

Alaska Air Group

2020 Shareholders Meeting





A brief recap of 2019

	Alaska Result	Industry Average
ASM Growth	2.0%	3.1%
Pre-tax margins	12.0%	10.3%
Free Cash Flow Conversion	133%	47%
Debt-to-Capitalization	41%	54%

Four stages of managing the economic crisis

Stage 1

Recognition

Goal: Establish a common understanding of revenue/demand evaporation

- "Houston, we have a problem"
- Understand the full scope and severity of the problem

Stage 2

Immediate actions

Goal: Take immediate action to reduce capacity, fortify liquidity and bring down cash burn rate

- Build liquidity
- Pull schedule down
- Defer vendor payments
- Reduce executive pay
- Bring paid hours down to minimums and reduce hours for management
- Implement voluntary leaves
- Release contractors
- Suspend stock repurchase and dividends

Stage 3

Preserve oxygen (to extend longevity)

Goal: Manage cash levels and structural cash burn rate to extend longevity

- Dramatically reduce cash burn rate
- Fight for fair share of government assistance
- Borrow additional funds, if possible
- Make structural changes to reduce costs

Stage 4

Build our future

Goal: Rebuild sustainable airline platform, taking advantage of opportunities we identify

- Execute decisions on:
 - Future fleet
 - Future network/markets/geography
 - Employee composition
 - Fare structure
 - Revalidate guest preferences
- Capitalize on opportunities identified

Communicate honestly and regularly

✈ We have sustainable competitive advantages



Low Costs, Low Fares



Excellent Operations



Award-Winning Service



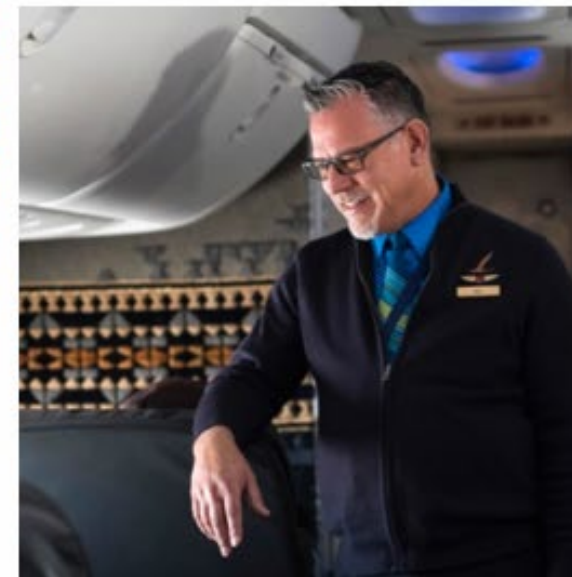
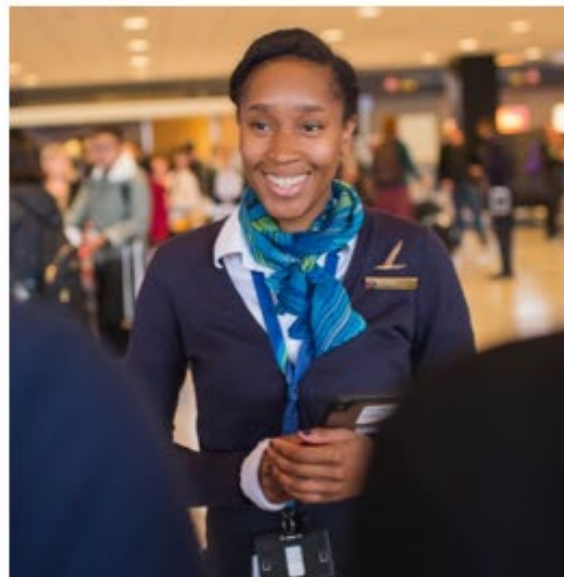
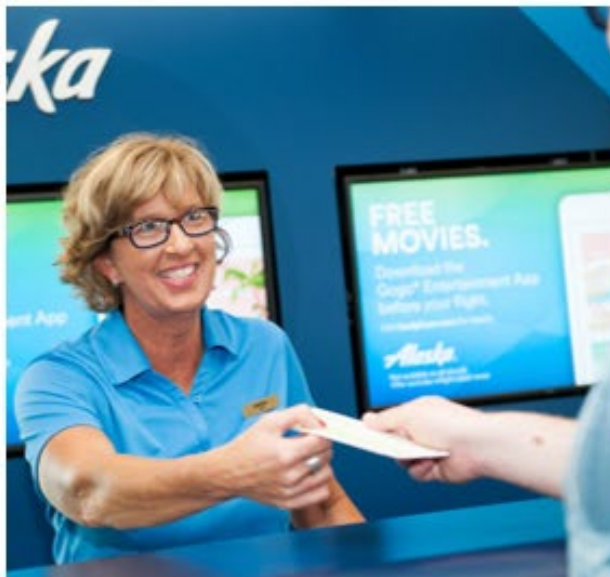
Best Loyalty Program



“One Team” Culture

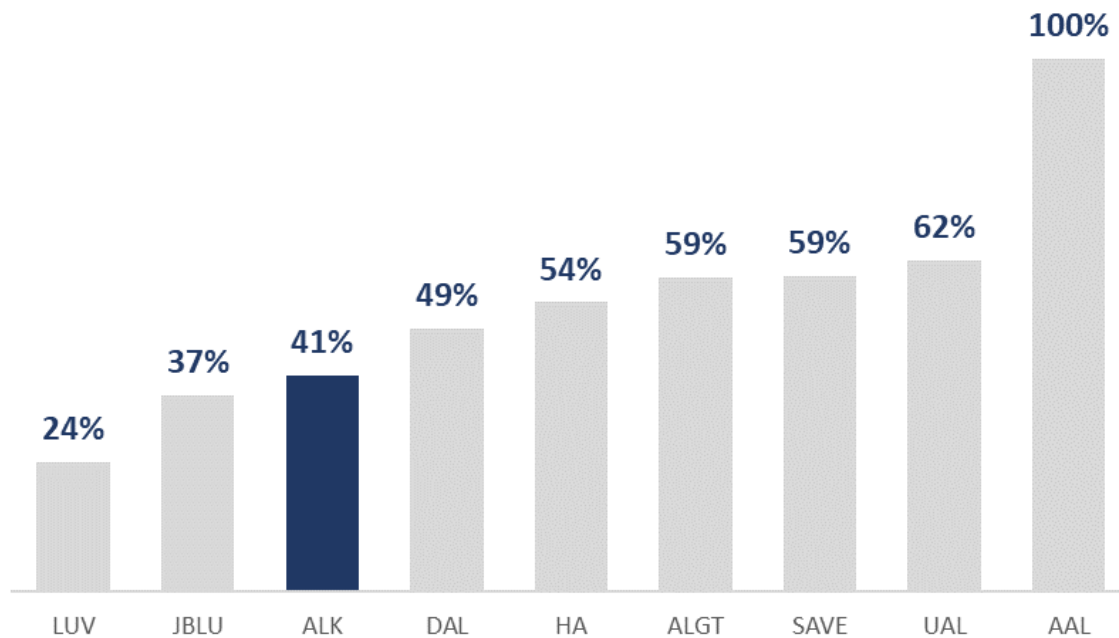


Our priority is to ensure that our airline is here to support and serve our employees in the future

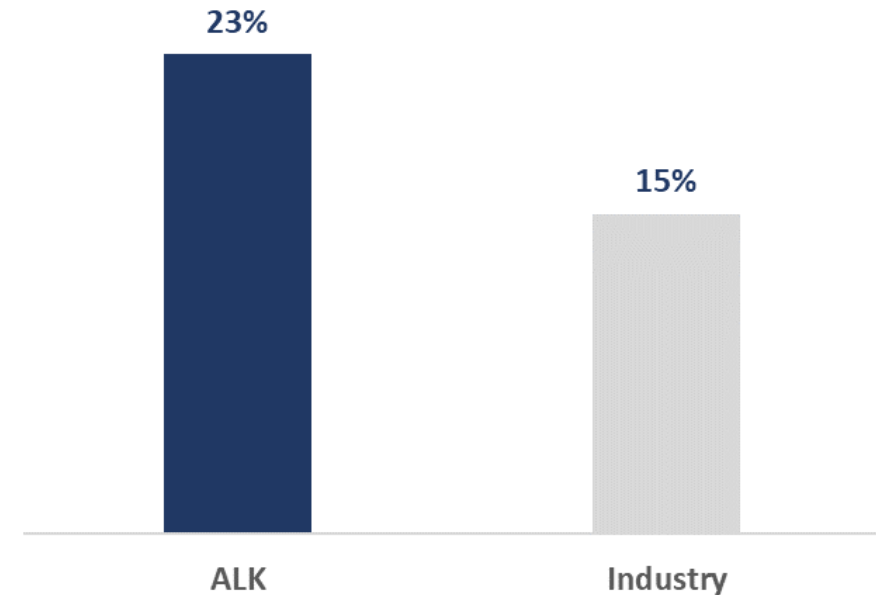


We have maintained a conservative balance sheet

Long-term Gross Debt to Capitalization



Liquidity as a % of Revenue

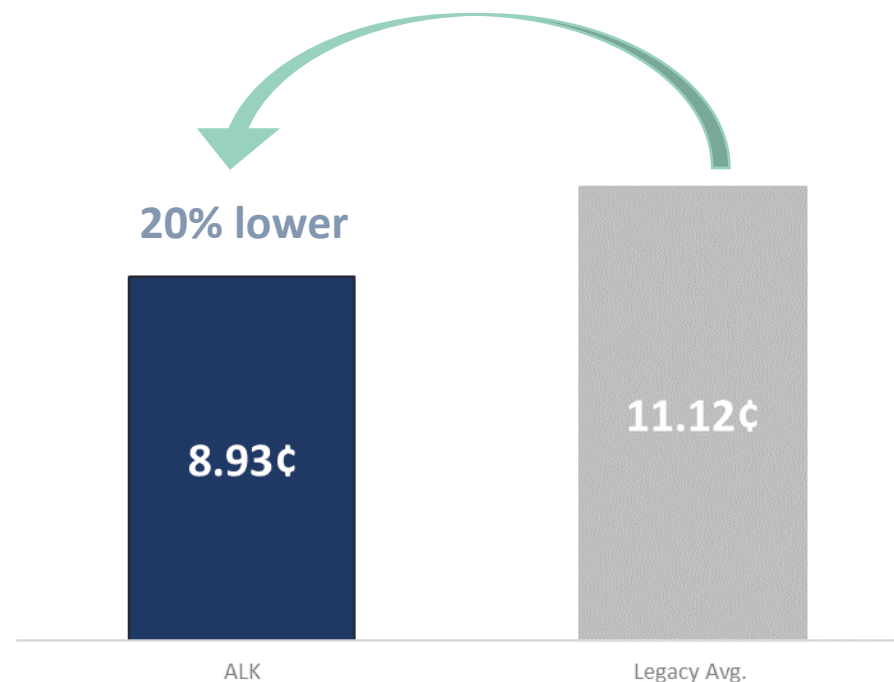


We are competitive because of our low costs

Lower Average Fares



Enabled by Lower Average Costs





We are planning for recovery, and will emerge from this crisis stronger

Crisis Management Priorities

1

Ensuring the health and safety of our guests and employees.

2

Preserving our financial strength.

3

Planning for the future of the company.

Actions we've taken to date

Implemented significant capacity cuts

Parked 169 aircraft, reducing maintenance spend

Suspended share buybacks and dividends

Aggressively cut discretionary spending

Obtained \$825M in financing

Received \$992M in CARES Act Payroll Support Funding

Applied for \$1.1B in CARES Act Loans

Reduced overhead through management pay reductions

Offered voluntary leave options to all employees

Redeployed employees with little work to training or other jobs

We Remain Committed To:

Being the West Coast's preferred airline, and providing great service and an industry-leading rewards program.

Maintaining low fares and an industry leading low cost structure.

Providing our employees with a great place to work.

Prioritizing a strong balance sheet and the long-term financial health of the company.

Emerging from today's economic crisis a stronger company.

