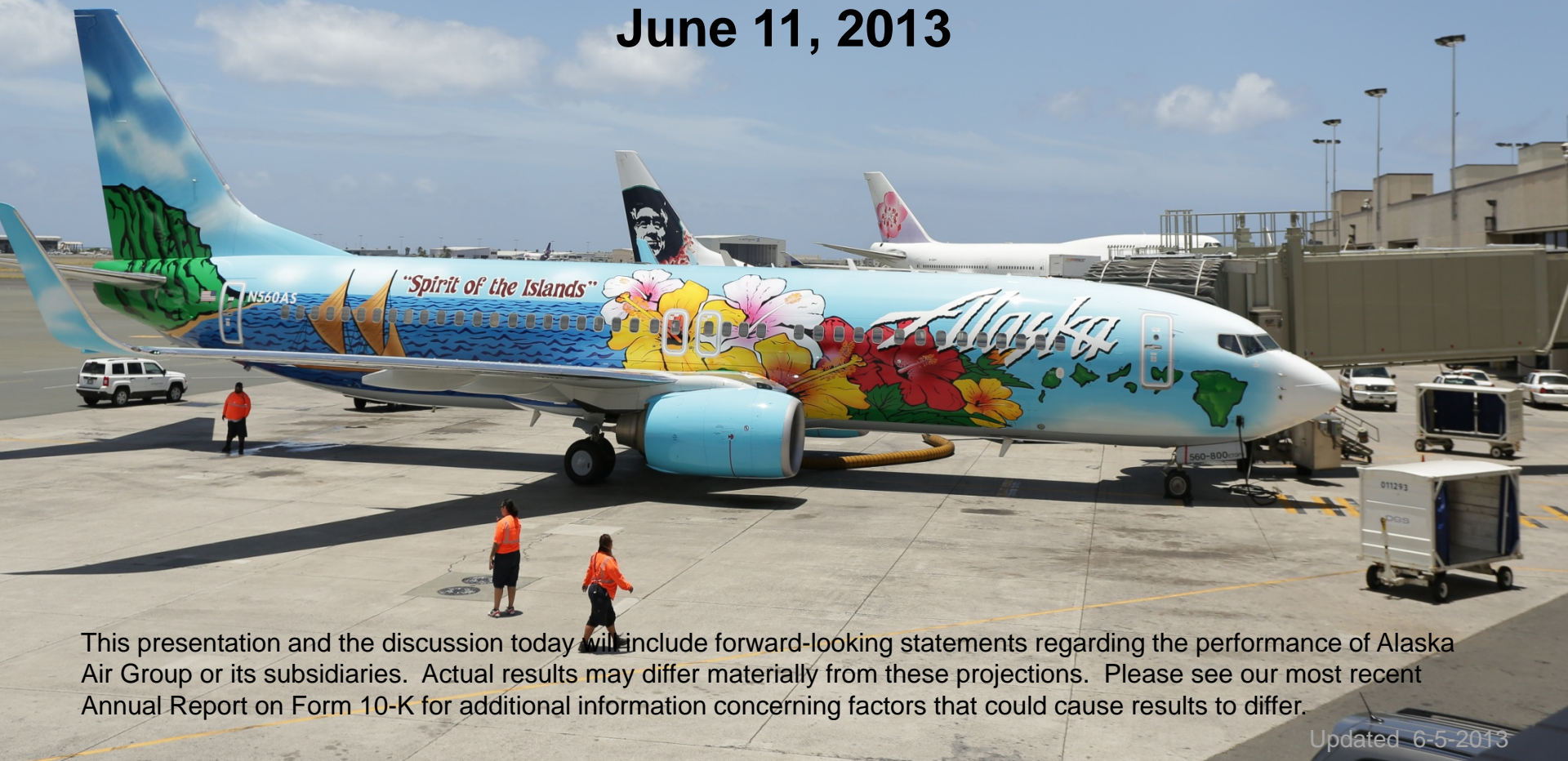


Alaska Air Group

Cowen Securities 6th Annual Global Transportation Conference

June 11, 2013

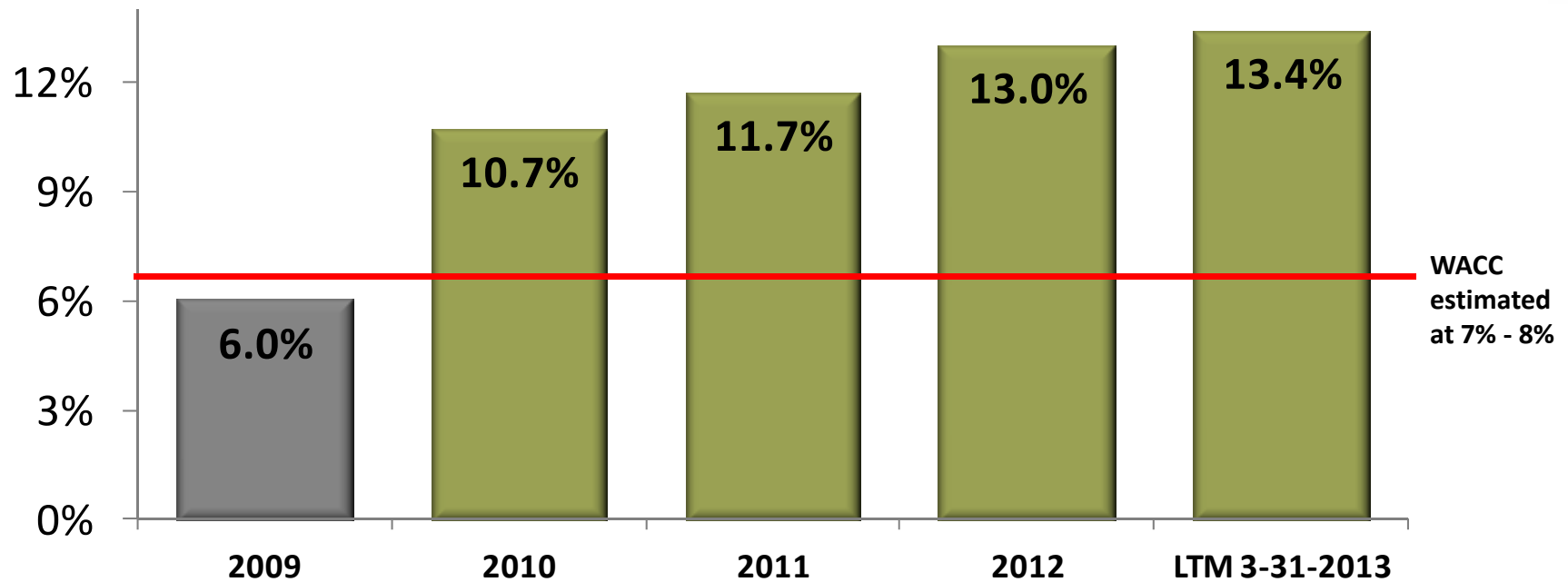


This presentation and the discussion today will include forward-looking statements regarding the performance of Alaska Air Group or its subsidiaries. Actual results may differ materially from these projections. Please see our most recent Annual Report on Form 10-K for additional information concerning factors that could cause results to differ.

Updated 6-5-2013

We are producing after-tax returns well in excess of our cost of capital creating value for owners

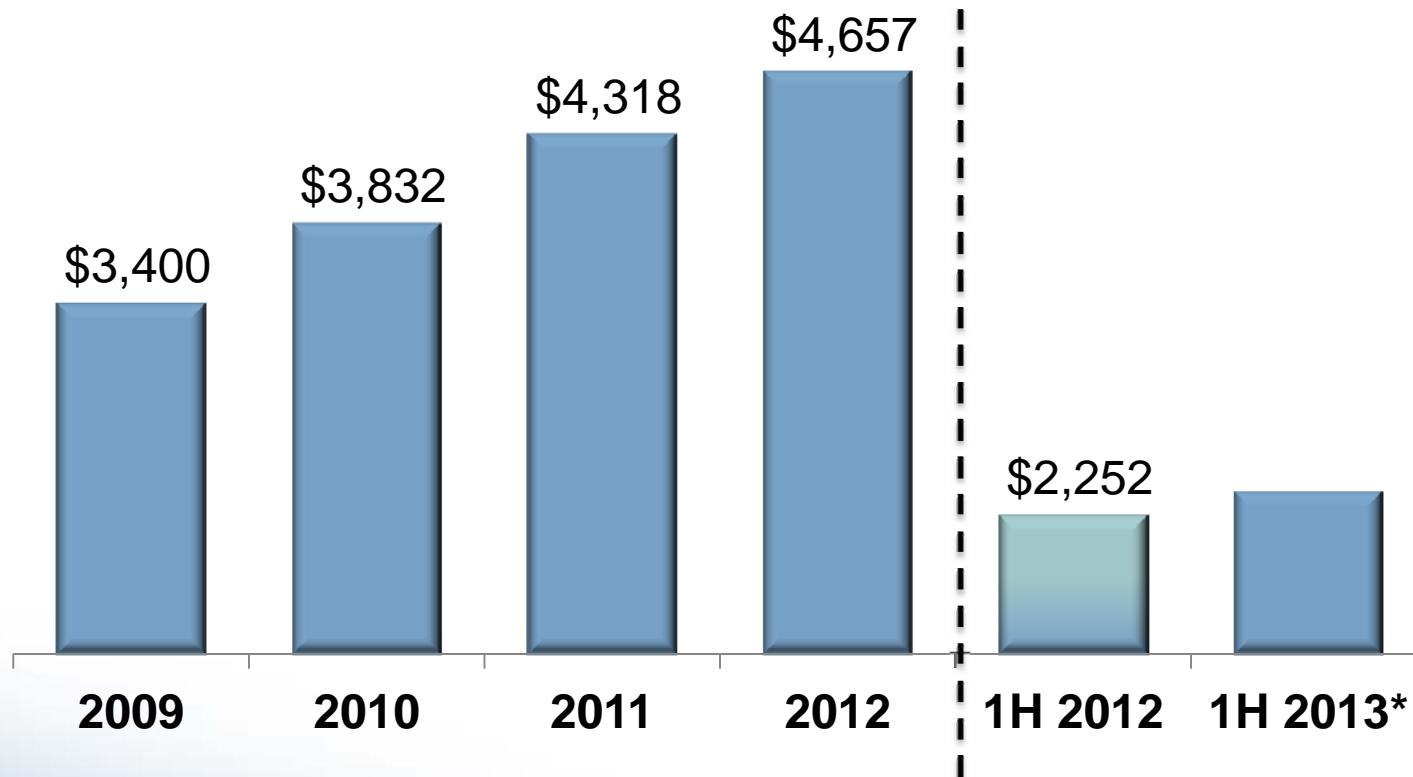
After-tax ROIC goal is 10% over a business cycle



Adjusted for hedge mark-to-market and unusual items.

Although near-term PRASM is under pressure, we are growing revenues

Total Air Group Operating Revenues
(\$in millions)



*Q2 uses April & May actuals as disclosed and assumes June unit revenues average of April/May

We have a track record of making capacity adjustments when necessary and using our assets in new ways

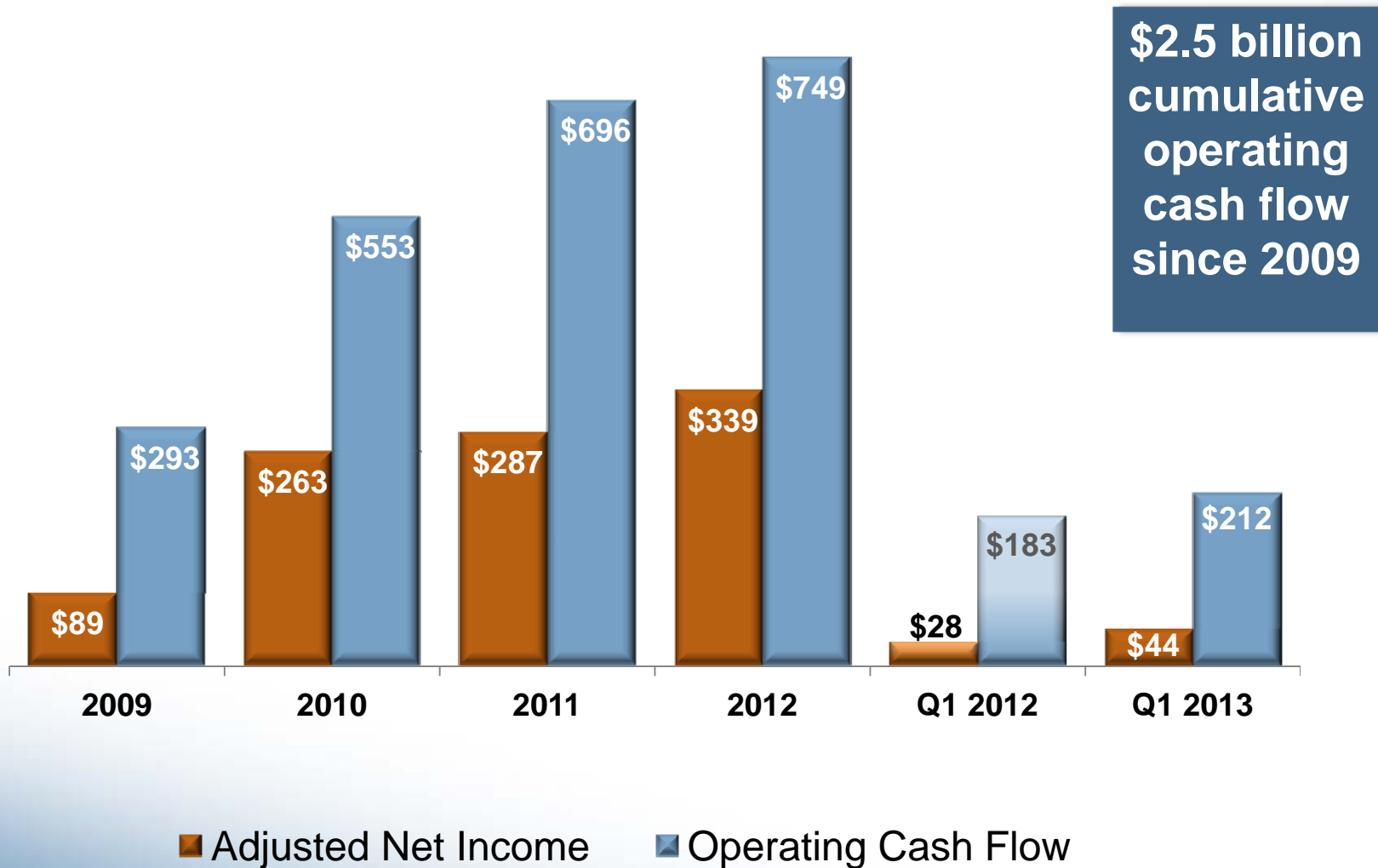
| Mainline Capacity Reallocation | | |
|--------------------------------|-----------------------------------|-------------------------|
| Region | 2012 vs.2008 Equiv. A/C Change | Profitability Result |
| California | (9) | ↑ |
| Canada | (2) | ↑ |
| Alaska | (1) | ↑ |
| Arizona/Nevada | (1) | ↑ |
| Mexico | (1) | ↑ |
| PNW / Feeder | -- | ↑ |
| Midcon/Transcon | 4 | ↑ |
| Hawaii | 18 | ↑ |



| Bay Area-Hawaii Frequency Changes | | | |
|-----------------------------------|------------|------------|--------------|
| Market | Fall '12 | Fall '13 | YOY |
| HNLOAK | 1.0 | 0.4 | (0.6) |
| HNLSJC | 1.0 | 0.6 | (0.4) |
| KOAOAK | 1.0 | 0.6 | (0.4) |
| KOASJC | 1.0 | 0.4 | (0.6) |
| LIHOAK | 1.0 | 0.4 | (0.6) |
| LIHSJC | 1.0 | 0.6 | (0.4) |
| OAKOGG | 1.0 | 1.0 | - |
| OGGSJC | 1.0 | 1.0 | - |
| OGGSMF | 1.4 | 1.0 | (0.4) |
| Total | 9.4 | 6.0 | (3.4) |

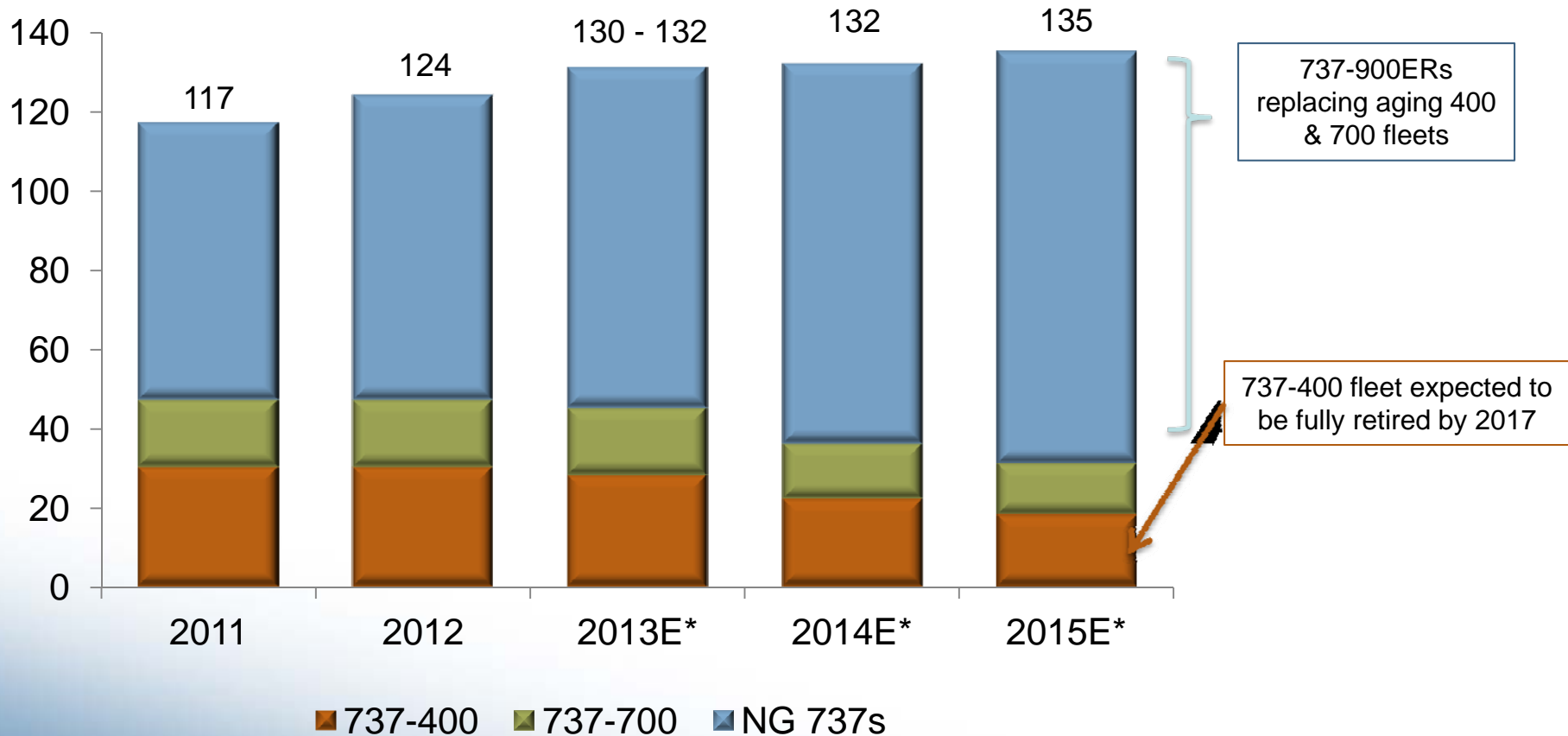
Changes continue to result in strong profits and cash flows

(\$ in millions)



We are investing in modest fleet growth and replacing older aircraft

Mainline fleet growth with firm orders



*Estimates based on current fleet plan, which is fluid.
Options for 8 737-900ER aircraft are available in 2015

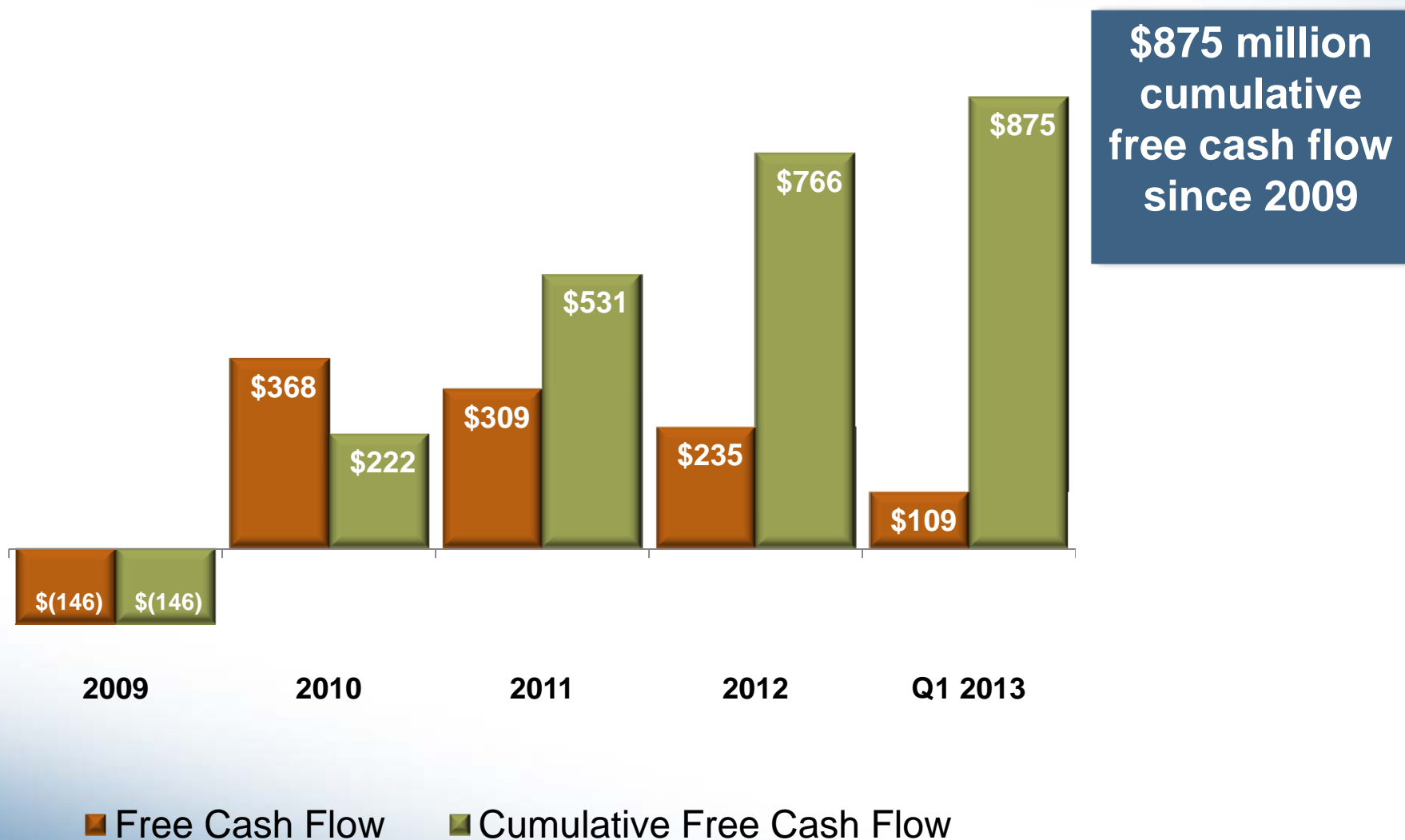
We are making other investments that will lower unit costs and add features that customers value



Alaska Air Group

We are producing strong free cash flow

(\$ in millions)



We are returning a significant amount of cash to shareholders over the next 18 months

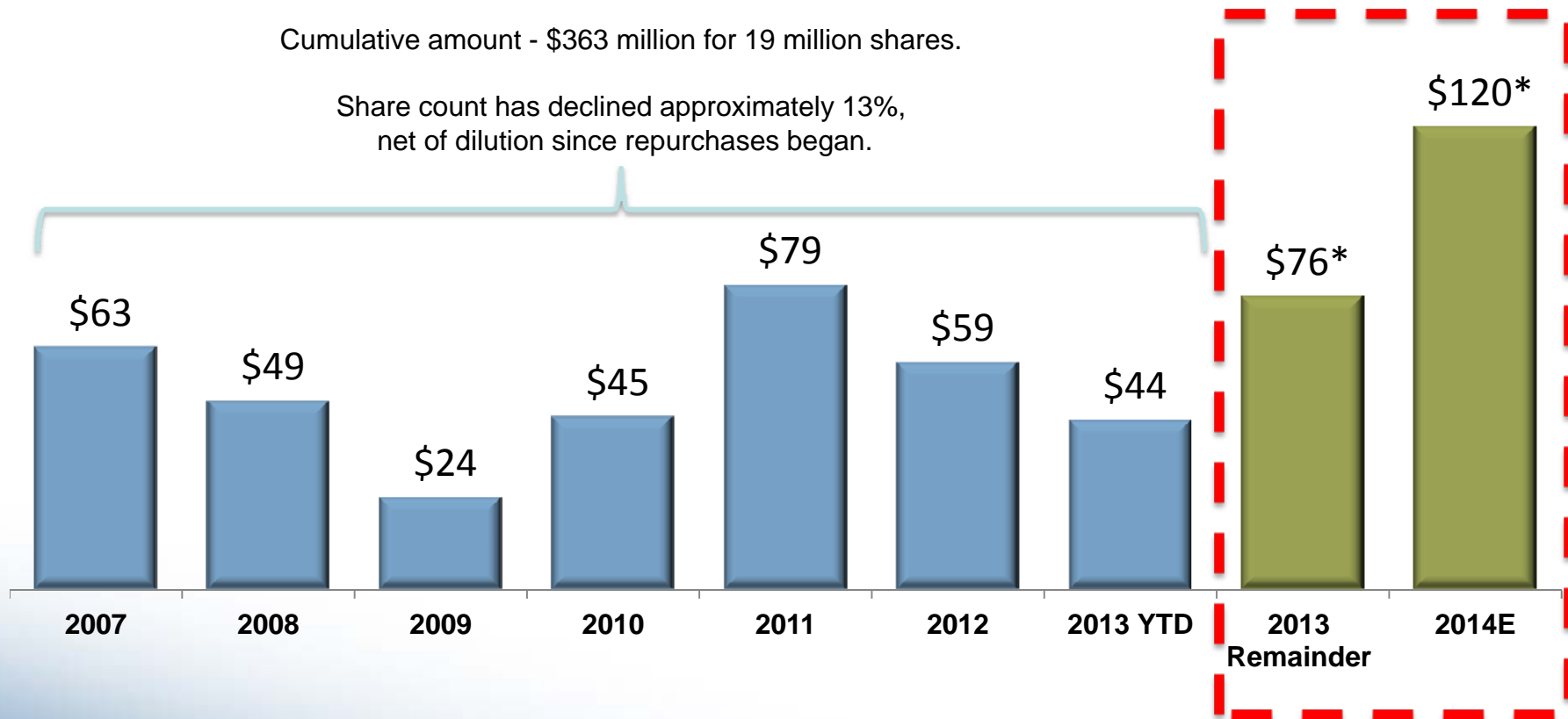
New \$250 million share repurchase program announced September 2012

Value of shares repurchased annually

(\$ in millions)

Cumulative amount - \$363 million for 19 million shares.

Share count has declined approximately 13%,
net of dilution since repurchases began.



*Estimate based on pro rated remaining \$240 million at December 31, 2012 on current \$250 million buyback authorization expected to be completed by Dec. 2014

Our people continue to deliver award winning service to our customers. We believe this matters.

“Highest in customer satisfaction among traditional carriers in North America, six years in a row.”

- Performed particularly well in:
 - Flight crew
 - Boarding/deplaning/baggage
 - Check-in experience
 - Reservation experience
 - Cost and fees



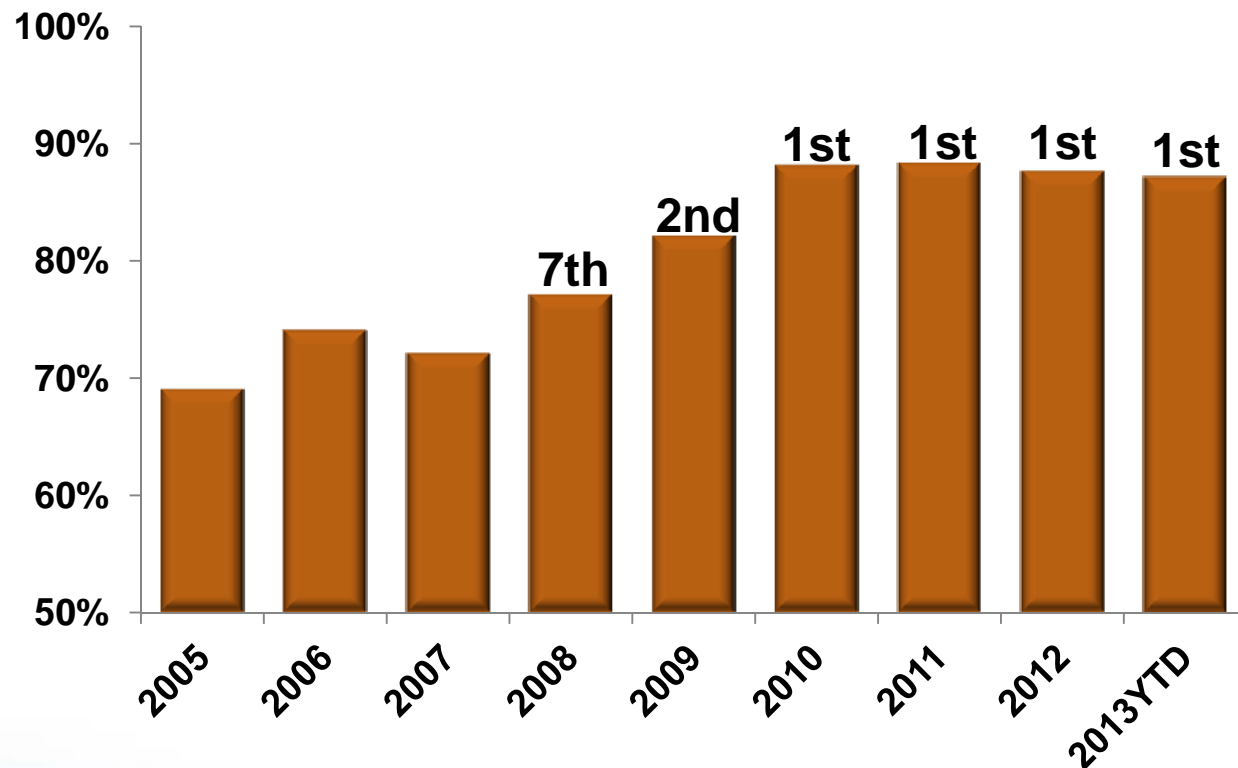
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We are running an excellent operation



FLIGHTSTATS

Ranking among top US airlines in on-time performance

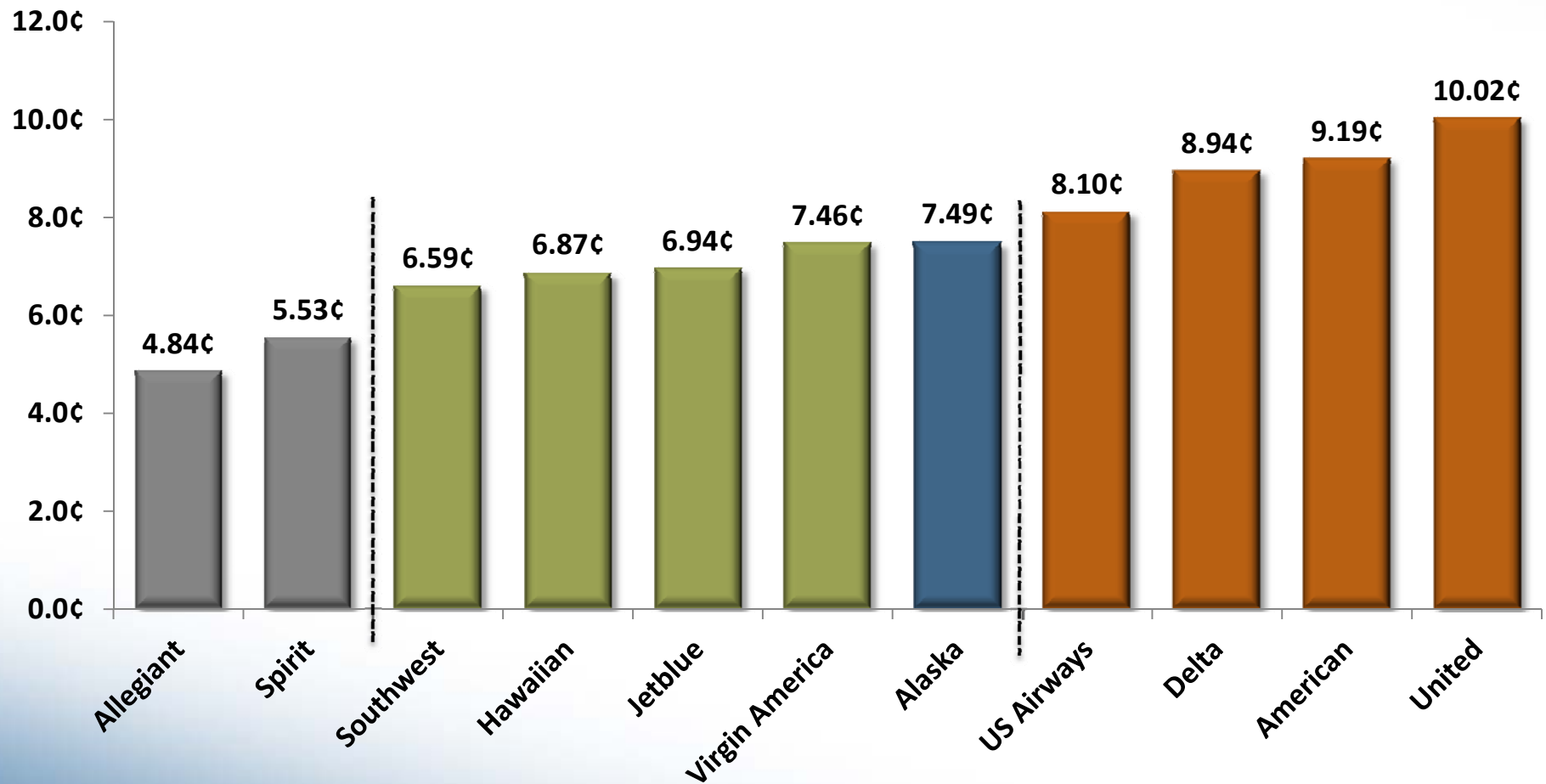


Rankings in 2008-2010 are among the 10 largest domestic airlines.

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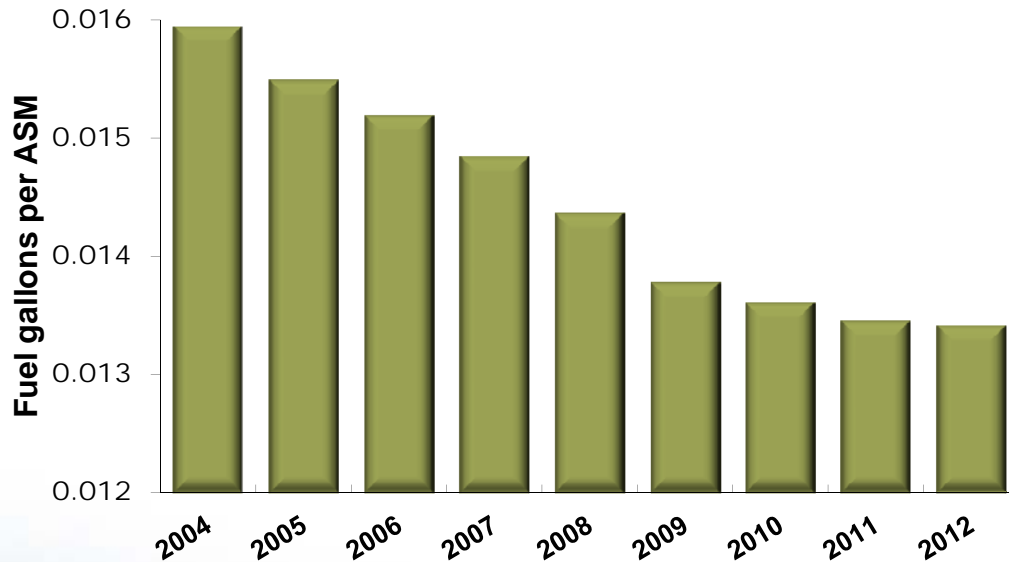
Our costs are now more like LCCs vs. large network carriers... but we know we have more to do

CASM, ex fuel LTM through March 31, 2013



We operate a young fleet with the best fuel consumption rate among US airlines

We've reduced fuel burn on a gallons/ASM basis by 16% since 2004



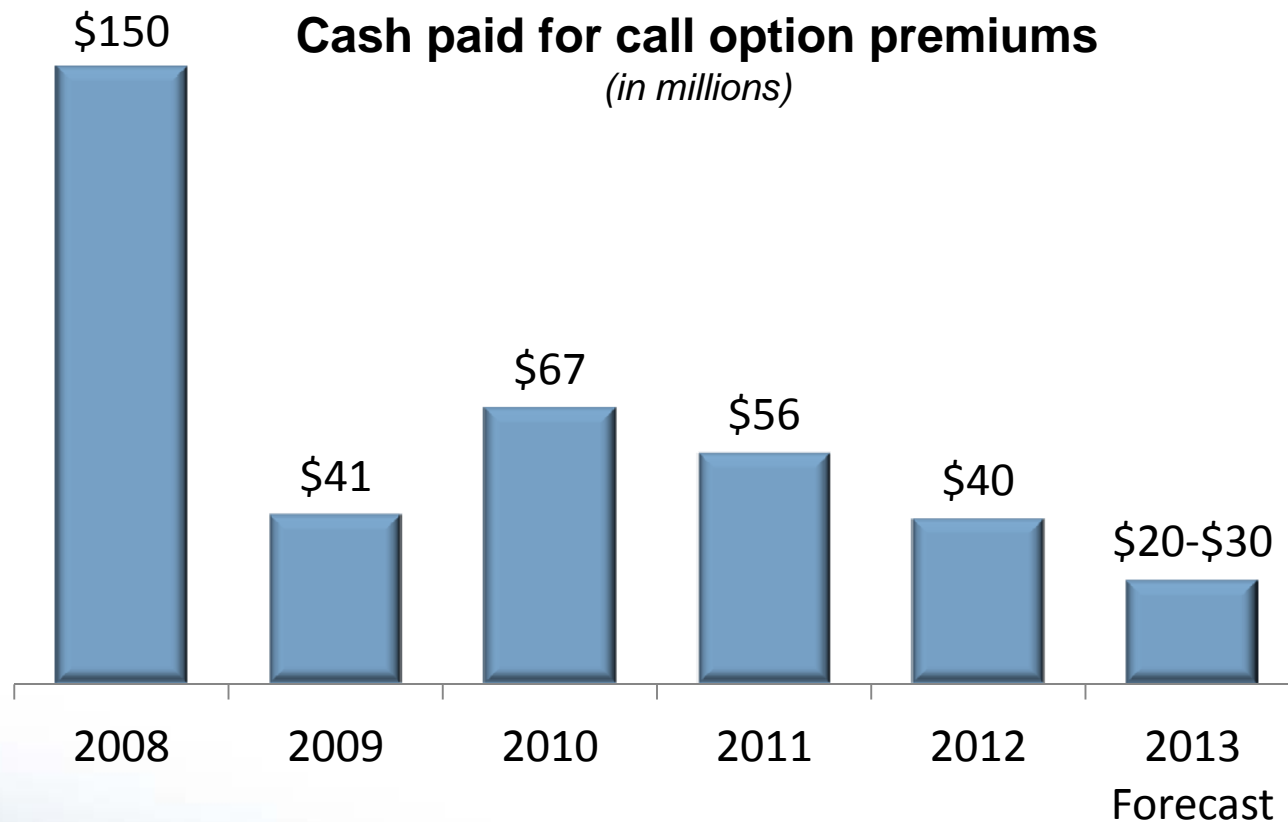
2011** DOT Statistics

| Carrier | gal/RPM* |
|----------------------|----------|
| Alaska Airlines (AS) | 0.0138 |
| Virgin America (VX) | 0.0144 |
| Jet Blue (B6) | 0.0154 |
| Continental (CO) | 0.0156 |
| Southwest (WN) | 0.0162 |
| US Airways (US) | 0.0163 |
| Delta (DL) | 0.0168 |
| United (UA) | 0.0170 |
| AirTran (FL) | 0.0171 |
| American (AA) | 0.0174 |
| Frontier (F9) | 0.0179 |

*Data Source: 2011 DOT Form 41 and 298C -- domestic and international travel combined

**2012 data not yet available

**We still believe hedging protects our company
but spend much less doing it than we used to.**



We have a good relationship with our employees

\$325M

Incentive pay earned by employees – about one month's pay for most employees

33

number of labor agreements reached since 9/11

\$535M

Amount of voluntary contributions employee DB plans even though none was required.



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Q&A

