2019 Stockholders Meeting

Alaska Air Group

Safe Harbor

This presentation may contain forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by our forward-looking statements, assumptions or beliefs. For a comprehensive discussion of potential risk factors, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Some of these risks include competition, labor costs and relations, general economic conditions, increases in operating costs including fuel, inability to meet cost reduction goals, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations and risks inherent in the achievement of anticipated synergies and the timing thereof in connection with the acquisition of Virgin America. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed in our most recent Form 10-K and in our subsequent SEC filings. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statements made today to conform them to actual results. Over time, our actual results, performance or achievements may differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, assumptions or beliefs and such differences might be significant and materially adverse.

Today's Agenda

1.	**Brad Tilden, CEO** *Getting Back to Basics*
2.	**Ben Minicucci, President & COO** *Leveraging the Merger*
3.	**Andy Schneider, VP People** *Investing In Culture*
4.	**Shane Tackett, EVP Planning & Strategy** *Executing Our Roadmap for Margin Improvement*
5.	**Andrew Harrison, CCO** *Building For Brand Strength & Revenue Growth*
6.	**Brandon Pedersen, CFO** *Financial Outlook*

Getting Back To Basics

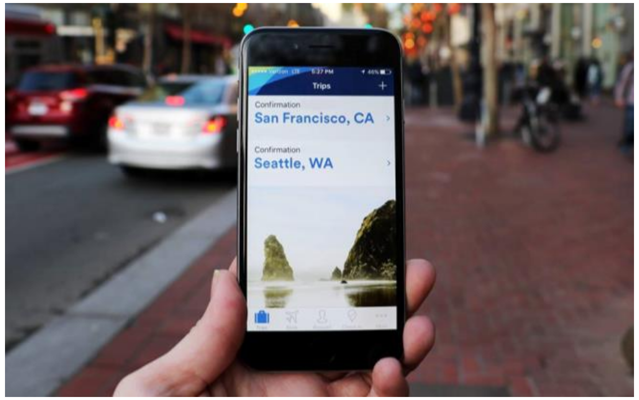
Brad Tilden, CEO

Balanced, long-term orientation

Profitable growth creates value for all of our stakeholders.

We have durable competitive advantage

Industry’s Best Service



Low Costs, Low Fares

Operational Excellence

Fuel-Efficient Fleet

Best Loyalty Program

Strong Balance Sheet

We have a long track record of successful growth...

2001

63 destinations
North-South orientation along West Coast

We have a long track record of successful growth...

2019

115+ destinations
National orientation with West Coast focus

…and a long track record of financial outperformance

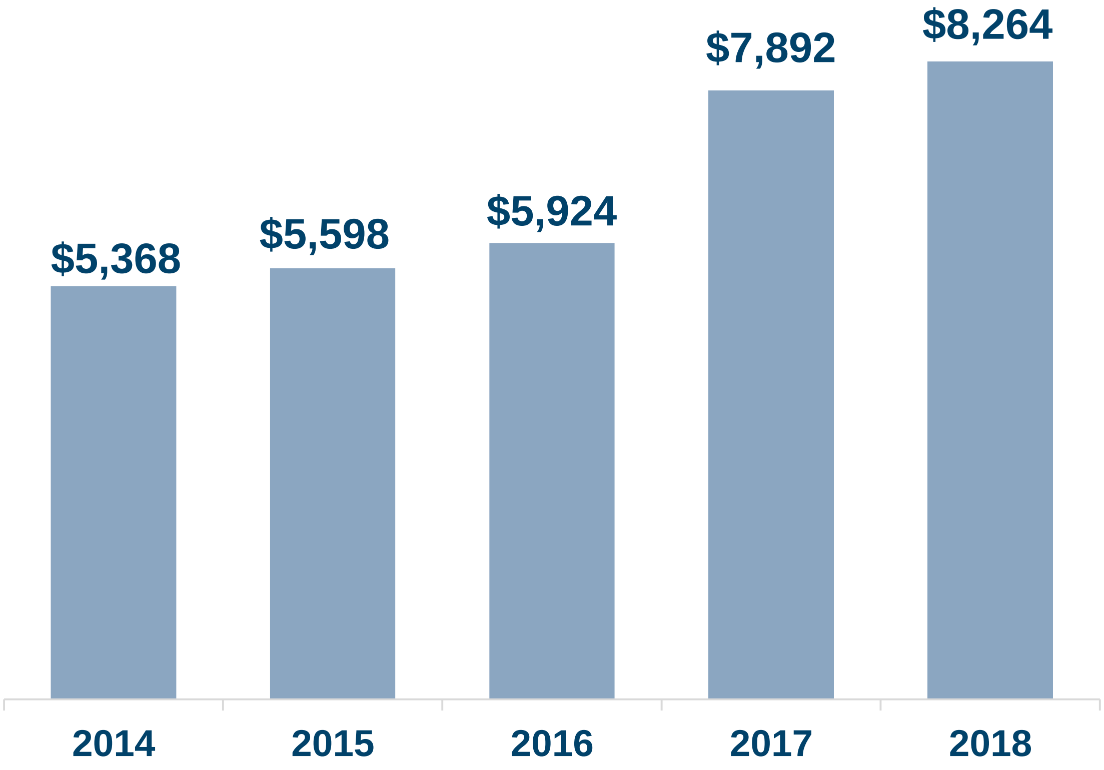
2010-2018	Airlines	High-Quality Industrials	Alaska
Pre-Tax Margin	10.4%	13.0%	**15.1%**
Free Cash Flow Margin	2.1%	7.7%	**7.8%**
ROIC	13.6%	14.8%	**16.7%**
Adj. Net Debt / EBITDAR	1.8x	1.6x	**0.9x**
Years of Positive Free Cash Flow	6.2 years	7.9 years	**9.0 years**

Source: Wells Fargo Securities; "Airlines" includes DAL, AAL, UAL, LUV, JBLU, SAVE, ALGT, WJA, AC; "High-Quality Industrials" includes CNR, CP, NSC, UNP, KSU, JBHT, UPS, FDX, MMM, CAT, BA, UTX, R

In recent years, our business has grown rapidly, but we have work to do to regain our margin advantage

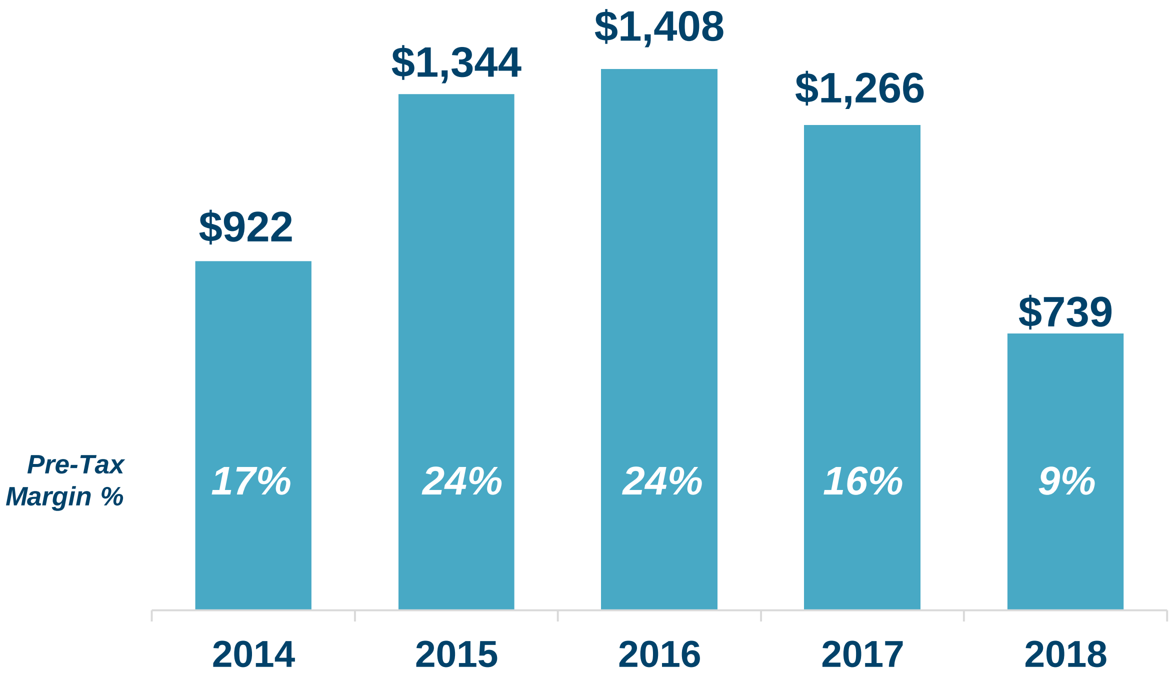
Revenues have grown 54% since 2014

Total Revenues, 2014-2018 ($ 000s)

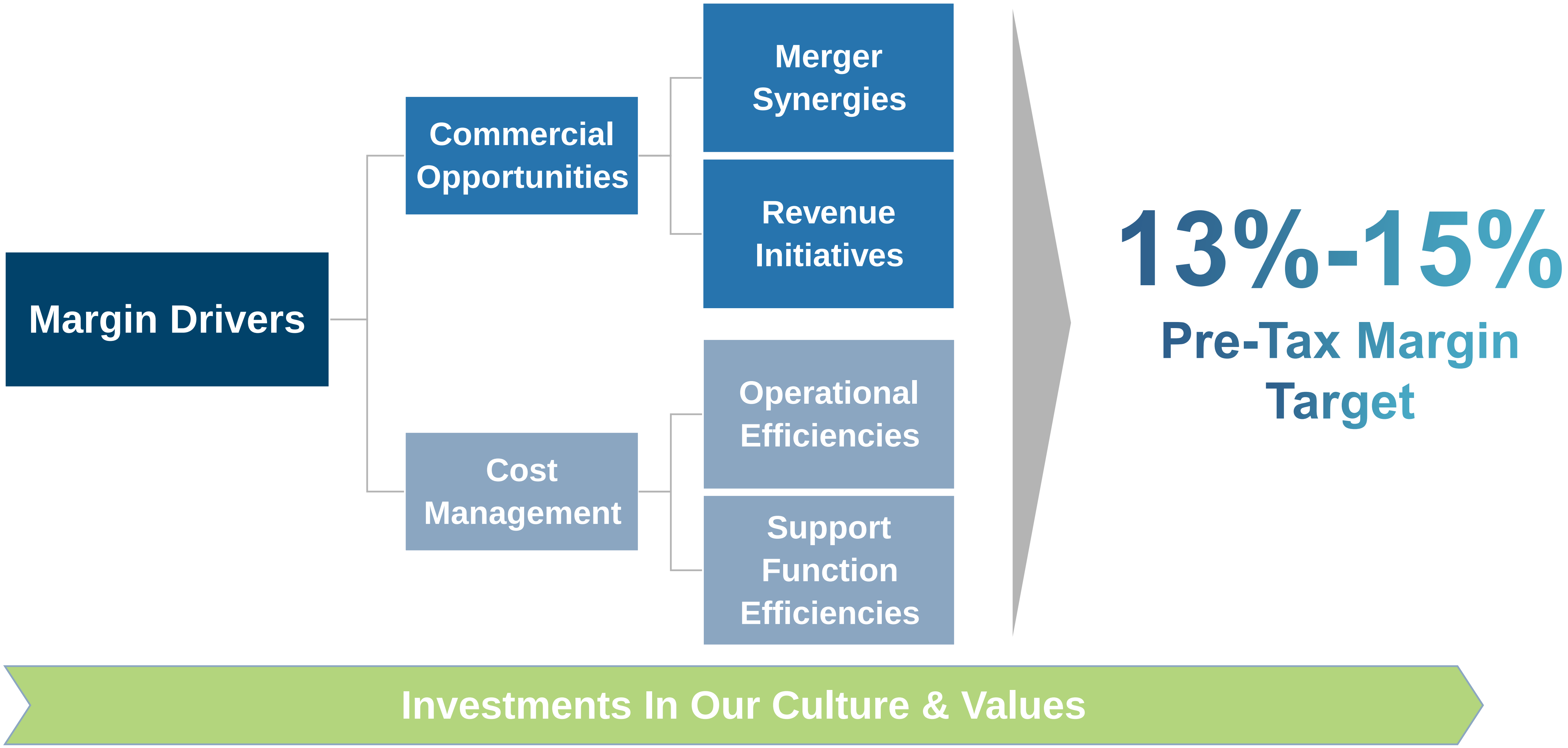


Meanwhile, profits have not kept pace due to higher fuel, network investments and increased competition

Adjusted Pre-Tax Income, 2014-2018 ($ 000s)



Our Roadmap for Margin Improvement



Leveraging the Merger

Ben Minicucci, President & COO

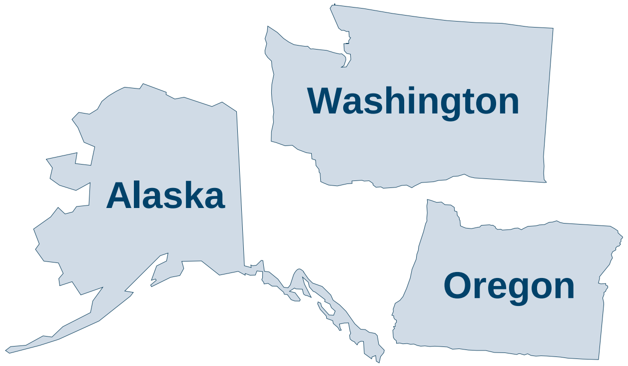
Today, we operate the West Coast’s leading network

	Pre-Merger	Q1 2019	Rank
Nonstop Markets	233	**285**	#1
Daily Flights	756	**927***	#1
Seat Share	20%	**24%**	#1
Relevance	33%	**52%**	#1

** from WC origins only; we have ~1,300 daily flights network-wide*

Source: DOT/Published Schedules West Coast to North America for Q1 2019 vs. YE 2016

…and our expanded footprint positions us for significant growth over the next 3-5 years



	Population	3-Yr GDP CAGR	Seat Share	Network Relevance	Guest Loyalty
Alaska, Washington, Oregon	~12M	5.3%	50%	70%	44% penetration
California	~40M	4.5%	12%	40%	6.5% penetration

The integration is now largely behind us

= most critical

		Status			Status
1	Aligned **Revenue Management**	✓	7	Co-located System Operations	✓
2	Integrated Payroll & Benefits	✓	8	Cross-Trained Flight Attendants	✓
3	**Single Operating Certificate**	✓	9	Initiated Cross-Fleeting	✓
4	Integrated **Loyalty** Programs	✓	10	Integrated Seniority Lists for all but one workgroup	✓
5	Single Passenger Service System	✓	11	JCBAs for 93% of our Unionized Workforce	✓
6	Co-located 31 Airport Stations	✓	12	Initiated Airbus Modifications	✓

13 **Ongoing Investments In Culture**

…and we are coming together as One Team

Investing in Culture

Andy Schneider, VP People

Our culture enables our award-winning service, which builds guest loyalty and ultimately drives financial results

Genuine, Caring Guest Service

Supportive, Engaged Employees

“One Team” Culture

AQR

Condé Nast Traveler

TRAVEL+ LEISURE

#1

Customer Satisfaction

Loyal Customers

Consistent Demand

Higher Margins

Flight Path

Flight Path –
A series of interactive sessions with leadership to engage and align all of us to our shared vision, values and go-forward strategy

As we invest in our culture, we are becoming One Team

Executing Our Roadmap for Margin Improvement

Shane Tackett, EVP Planning & Strategy

Investing in Culture supports our ability to implement our Roadmap and improve our performance

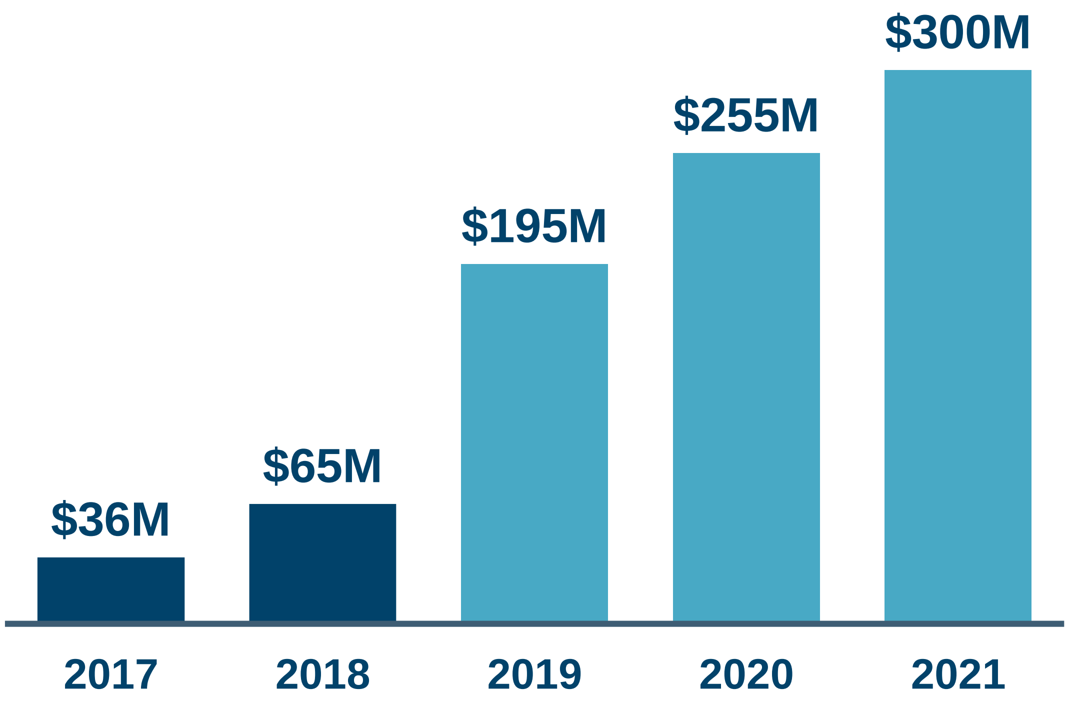
- **Margin Drivers**
  - **Commercial Opportunities**
    - **Merger Synergies**
      - Loyalty Growth
      - Cross-Fleeting
      - Airbus Modifications
      - Global Partner Growth
    - **Revenue Initiatives**
      - Saver Fare
      - Bag Fees & Other Ancillaries
      - Corporate Sales
  - **Cost Management**
    - **Operational Efficiencies**
      - Productivity
      - Schedule Optimization
      - Guest Self-Service
    - **Support Function Efficiencies**
      - Constraining Overhead
      - Vendor Management
      - Selling & Distribution

Investments In Our Culture & Values

We are poised to capture $235M in additional revenue synergies over the next three years

Synergy capture to-date is on track, and our timing and run-rate expectations are unchanged since deal-close

Annual synergies (revenue & cost) expected from Virgin America integration



We are pursuing several opportunities for additional synergy capture in 2019-2021

Cross-Fleeting

Loyalty Growth

Airbus Modifications

Alaska
GLOBAL PARTNERS

Partner Network

~80% of merger synergy value has yet to be realized

We also expect an additional $240M+ from initiatives

$100 million+	$50 million	$50 million	$40 million
Saver Fare	Increased Bag Fees	Other Ancillary Initiatives	Corporate Sales

Meanwhile, we see multiple opportunities to mitigate non-fuel cost increases

$75 million+	$55 million+	$20 million+	$10-$25 million
Labor & Asset Productivity	**Constraining Overhead**	**Vendor Management**	**Selling & Distribution**

Defending our cost advantage remains central to our strategy

Building For Brand Strength & Revenue Growth

Andrew Harrison, CCO

We own a unique position in the industry today by offering Low Fares and Great Value

Avg. Fares[1]: **$117*** **$145** **$152** **$204**

ULCC **Legacy**

Alaska's Value Proposition:

- **Low Fares +**
- **Great Value:**
  - ✓ Premium Product
  - ✓ Award-Winning Service
  - ✓ Generous Rewards

1. 2018 average fares within North America, trip-length-adjusted

* Avg. revenue per passenger instead of fares, given heavy reliance on ancillary revenues in the ULCC business model

Our refreshed, West Coast-inspired brand is gaining momentum, especially in California

Four Brand Pillars support our vision to be the West Coast's Favorite Airline

Low Fares, Great Value

Genuine, Caring Service

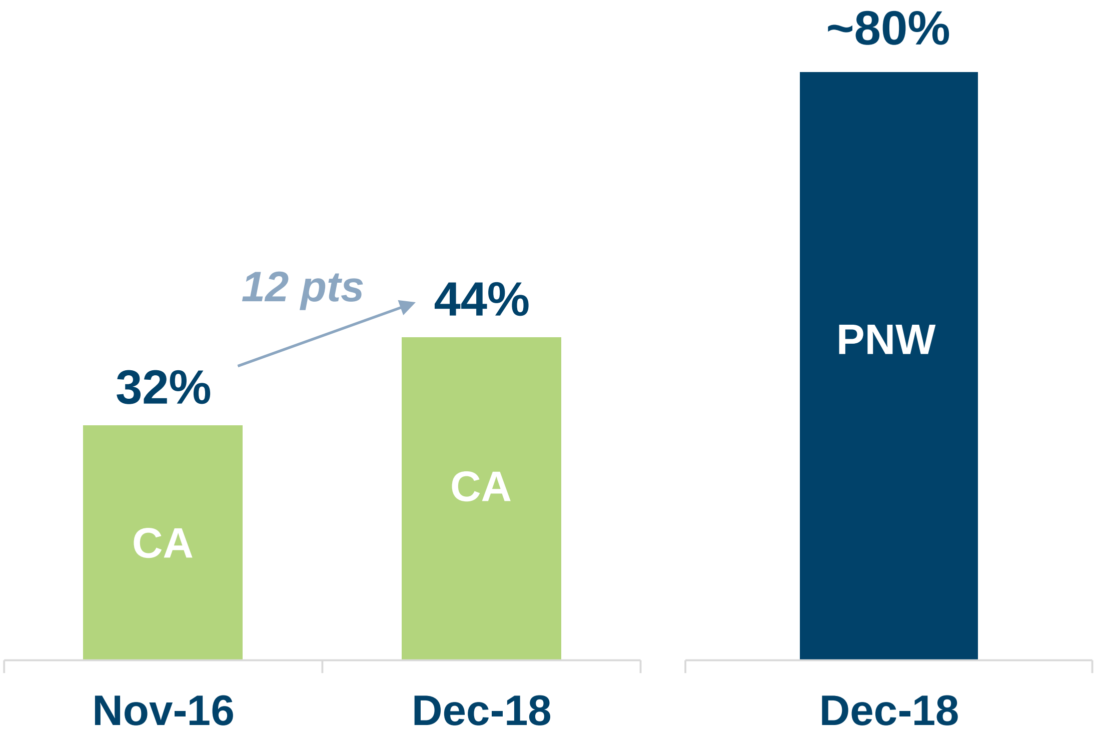
Generous Mileage Plan

West Coast Vibe

The West Coast Favorite

Our brand awareness has increased significantly in California since deal close

Unaided brand awareness

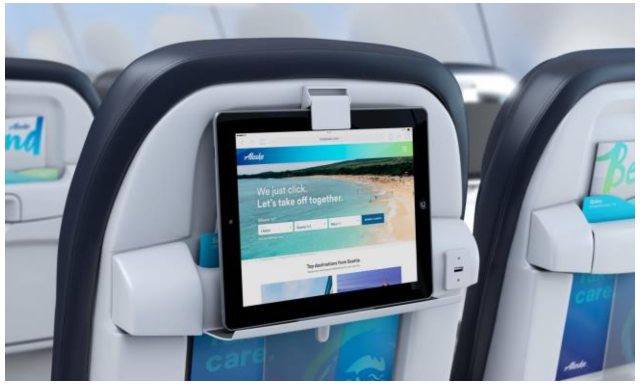


Source: Kantar Brand Tracker (2018). Hall & Partners Brand Tracker (2016). PNW defined as Seattle + Portland.

Our guest product offerings continue to improve

Contemporary look and feel to the cabin

Satellite Internet
(rolling-out through 1Q 2020)



Free Movies & Chat

New First and Premium Class Seats

Fresh, Regional Food & Beverage Offerings

Up-leveled Lounges

We've also launched new daily service from Paine Field

2019 Destinations	Frequencies / Day
1. Portland	4x
2. Los Angeles	4x
3. San Francisco	2x
4. San Jose	2x
5. Las Vegas	2x
6. San Diego	2x
7. Phoenix	1x
8. Orange County	1x
TOTAL	**18x**

Our generous loyalty program continues to expand quickly and drive results

Mileage Plan membership and credit card acquisition have grown rapidly in all regions since Jan 2017

Alaska Mileage Plan

+38% +17%

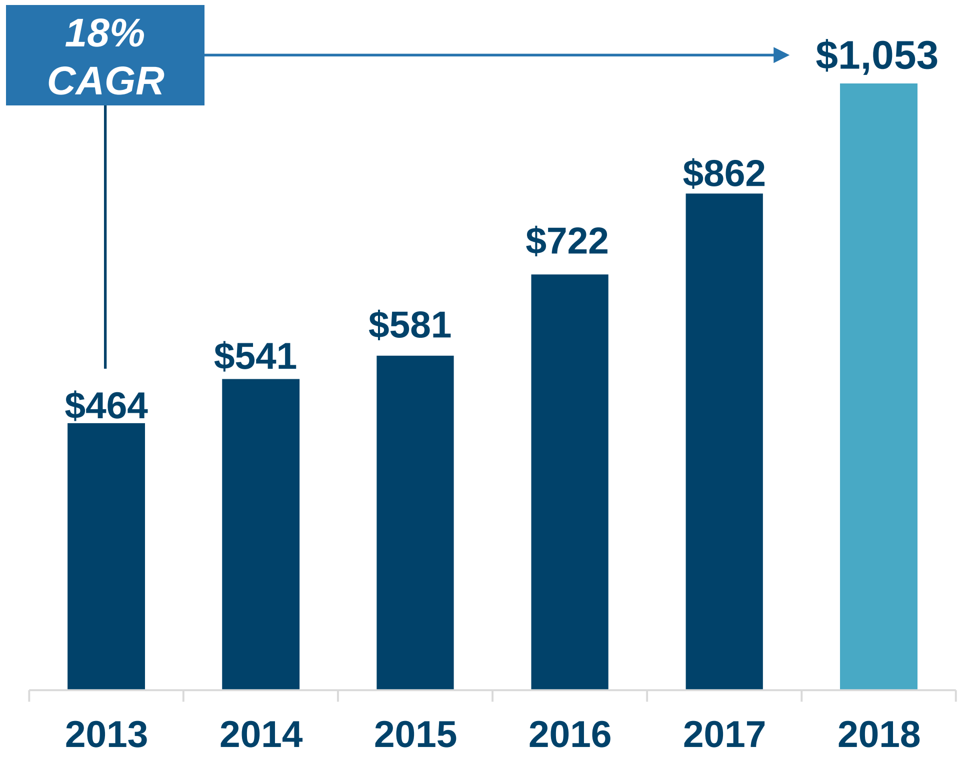
+19% +10%

+51% +34%

Jan 2017 through October 2018

Mileage Plan revenues now exceed $1B annually and continue to grow as a % of sales

$ millions

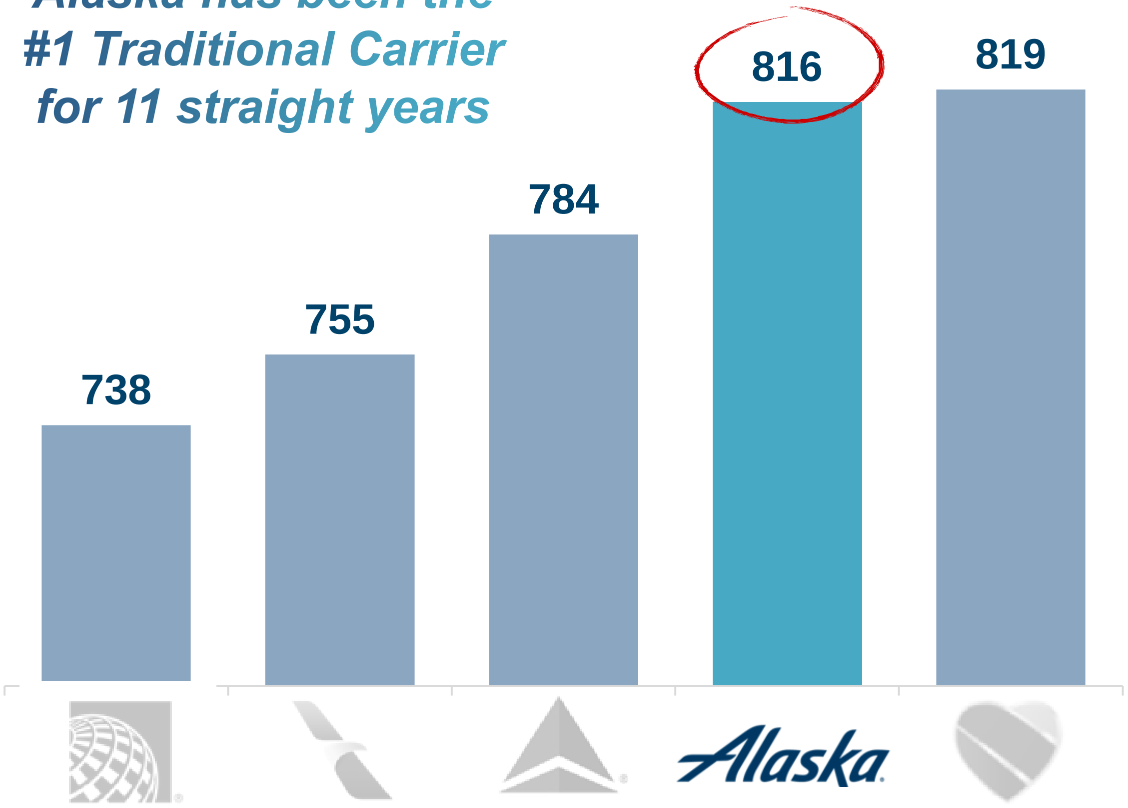


% of Total Rev	9%	10%	11%	12%	11%	13%

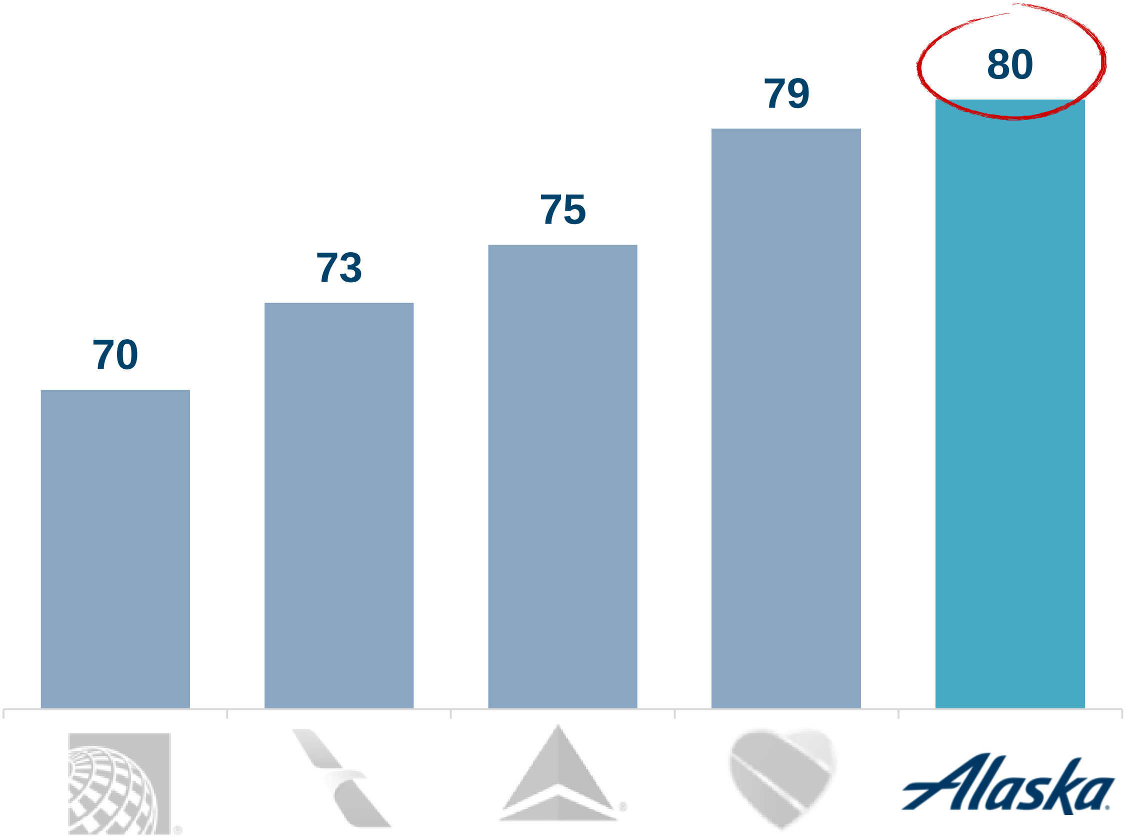
Our balanced proposition continues to lead to high levels of guest satisfaction

JD Power Customer Satisfaction Ratings[1]

Alaska has been the #1 Traditional Carrier for 11 straight years



ASCI Airline Ranking[2]

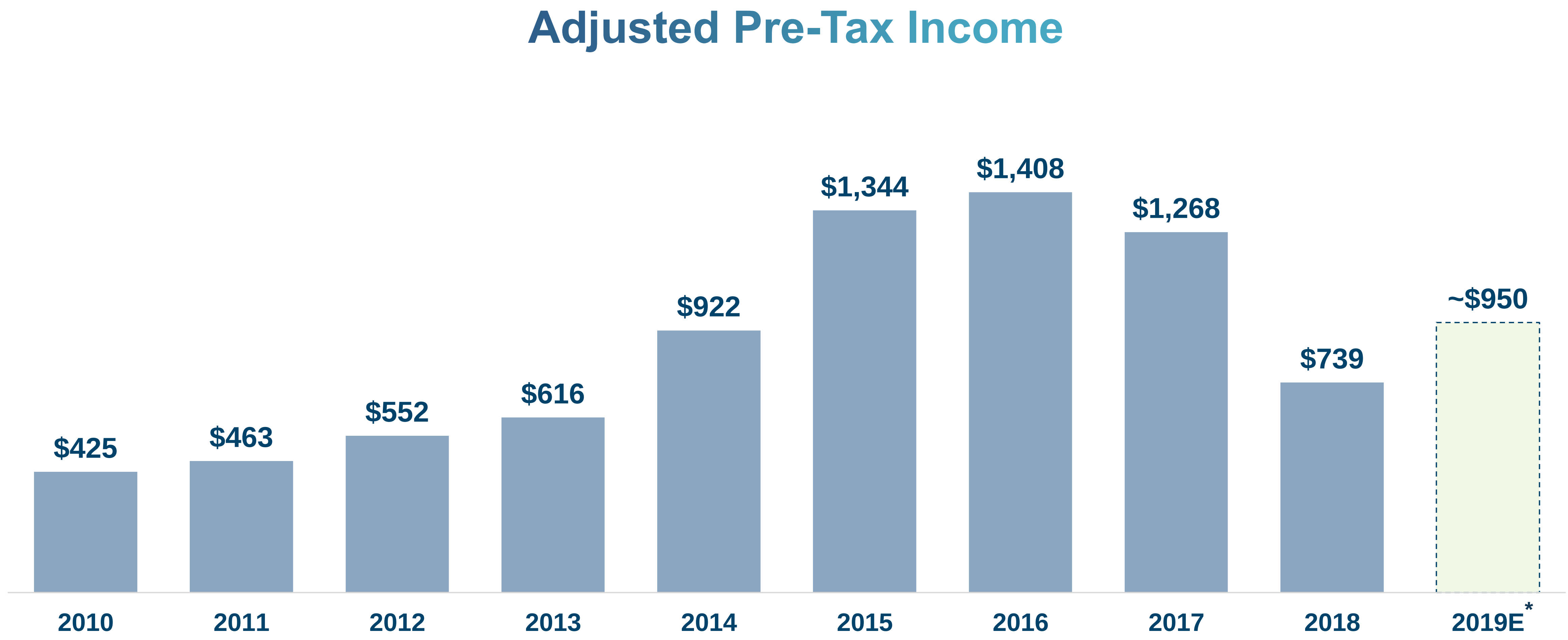


1. 2019 Mid-Year Results for Traditional and Low-Cost Carriers; 2. American Customer Satisfaction Index, 2019 Results

Financial Outlook

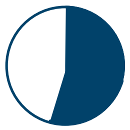
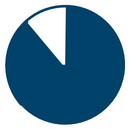
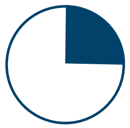
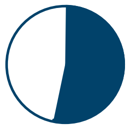
Brandon Pedersen, CFO

We have grown profitably for many years, but recent investments and competition have pressured margins



*based on 2019 Street Consensus EPS estimate as of 5/7/19

We are on the path to improving margins and returns

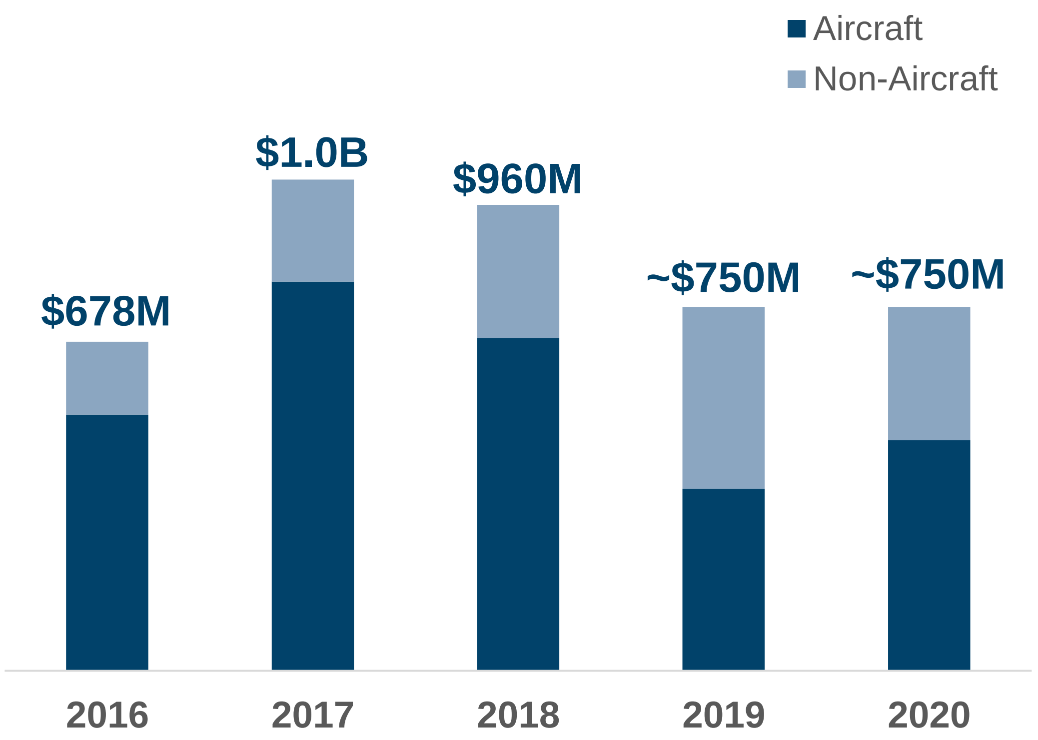
Margin Drivers		Multi-Year Opportunity	Targeted for 2019
Commercial	Merger Synergies	$235M	
Commercial	Revenue Initiatives	$240M+	
Cost Management	Operational Efficiencies	$75M+	
Cost Management	Support Function Efficiencies	$85M+	

13%-15%

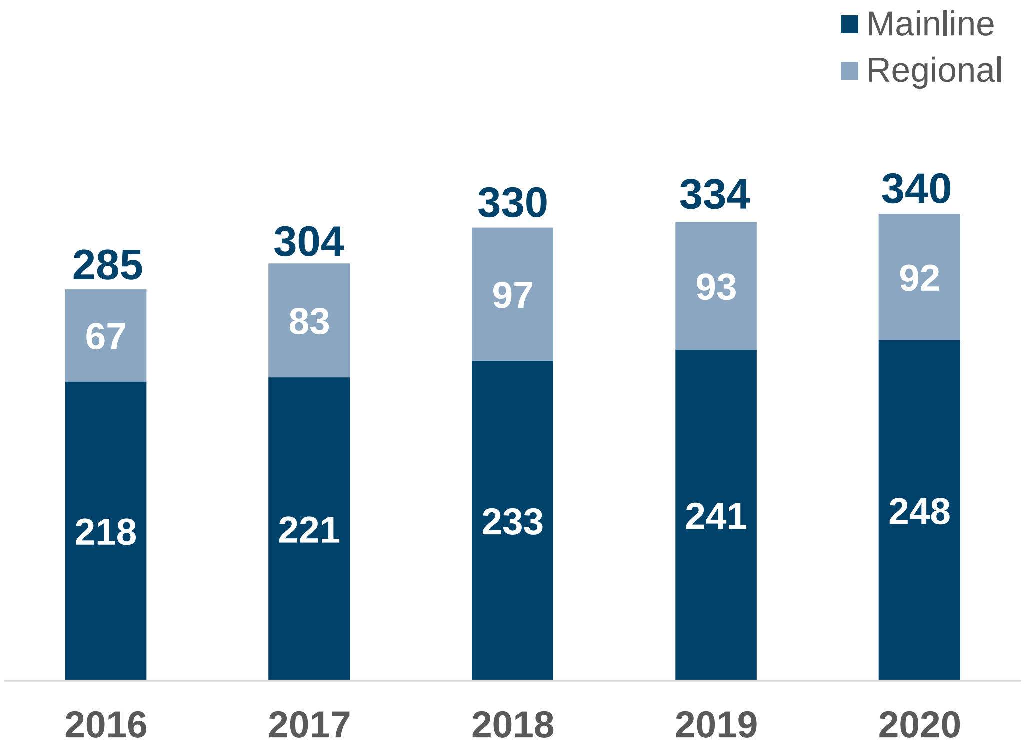
Pre-Tax Margin Target

Our fleet growth is slowing in line with our lower capex, and our lower capex has led to increased free cash flow

Capex History & Plan



Fleet History & Plan



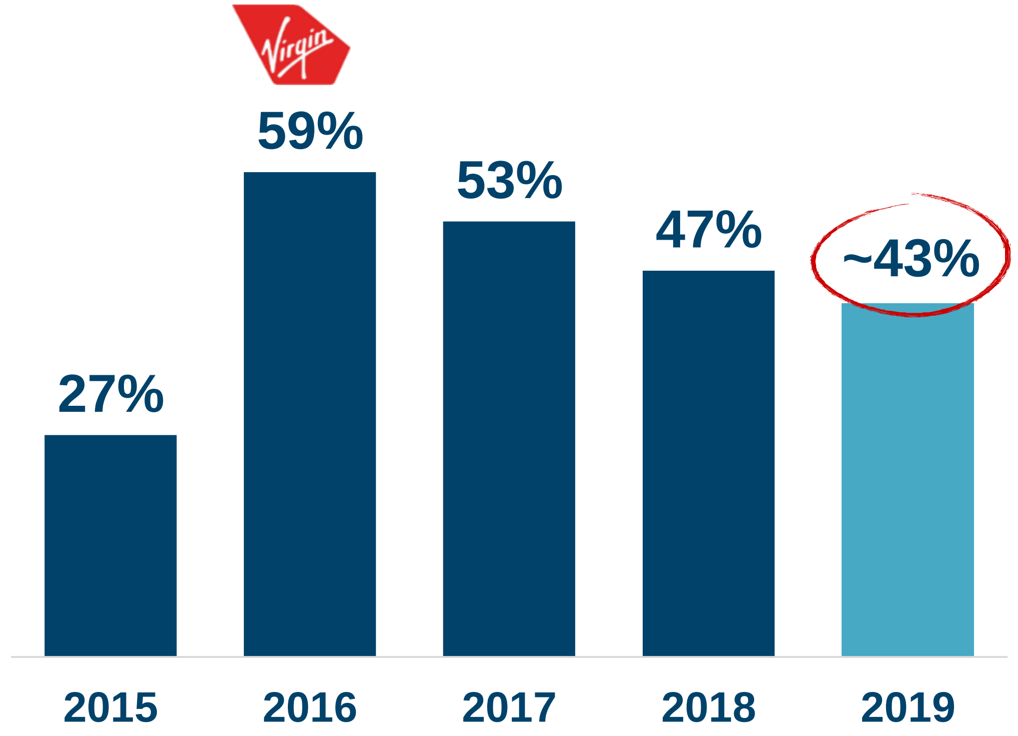
Q1 2019 Free Cash Flow was $380M*, ~$300M higher than Q1 2018

*excludes integration costs

We've already repaid more than $1B in merger-related debt and expect to further reduce our leverage this year

Long-Term Debt-to-Total Capitalization %

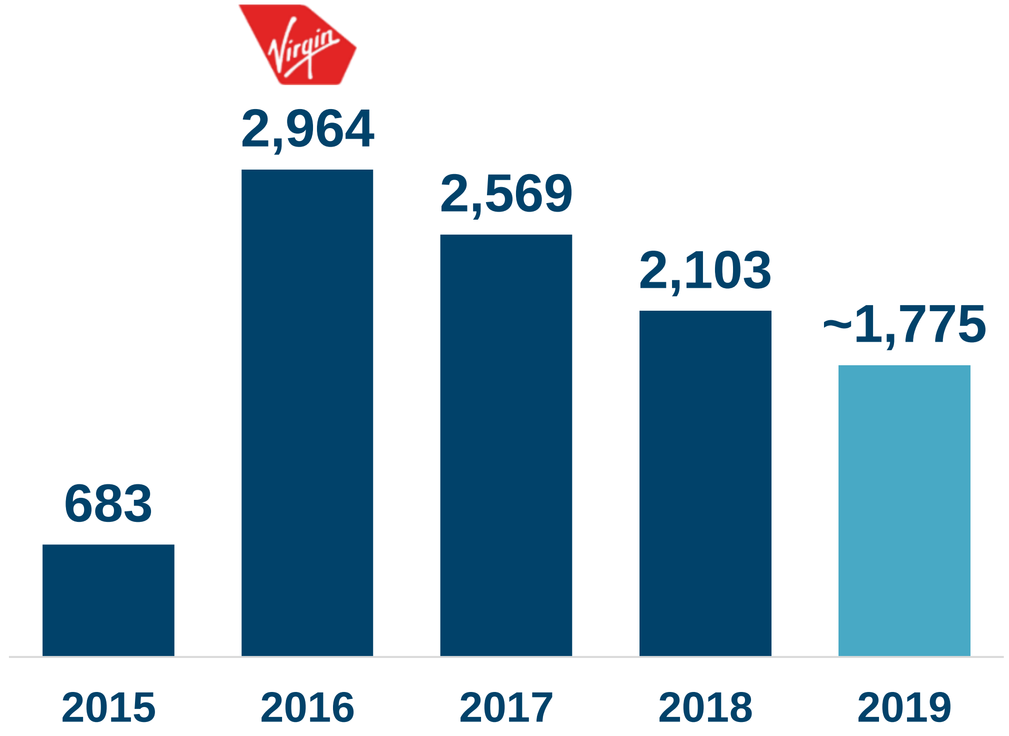
Adjusted for net present value of future operating lease commitments



We expect to achieve our leverage target roughly one year ahead of schedule…

Total On-Balance Sheet Debt

$ millions

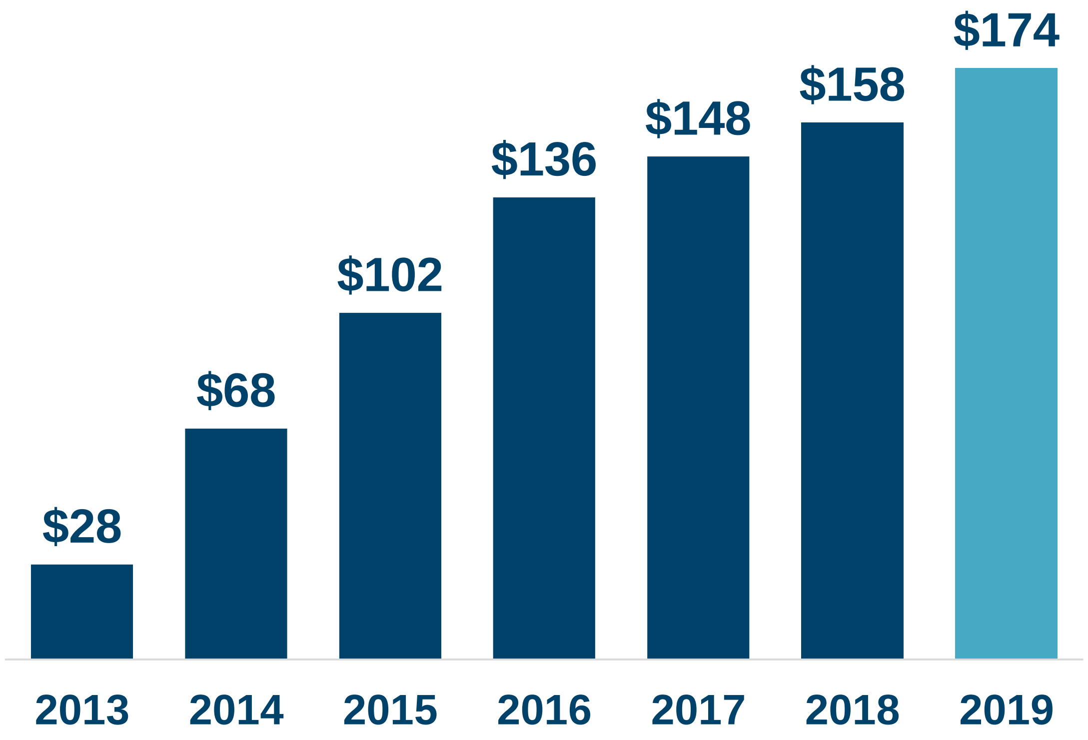


…and plan to repay ~60% of our merger-related debt by YE 2019

Consistent dividend increases display our confidence in the health and trajectory of the business

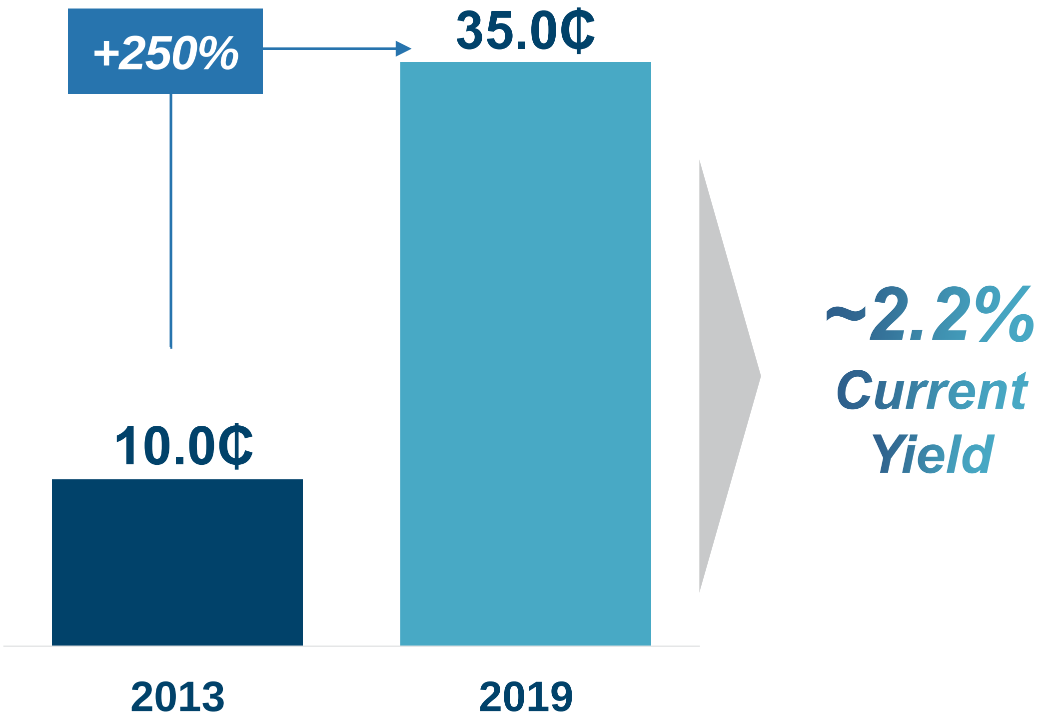
Annual Dividend Spend

$ millions



We've increased the dividend every year since inception in 2013

Quarterly dividend per share



In millions, except per share values
Dividend initiated in August 2013; spend subject to Board approval

Our business model

Profitable growth creates value for all of our stakeholders.