.98	
Apr-12	11	11.28	8.52	8.99	394,000	8.9	
Mar-12	11.56	11.71	10.77	11.05	277,400	10.94	
Feb-12	12.88	14.32	11.36	11.42	232,700	11.27	
Jan-12	12.84	14.02	12.53	12.8	198,300	12.63	

# AVERAGE FOURTH QUARTER STOCK PRICE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

## Southwest Airlines Co.

Date	Open	High	Low	Close	Volume	Adj Close	LUV
Dec-12	9.58	10.61	9.42	10.16	6,978,200	10.16	<b>Q4 Average 9.360</b>
Nov-12	8.82	9.58	8.7	9.53	6,690,600	9.52	
Oct-12	8.78	9.17	8.68	8.82	6,724,300	8.81	
Sep-12	8.93	9.32	8.75	8.77	6,660,700	8.76	
Aug-12	9.19	9.53	8.81	8.94	7,835,200	8.93	
Jul-12	9.3	9.82	8.45	9.19	10,033,200	9.17	
Jun-12	8.9	9.42	8.58	9.22	11,503,500	9.2	
May-12	8.25	9.14	8	9.03	10,193,500	9	
Apr-12	8.22	8.5	7.76	8.28	9,419,600	8.25	
Mar-12	9.02	9.11	8.03	8.24	8,498,600	8.21	
Feb-12	9.7	10.05	8.67	8.98	5,414,900	8.95	
Jan-12	8.72	9.78	8.22	9.58	6,463,100	9.54	

## United Continental Holdings, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	UAL
Dec-12	20.13	24.23	19.54	23.04	4,121,900	23.04	<b>Q4 Average 20.855</b>
Nov-12	19.17	21.65	19.12	20.22	3,654,100	20.22	
Oct-12	19.48	21.74	18.85	19.21	4,161,000	19.21	
Sep-12	18.4	20.85	17.98	19.5	4,301,600	19.5	
Aug-12	18.76	19.99	17.45	18.45	5,376,900	18.45	
Jul-12	24.43	24.95	18.58	18.89	5,219,700	18.89	
Jun-12	25.15	25.22	21.85	24.33	5,764,200	24.33	
May-12	21.96	25.5	20.84	25.17	5,407,600	25.17	
Apr-12	21.51	23.77	20.55	21.92	5,750,500	21.92	
Mar-12	20.62	22.54	19.13	21.5	7,626,800	21.5	
Feb-12	23.15	25.84	19.96	20.65	6,492,600	20.65	
Jan-12	19.23	23.48	17.25	23.1	7,605,700	23.1	

## United Parcel Service, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	UPS
Dec-12	73.5	76.2	71.96	72.83	3,641,000	72.83	<b>Q4 Average 72.897</b>
Nov-12	73.38	74.5	69.56	73.11	3,471,500	73.11	
Oct-12	72.09	74.14	71.02	73.25	3,877,200	72.66	
Sep-12	73.57	75.25	71.18	71.57	6,734,900	70.99	
Aug-12	75.81	76.88	73.57	73.81	2,541,700	73.21	
Jul-12	78.23	80.53	73.51	75.61	4,014,600	74.44	
Jun-12	74	78.76	72.15	78.76	3,555,500	77.54	
May-12	78.14	78.91	73.56	74.94	3,749,200	73.78	
Apr-12	80.31	80.97	76.56	78.14	3,743,700	76.36	
Mar-12	77.15	81.79	75.38	80.72	4,025,100	78.88	
Feb-12	76.37	77.55	75.46	76.99	4,162,100	75.24	
Jan-12	74.01	76.93	72.15	75.65	4,637,200	73.38	

## US Airways Group, Inc.

Date	Open	High	Low	Close	Volume	Adj Close	LCC
Dec-12	12.92	13.75	11.97	12.79	5,838,200	12.79	<b>Q4 Average 12.230</b>
Nov-12	12.17	13.19	11.52	12.89	5,673,400	12.89	
Oct-12	10.35	12.63	10.32	12.18	5,937,700	12.18	
Sep-12	10.61	12.48	10.15	10.46	7,506,700	10.46	
Aug-12	11.29	11.75	9.74	10.66	7,750,000	10.66	
Jul-12	13.43	14.51	10.59	11.46	9,704,600	11.46	
Jun-12	13.01	13.8	11.12	13.33	9,961,900	13.33	
May-12	10.28	13.36	9.65	13.22	8,990,400	13.22	
Apr-12	7.59	10.44	7.41	10.26	9,529,400	10.26	
Mar-12	7.45	7.97	6.78	7.59	7,458,700	7.59	
Feb-12	8.47	9.91	6.9	7.41	9,548,400	7.41	
Jan-12	5.2	8.79	4.97	8.44	9,690,200	8.44	

## SUPPORT FOR OPERATING LEASE VALUE IN CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

2013 ASSESSMENT YEAR

AIR TRANSPORT

	Alaska Air Group, Inc.	Atlas Air Worldwide Holdings, Inc.	Delta Air Lines, Inc. (a)	FedEx Corporation (b)	Hawaiian Holdings, Inc.	JetBlue Airways Corp.
Cap rate <sup>1</sup>	0.15	0.35	0.32	0.35	0.18	0.11
2011 Income statement-rental expense	116,300,000	164,089,000	298,000,000	2,476,000,000	112,883,000	135,000,000
2012 Income statement-rental expense	116,000,000	166,142,000	272,000,000	2,492,000,000	98,786,000	130,000,000
10K op lease payment schedule						
2012	142,000,000	146,909,000	1,005,000,000	392,000,000	84,983,000	132,000,000
2013	126,000,000	139,434,000	949,000,000	462,000,000	80,051,000	138,000,000
2014	104,000,000	132,216,000	859,000,000	448,000,000	79,445,000	143,000,000
2015	82,000,000	129,632,000	736,000,000	453,000,000	62,735,000	82,000,000
2016	51,000,000	129,480,000	627,000,000	391,000,000	62,213,000	70,000,000
Thereafter	80,000,000	730,202,000	6,414,000,000	1,150,000,000	194,545,000	331,000,000
Present Value Calculation						
1	123,675,381	109,005,346	758,969,111	290,370,370	72,257,244	118,599,299
2	95,578,535	76,765,746	541,230,536	253,497,942	57,871,591	111,402,636
3	68,709,704	54,010,997	369,970,658	182,086,064	48,833,130	103,719,546
4	47,183,864	39,292,512	239,392,187	136,383,907	32,787,419	53,437,559
5	25,559,052	29,120,556	154,013,127	87,198,279	27,645,714	40,986,326
Thereafter	70,610,866	57,108,569	464,754,446	135,368,525	74,432,578	246,680,799
Estimated Life of Operating Leased Property	1.96	7.05	12.79	3.68	3.91	5.91
Thereafter (PV in Year 6)	161,771,519	342,219,630	2,505,389,870	819,445,942	197,000,383	468,906,452
Calculated Present Value	431,317,402	365,303,725	2,528,330,065	1,084,905,089	313,827,676	674,826,165

<sup>1</sup>Cap rates are calculated from a study of aircraft values and operating lease payments. Sources of information include company SEC filings and Annual Reports filed with the State of Washington.

\*Various types of operating leases were not segregated.

(a) Excludes Delta's payments per contract carrier agreements (lease payments). Include payments accounted for as construction obligations.

(b) Using Nov. 30 10Q ,2012 is remainder.

(c) Using Dec. 2011 10K op lease payment schedule.

(d) The operating lease payments presented above include United's and Continental's future payments of \$2 million and \$128 million, respectively, related to nonoperating aircraft as of December 31, 2012. United and Continental have two and 23 nonoperating aircraft subject to leases, respectively. United's regional carrier, Express Jet, subleases aircraft from Continental; UAL operating lease payments exclude payments related to these aircraft.

## SUPPORT FOR OPERATING LEASE VALUE IN CAPITAL STRUCTURE

WASHINGTON STATE DEPARTMENT OF REVENUE

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AIR TRANSPORT

	Republic Airways Holdings Inc. (c)	SkyWest, Inc.*	Southwest Airlines Co.*	United Continental Holdings, Inc.	United Parcel Service, Inc.*	US Airways Group, Inc.*
Cap rate <sup>1</sup>	0.12	0.09	0.36	0.21	0.35	0.18
2011 Income statement-rental expense	251,500,000	346,526,000	308,000,000	1,009,000,000	629,000,000	646,000,000
2012 Income statement-rental expense	243,200,000	333,637,000	355,000,000	993,000,000	619,000,000	643,000,000
10K op lease payment schedule						
2012	232,600,000	387,999,000	688,000,000	1,543,000,000	342,000,000	916,000,000
2013	212,900,000	360,797,000	614,000,000	1,466,000,000	271,000,000	780,000,000
2014	197,500,000	309,378,000	507,000,000	1,198,000,000	203,000,000	670,000,000
2015	172,900,000	239,989,000	392,000,000	960,000,000	145,000,000	610,000,000
2016	130,400,000	182,291,000	369,000,000	861,000,000	118,000,000	568,000,000
Thereafter	236,300,000	720,733,000	1,823,000,000	1,491,000,000	358,000,000	1,795,000,000
Present Value Calculation						
1	207,072,089	355,423,552	507,261,952	1,278,611,233	253,333,333	775,950,161
2	168,732,744	302,756,943	333,776,742	1,006,651,510	148,696,845	559,720,625
3	139,348,616	237,813,343	203,207,396	681,670,636	82,507,748	407,276,981
4	108,603,146	168,987,166	115,840,779	452,649,027	43,654,893	314,111,076
5	72,918,354	117,582,641	80,398,069	336,407,833	26,315,593	247,765,085
Thereafter	176,933,501	671,335,790	196,454,610	630,979,110	69,217,910	697,696,429
Estimated Life of Operating Leased Property	2.27	4.94	6.18	2.16	3.79	3.95
Thereafter (PV in Year 6)	355,417,616	1,136,177,592	1,222,923,027	1,948,854,622	419,006,821	1,888,149,490
Calculated Present Value	873,608,450	1,853,899,436	1,436,939,546	4,386,969,350	623,726,322	3,002,520,358

<sup>1</sup>Cap rates are calculated from a study of aircraft values and operating lease payments. Sources of information include company SEC filings and Annual Reports filed with the State of Washington.

\*Various types of operating leases were not segregated.

(a) Excludes Delta's payments per contract carrier agreements (lease payments). Include payments accounted for as construction obligations.

(b)Using Nov. 30 10Q ,2012 is remainder.

(c)Using Dec. 2011 10K op lease payment schedule.

(d) The operating lease payments presented above include United's and Continental's future payments of \$2 million and \$128 million, respectively, related to nonoperating aircraft as of December 31, 2012. United and Continental have two and 23 nonoperating aircraft subject to leases, respectively. United's regional carrier, Express Jet, subleases aircraft from Continental; UAL operating lease payments exclude payments related to these aircraft.

# IMPLIED PREMIUMS FOR US MARKET

Last updated January 2012

These implied premiums are calculated using the S&P 500.

Year	Earnings Yield	Dividend Yield	S&P 500	Earnings	Dividends	Change in Earnings	Change in Dividends	T.Bill Rate	T.Bond Rate	Bond-Bill	Smoothed Growth	Implied Premium (DDM)	Analyst Growth Estimate	Implied Premium (FCFE)	ERP/Riskfree Rate
1960	5.34%	3.41%	58.11	3.103074	1.981551			0.0266	2.76%	0.10%	2.45%				
1961	4.71%	2.85%	71.55	3.370005	2.039175	8.60%	2.91%	2.13%	2.35%	0.22%	2.41%	2.92%		2.92%	1.242553191
1962	5.81%	3.40%	63.1	3.66611	2.1454	8.79%	5.21%	2.73%	3.85%	1.12%	4.05%	3.56%		3.56%	0.924675325
1963	5.51%	3.13%	75.02	4.133602	2.348126	12.75%	9.45%	3.12%	4.14%	1.02%	4.96%	3.38%		3.38%	0.816425121
1964	5.62%	3.05%	84.75	4.76295	2.584875	15.23%	10.08%	3.54%	4.21%	0.67%	5.13%	3.31%		3.31%	0.786223278
1965	5.73%	3.06%	92.43	5.296239	2.828358	11.20%	9.42%	3.93%	4.65%	0.72%	5.46%	3.32%		3.32%	0.713978495
1966	6.74%	3.59%	80.33	5.414242	2.883847	2.23%	1.96%	4.76%	4.64%	-0.12%	4.19%	3.68%		3.68%	0.793103448
1967	5.66%	3.09%	96.47	5.460202	2.980923	0.85%	3.37%	4.21%	5.70%	1.49%	5.25%	3.20%		3.20%	0.561403509
1968	5.51%	2.93%	103.86	5.722686	3.043098	4.81%	2.09%	5.21%	6.16%	0.95%	5.32%	3.00%		3.00%	0.487012987
1969	6.63%	3.52%	92.06	6.103578	3.240512	6.66%	6.49%	6.58%	7.88%	1.30%	7.55%	3.74%		3.74%	0.474619289
1970	5.98%	3.46%	92.15	5.51057	3.18839	-9.72%	-1.61%	6.53%	6.50%	-0.03%	4.78%	3.41%		3.41%	0.524615385
1971	5.46%	3.10%	102.09	5.574114	3.16479	1.15%	-0.74%	4.39%	5.89%	1.50%	4.57%	3.09%		3.09%	0.524617997
1972	5.23%	2.70%	118.05	6.174015	3.18735	10.76%	0.71%	3.84%	6.41%	2.57%	5.21%	2.72%		2.72%	0.424336973
1973	8.16%	3.70%	97.55	7.96008	3.60935	28.93%	13.24%	6.93%	6.90%	-0.03%	8.30%	4.30%		4.30%	0.623188406
1974	13.64%	5.43%	68.56	9.351584	3.722808	17.48%	3.14%	8.00%	7.40%	-0.60%	6.42%	5.59%		5.59%	0.755405405
1975	8.55%	4.14%	90.19	7.711245	3.733866	-17.54%	0.30%	5.80%	7.76%	1.96%	5.99%	4.13%		4.13%	0.532216495
1976	9.07%	3.93%	107.46	9.746622	4.223178	26.39%	13.10%	5.08%	6.81%	1.73%	6.81%	4.55%		4.55%	0.668135095
1977	11.43%	5.11%	95.1	10.86993	4.85961	11.53%	15.07%	5.12%	7.78%	2.66%	9.52%	5.92%		5.92%	0.76092545
1978	12.11%	5.39%	96.11	11.638921	5.180329	7.07%	6.60%	7.18%	9.15%	1.97%	8.48%	5.72%		5.72%	0.625136612
1979	13.48%	5.53%	107.94	14.550312	5.969082	25.01%	15.23%	10.38%	10.33%	-0.05%	11.70%	6.45%		6.45%	0.624394966
1980	11.04%	4.74%	135.76	14.987904	6.435024	3.01%	7.81%	11.24%	12.43%	1.19%	11.01%	5.03%		5.03%	0.40466613
1981	12.39%	5.57%	122.55	15.183945	6.826035	1.31%	6.08%	14.71%	13.98%	-0.73%	11.42%	5.73%		5.73%	0.409871245
1982	9.83%	4.93%	140.64	13.824912	6.933552	-8.95%	1.58%	10.54%	10.47%	-0.07%	7.96%	4.90%		4.90%	0.46800382
1983	8.06%	4.32%	164.93	13.293358	7.124976	-3.84%	2.76%	8.80%	11.80%	3.00%	9.09%	4.31%		4.31%	0.365254237
1984	10.07%	4.68%	167.24	16.841068	7.826832	26.69%	9.85%	9.85%	11.51%	1.66%	11.02%	5.11%		5.11%	0.443961772
1985	7.42%	3.88%	211.28	15.676976	8.197664	-6.91%	4.74%	7.72%	8.99%	1.27%	7.89%	4.03%	6.75%	3.84%	0.427141268
1986	5.96%	3.38%	242.17	14.433332	8.185346	-7.93%	-0.15%	6.16%	7.22%	1.06%	5.54%	3.36%	6.96%	3.58%	0.495844875
1987	6.49%	3.71%	247.08	16.035492	9.166668	11.10%	11.99%	5.47%	8.86%	3.39%	9.66%	4.18%	8.58%	3.99%	0.4503386
1988	8.20%	3.68%	277.72	24.12	10.220096	50.42%	11.49%	6.35%	9.14%	2.79%	9.76%	4.12%	7.67%	3.77%	0.412472648
1989	6.80%	3.32%	353.4	24.32	11.73288	0.83%	14.80%	8.37%	7.93%	-0.44%	9.58%	3.85%	7.46%	3.51%	0.442622951
1990	6.58%	3.74%	330.22	22.65	12.350228	-6.87%	5.26%	7.81%	8.07%	0.26%	7.39%	3.92%	7.19%	3.89%	0.482032218
1991	4.58%	3.11%	417.09	19.3	12.971499	-14.79%	5.03%	7.00%	6.70%	-0.30%	6.34%	3.27%	7.81%	3.48%	0.519402985
1992	4.16%	2.90%	435.71	20.87	12.63559	8.13%	-2.59%	5.30%	6.68%	1.38%	4.67%	2.83%	9.83%	3.55%	0.531437126
1993	4.25%	2.72%	466.45	26.9	12.68744	28.89%	0.41%	3.50%	5.79%	2.29%	4.73%	2.74%	8.00%	3.17%	0.547495682
1994	5.89%	2.91%	459.27	31.75	13.364757	18.03%	5.34%	5.00%	7.82%	2.82%	7.23%	3.06%	7.17%	3.55%	0.453964194
1995	5.74%	2.30%	615.93	37.7	14.16639	18.74%	6.00%	3.50%	5.57%	2.07%	5.65%	2.44%	6.50%	3.29%	0.590664273
1996	4.83%	2.01%	740.74	40.63	14.888874	7.77%	5.10%	5.00%	6.41%	1.41%	6.13%	2.11%	7.92%	3.20%	0.499219969
1997	4.08%	1.60%	970.43	44.09	15.522	8.52%	4.25%	5.35%	5.74%	0.39%	5.45%	1.67%	8.00%	2.73%	0.475609756
1998	3.11%	1.32%	1229.23	44.27	16.2	0.41%	4.37%	4.33%	4.65%	0.32%	4.60%	1.38%	7.20%	2.26%	0.486021505
1999	3.07%	1.14%	1469.25	51.68	16.711844	16.74%	3.16%	5.37%	6.44%	1.07%	5.75%	1.20%	12.50%	2.05%	0.318322981
2000	3.94%	1.23%	1320.28	56.13	16.26845	8.61%	-2.65%	5.73%	5.11%	-0.62%	3.71%	1.65%	12.00%	2.87%	0.561643836
2001	3.85%	1.37%	1148.09	38.85	15.741	-30.79%	-3.24%	1.80%	5.05%	3.25%	3.56%	1.73%	10.30%	3.62%	0.716831683
2002	5.23%	1.83%	879.82	46.04	16.08	18.51%	2.15%	1.20%	3.81%	2.61%	3.57%	2.29%	8.00%	4.10%	1.076115486
2003	4.87%	1.61%	1111.91	54.69	17.88	18.79%	11.19%	1.00%	4.25%	3.25%	5.35%	2.12%	11.00%	3.69%	0.868235294
2004	5.58%	1.60%	1211.92	67.68	19.407	23.75%	8.54%	2.18%	4.22%	2.04%	4.90%	2.02%	8.50%	3.65%	0.86492891
2005	5.47%	1.79%	1248.29	76.45	22.38	12.96%	15.32%	4.31%	4.39%	0.08%	6.16%	2.20%	8.00%	4.08%	0.929384966
2006	6.18%	1.77%	1418.3	87.72	25.05	14.74%	11.93%	4.88%	4.70%	-0.18%	5.93%	1.97%	12.50%	4.16%	0.885106383
2007	5.62%	1.89%	1468.36	82.54	27.73	-5.91%	10.70%	3.31%	4.02%	0.71%	5.03%	2.06%	5.00%	4.37%	1.087064677
2008	7.24%	3.11%	903.25	65.39	28.05	-20.78%	1.15%	1.59%	2.21%	0.62%	2.11%	4.05%	4.00%	6.43%	2.909502262
2009	5.35%	2.00%	1115.1	59.65	22.31	-8.78%	-20.46%	0.14%	3.84%	3.70%	0.28%	2.60%	7.20%	4.36%	1.14
2010	6.65%	1.84%	1257.64	83.66	23.12	40.25%	3.63%	0.13%	3.29%	3.16%	3.33%	2.24%	6.95%	5.20%	1.58
2011	7.72%	2.07%	1257.6	97.05	26.02	16.01%	12.54%	0.03%	1.88%	1.85%	2.75%	2.71%	7.18%	6.04%	3.21
2012	7.18%	2.13%	1426.19	102.47	30.44	5.58%	16.99%	0.05%	1.76%	1.71%	2.93%	2.47%	5.27%	5.78%	3.28

Source: <http://pages.stern.nyu.edu/~adamodar/>