

Alaska Air Group

2017 Annual Stockholders Meeting Questions and Answers May 4, 2017

1. Denied Boardings/Oversale of Seats

Does Alaska do involuntary denied boarding?

Alaska averages only about 2½ denied boardings each day. We use technology, which is getting better all the time, to estimate how many people will not show up for their flights on any given route and whether it is prudent to oversell and by how much. Were we to stop overselling on these routes, in 2016 alone 675,000 seats would not have been available for sale. This approach allows us to better match supply and demand for seats, which in turn lets us keep offering low fares. In the small number of situations where we have more booked passengers than seats, we empower our employees to make things right for customers. Our values, “Do the right thing” and “Be kindhearted” are the rule.

2. Noise Pollution

Communities have raised concerns about increasing noise around airports as the number of flights increase. What are we doing to address these concerns in the communities we serve?

We want to be good citizens in the communities that we serve. In a recent notable situation (near Sea-Tac) we worked with the community group directly to provide answers for their concerns. We also work closely with the FAA and airport authorities to understand the concerns of those in other communities and are highly engaged in fostering the use technology to lessen noise around airports.

3. Virtual Shareholders Meeting

What is the number of attendees at virtual shareholder meeting vs. in the past?

Attendance on the day of the meeting has gone down somewhat. We attribute that to the fact that the in-person meetings were attended largely by employees. In place of using the shareholders meeting to raise issues of importance to employees, we have instituted other regular opportunities for employees to speak directly with management, such as quarterly town halls and employee meetings, to address questions of employee interest. The other reason is that people appreciate that the meeting is recorded and they can watch/listen later.

The number of shareholder attendees for the 2016 virtual annual meeting.

126 individuals registered and attended the online meeting.

The number of director attendees for the 2016 virtual annual meeting.

All eleven sitting board members were present in person.

The number of management attendees for the 2016 virtual annual meeting.

There were 16 members of management present in person. Of those participating online during the meeting, we cannot tell whether someone is an employee shareholders or a non-employee shareholder.

The number of separate questions asked by shareholders at the 2016 virtual annual meeting.

Five.

The number of media attendees at the 2016 virtual annual meeting.

There were no attendees who identified themselves as media professionals.

Any media coverage of the 2016 virtual annual meeting?

No media coverage.

How many minutes long was the 2016 virtual annual meeting?

About 45 minutes long.

4. Board Refreshment

What are we doing about Board refreshment?

The Board is continually evaluating potential board members with expertise that aligns with the company's strategy and who bring diversity of perspective to the Board. We find that having a balance of new and experienced directors provides for optimum oversight, combining experience and insight with fresh ideas. Over the past seven years we have brought on five new directors, putting our average tenure at about 9 years as of the end of 2016. In addition, current directors are evaluated annually against high standards of performance before they are nominated to stand for election to another year-long term. The Alaska Air Group Board has been recognized by several organizations as one of the most diverse boards in the country.

5. Fleet

Are we going to keep the Airbus A320 Neos?

We have not yet decided whether Alaska will ultimately have an all-Boeing or a mixed fleet. We expect to spend most of 2017 considering this question.

Do customers like Airbus or Boeing better?

Both are great airplanes. As we consider the question of long-term fleet type, we will ask our customers and guests which they prefer.

What's the status on the freighters?

The first reconfigured freighter aircraft is being completed as we speak and will be returned to us by end of May and enter service in mid-June. After that, the reconfiguration of two other freighters will proceed on a faster pace. Meanwhile, our existing combis and classic freighter will continue operating in the state of Alaska through the summer.

What is the seat mile cost of the 737 compared to the 320?

We have no publicly available information at this time.

6. Inflight Connectivity

When will the inflight connectivity decision be reached regarding vendor/technology provider?

We expect to make an announcement later this summer.

7. Flights to Cuba


With other carriers pulling back on Cuba, how is Alaska doing?

Our load factors in the 80% range, which is our norm. Alaska is the only carrier in the nation with West Coast service to Cuba, and we plan to continue this service as our network grows.

8. Announcements

Will there be a news release following this meeting?

We are not planning any special announcements following our annual shareholders meeting.



9. Miscellaneous

What is the longest route flown?

Alaska's longest route is Anchorage, AK to Kona, HI at 2,880 miles.

Where does the income for the Alaska Air - Bank of America VISA card show up?

The disclosure of all of our Mileage Plan revenues is in Note 1 of our Annual Report on Form 10-K. The revenue is split between passenger revenue and Other-net revenues in the income statement.

Will Alaska make the slides available for downloading in a pdf or pptx format?

The presentation is available at [alaskaair.com/investor information/webcasts & events](http://alaskaair.com/investor/information/webcasts&events).

How are you getting the increase in synergy?

Please refer to pages 12-14 of the Annual Shareholder Meeting Presentation.

