

# Alaska Air Group

## 2021 Annual Stockholder Meeting Questions and Answers May 6, 2021

Please note: A name is indicated in response to questions answered by that individual during the meeting.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

***Q: What measures are being taken to keep Alaska Air in a leadership position to avoid adopting cancel culture behaviors so as to steer the company away from woke political influences that have appeared to infiltrate other companies.***

Ben Minicucci: There are a lot of social issues out there that companies can take a position on. As we've discussed them internally, the way we're going to look at issues is to put them through two filters. The first filter is our values, and two of our biggest values are to do the right thing and be kindhearted. The second filter will be through the lens of our stakeholders -- our shareholders, our customers, our employees, and our communities. Today we know our shareholders ask us how we feel about the environment, how we feel about social issues, and they require us to have a point of view. As we put issues through these two filters, we'll decide whether we're going to have a position or point of view on that specific issue.

### **RETURNING DIVIDENDS**

***Q: Would you please speak to when the dividends might return for Shareholders?***

Shane Tackett: First, we are precluded from issuing dividends or repurchasing ALK stock, at least through September of 2022, as part of the payroll support programs that we participated in over the past 12 or so months. Then the second is, we do need to rebuild the business back to a threshold level of profitability and cash flow that lets us buy planes and grow the company, continue to invest in the company, and as Ben mentioned, maintain a really strong balance sheet, and then ultimately to return to shareholder focused capital allocation. We hope to be one of the first to be able to do that in the industry, that's what we're focused on as the management team, it'll be beyond 2022, but hopefully shortly after, we'll be in a position to start making decisions issuing dividends.

## **COVID-19 POLICIES AND PASSENGER COMPLIANCE**

***Q: We have recently heard about unruly/hostile/inebriated and out of control passengers on airflights. How do you plan to handle these behaviors and reassure the rest of us that we will be safe to fly with you?***

Constance von Muehlen: I have full confidence in our staff, our flight attendants, our customer service agents. They are professionally trained and have lots of experience in managing these types of situations. That said, these situations can be difficult, and we continue to provide guidelines and refresh our team with the very best de-escalation skills so that all our guests can have a pleasant, and memorable in a positive way flight experience.

***Q: Since Alaska Airlines started enforcing the TSA's mask policy, I have felt an adversarial relationship has developed between me as the consumer and Alaska Airlines as a business. I have been on flights where I have watched flight attendants using their power, in my opinion, carelessly and critically. For example, I have firsthand knowledge of an incident where a passenger had their head covered with a blanket while sleeping, but no mask underneath and the attendant went ballistic threatening to blacklist this passenger forever from flying Alaska Airlines. This passenger meets ALL of Alaska Airlines' and TSA policy on masking (cloth covering over mouth and nose). It is poor a descent from what was once was a great airline with exceptional customer service. Sad and failure to rise above a circumstance with an opportunity to excel. My question; what is the motive behind this unchecked response to masks?***

Constance von Muehlen: These are definitely challenging situations, aboard our airplanes and everywhere else. What I will say is that Alaska Airlines is known for delivering kind and caring service. Our team is dedicated to doing that each and every day, that said, my and our company's top value is owning safety and certainly my job in operations is to integrate safety into everything we do every day. In this regard, we will continue to integrate the federal mask mandate into our work which is what you see happening on our airplanes today. While we continue to do that, we will also provide the kind and caring service that our guests come to expect from us and that we are known for. We have a fantastic set of employees who balance those things professionally and skillfully and I have all the confidence in the world that they do a really good job at doing just that.

***Q: For the future of air travel, do you believe that vaccination passports will become the norm? I personally have learned so much about the high level of air quality inside airplanes, I do not think it is necessary.***

Andrew Harrison: U.S. Government has been exploring COVID-19 vaccine certifications, both internationally and domestically. Where we stand right now is that, international is more the priority. I think they've said they won't do it domestically. We're watching developments very closely and we're staying close with our international partners on the international side of things, and we just need to see where this unfolds.

## **AIRCRAFT AND STAFFING**

***Q: I have noticed a big difference in product quality between the old interiors on most 737s and the new ones on the Airbus and 737 max planes. I know the plan was to refurbish all planes with new interiors and satellite wifi pre-covid, but it seems like this was paused with the pandemic. When does Alaska plan to resume wifi/ interior upgrades on the 737-NG planes?***

Andrew Harrison: That is correct, we paused everything with COVID. However, we have recommenced installing satellite on our aircraft. We have also got approved and are going to be undertaking a refurbishment of our core 737 fleet, such as the 800, 900 ER, and we are also going to be refurbishing the remaining Q400 that need new carpets and seat covers. So, you're going to see a whole new refreshed look at our fleet over the next couple of years.

***Q: Any plan on eliminating sub-contractor TSA with the professional airline employee, which are manning the smaller stations. Alaska guest needs to experience a true enjoyable flight journey.***

Joe Sprague: For both Horizon and Alaska we have Horizon in smaller communities here in the Pacific Northwest. Horizon staffs both the ramp functions as well as the airport functions. In reference to TSA, I'm not sure. Post 9/11 TSA has taken over all the security functions at both large and smaller airports.