

Date: September 30, 2007

Airline: Horizon Air Industries, Inc.  
Operation: Domestic

**STATEMENT OF CASH FLOWS**  
(unaudited)

<b>Three Months Ended September 30, 2007</b>		<b>2007</b>
<b>Cash at beginning of period (In Thousands)</b>		<b>\$ 37</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)		5,263
Adjustments to reconcile net income to cash:		
Cummulative effect of accounting change, net of tax		0
Special Charges		0
Depreciation and amortization		11,138
Amortization of airframe and engine overhauls		0
Stock Based Compensation		404
Change in derivative fair values		344
Loss (Gain) on disposition of assets		(173)
Increase (decrease) in deferred income taxes		2,937
Increase (decrease) in deferred revenue		(30)
Decrease (increase) in accounts receivable		1,786
Decrease (increase) in other current assets		(4,744)
Increase (decrease) air traffic liability		(240)
Increase (decrease) in other current liabilities		(875)
Increase (decrease) in long term liabilities		1,053
Amortization of deferred income and other - net		4,707
<b>Net cash provided by operating activities</b>		<b>21,570</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposition of assets		183
Restricted deposits		0
Future flight equipment deposits returned		10,829
Additions to future flight equipment deposits		(4,487)
Additions to property and equipment		(39,186)
<b>Net cash used in investing activities</b>		<b>(32,661)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt		0
Net borrowings from Alaska Airlines		11,514
Proceeds from sale and leaseback transactions		0
Long-term debt payments		(378)
Investment by Alaska Air Group		0
<b>Net cash provided by financing activities</b>		<b>11,136</b>
<b>Net increase (decrease) in cash</b>		<b>45</b>
<b>Cash at end of period</b>		<b>\$ 82</b>