

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☒

Preliminary Proxy Statement ☒

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) ☐

Definitive Proxy Statement ☐

Definitive Additional Materials ☐ Soliciting Material Pursuant to ss. 240.14a-12

THE ALASKA AIR GROUP, Inc. ("the Company-AAG" or "AAG" )

(Name of Registrant as Specified In Its Charter)

**Richard D. Foley, Stephen Nieman, Terry K. Dayton, William B. Davidge and Arek Fressadi** (Name of Persons Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required ☒

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1) Title of each class of securities to which transaction applies: Common Stock

2) Aggregate number of securities to which transaction applies: As of March 20, 2009, the record date for the meeting, there were \_\_\_\_\_ shares of Company common stock outstanding.

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined)

4) Proposed maximum aggregate value of transaction:

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☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing. 1) Amount Previously Paid: 2) Form, Schedule or Registration Statement No.:

1

3) Filing Party: **Stephen Nieman, Richard D. Foley, Terry K. Dayton, William B. Davidge and Arek Fressadi**

4) Date Filed:

Approximate date on which our proxy statement and proxy card will first be available to stockholders: Fingers crossed — Apr. 15, 2009

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(Note to Fellow Stockholders, AAG management and SEC Staff: This is our second edit of our 2009 Preliminary Proxy Statement. To make it easier, I've underlined the copy where significant changes have been made. Deletions will be in [brackets]. ~Steve Nieman  
p.s. If you find any mistakes, I'd appreciate emailing me at reachus@votepal.com. Tanks.)

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## I. PRELIMINARY PROXY STATEMENT AND PRELIMINARY FORM OF PROXY

### SOLICITATION, VOTING AND REVOCATION OF PROXIES

Richard D. Foley, Stephen Nieman, Terry K. Dayton, William B. Davidge and Arek Fressadi: **THIS PROXY STATEMENT IS BEING PRESENTED ON BEHALF OF THE PARTICIPANTS AND NOT ON BEHALF OF THE COMPANY-AAG'S BOARD OF DIRECTORS.** This proxy statement is a Preliminary copy.

### II. ANNUAL MEETING OF STOCKHOLDERS

Scheduled to be held at the Museum of Flight in Seattle, WA at 2 PM on Tuesday, May 19, 2009. For more details, please reference the Alaska Air Group, Inc. ("the Company-AAG's") March, 13, 2009 Preliminary Proxy statement's "Letter to Stockholders" dated April 1, 2009 at the beginning of the document.

Note: Throughout our proxy statement, we reference in its entirety the Company-AAG's \_\_\_\_\_, 2009 Definitive Proxy Statement, which can be accessed at EDGAR URL: <http://www.sec.gov/> \_\_\_\_\_/.

### III. BEGINNING OF THE CHALLENGERS' REMARKS

Greetings to all targeted Alaska Air Group, Inc. shareholders! May we introduce ourselves: We are Steve Nieman, Richard Foley, Terry Dayton, Bill Davidge and Arek Fressadi. We are the loyal opposition **CHALLENGERS** for stockholder consideration for our election to the board of directors of the Company-AAG. We are running against the incumbents nominated for re-election by the incumbent board. All five of us have consented to be named in the proxy materials. We all have agreed to accept nomination and to serve if elected. For more information on us, see VIII. INFORMATION ABOUT CHALLENGER NOMINEES IX. and PARTICIPANTS IN THE SOLICITATION further down this document.

The **CHALLENGERS** provide these proxy materials to enable you to exercise your right to vote for their election to the board of directors at the Company-AAG's 2009 Annual Shareholders Meeting.

The management of the AAG has declined to make these materials available to company stockholders. Therefore, the **CHALLENGERS**, Richard D. Foley, Stephen Nieman, Terry K. Dayton, William B. Davidge and Arek Fressadi are undertaking to provide you with this opposition Proxy Statement and Proxy Card to enable you to vote for the **CHALLENGERS** if you so choose.

Our efforts can be considered a tool. In their discretion, the management of the Company-AAG has declined to provide this information to company stockholders, which is within their rights to do. Nevertheless, stockholders are empowered to use this tool we are making available. If they ask us for help, we will assist.

We believe that a fresh and innovative perspective is needed on the board of directors from the strategic stakeholders — workers, customers and active investors. We believe that management of the Company-AAG would benefit from the shareowners electing all or some of the

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#### IV. EXPENSES

The total amount to be spent on this campaign is negligible, and as of March 30, 2009 totals less than \$150.

#### V. HOW WE PLAN TO SOLICIT

We are planning a mailing to a limited number of shareholders, in accordance with Rule 14a-3, 14a-16 and SEC Release 34-55146. In order to supply required information, we plan to use our portal website [www.voteopal.com](http://www.voteopal.com) that when accessed will supply a pop-up textbox linking to the dedicated Internet website [www.electiontechnologies.com](http://www.electiontechnologies.com) will be used [deletion] for the Alaska Air solicitation to publish our proxy statement and any other additional definitive material disclosed on EDGAR. Our Proxy Card and VIF will be available as an Appendix at the end of our Proxy Statement.

The web site [www.electiontechnologies.com](http://www.electiontechnologies.com) will also provide email addresses, a telephone and fax number for shareholders to contact us. It will also reference the Company-AAG's proxy materials. For those who are unable to access the Internet at home or work, many public libraries offer free access to computers and the Internet.

Shareholders can view a paper copy of our Definitive Proxy Statement, which will be available for viewing from 9:00 am to 5:00 pm Monday thru Friday starting on the date we file our Definitive proxy statement until the date of the stockholders meeting on May 19, 2009 at two physical locations: 15204 NE 181st Loop, Brush Prairie, WA and 6040 N. Camino Arturo, Tucson, AZ. Any one of the participants may have a paper copy of our Definitive Proxy Statement in their possession.

It is of the utmost importance that shareholders review the AAG **CHALLENGER's** Definitive Proxy Statement in its entirety. It contains instructions that cannot be easily found anywhere else. However, our materials are available to stockholders for free on [www.electiontechnologies.com](http://www.electiontechnologies.com) and the SEC's EDGAR website [www.sec.gov/](http://www.sec.gov/). Since EDGAR is a big website, click on the following to more easily find our filings: <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001217150&type=&dateb=&owner=include&start=40&count=40>

All access by any AAG stockholder(s) accessing the **CHALLENGERS'** Proxy Card or VIF on [www.electiontechnologies.com](http://www.electiontechnologies.com) will come through the Appendix at the end of the proxy statement. The **CHALLENGERS'** proxy can be mailed, faxed or carried to the meeting to be counted. For 401(k) stockholders, our proxy can be voted electronically (more about that later).

It is our intention to lawfully maximize the use of an Internet website. We will make ourselves available to all media interested in our efforts, and will strive to follow all legal guidelines, requirements and regulations.

#### VI. WE FAVOR OPEN AND FULL DISCLOSURE AND EMPOWERMENT IN VOTING

We believe that the more transparent the system, the better-balanced will be the return on human value and capital investment.

And remember, in this great land of America, we enjoy many individual rights, a big one being the guaranteed right of free speech under the U.S. Constitution. You have the right to take our proxy materials and the Company AAG's and share them with fellow stockholders as you partake in another sacred right — the right to **VOTE!**

For a Delaware corporation, stockholders have immense rights when it comes to voting. Inspector of Elections certified in Delaware have to seriously consider any written attempt by a stockholder to vote their shares for legal proposals and candidates. It doesn't matter if instructions are written on the back of a golf score card. If the Inspector of Elections takes possession of those written instructions, he is legally obligated to carry out the wishes of the stockholder. It doesn't really matter what management of a corporation might say or assert when it comes to voting, even though it hires the Inspector of Elections. The Inspector has a sworn duty, and must work to uphold it.

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Another important right of stockholders in Delaware is the right to assign your right to vote — called a legal form of proxy — to another person. More on how to do this later in our proxy statement.

#### VII. VOTING

##### VII.a. What Am I Voting On?

You are being asked to vote for the election of nine directors candidates from the offering of 14 nominees and five stockholder proposals. Proposals numbered five and six are proposals that the company currently has legally excluded from its proxy statement due to the SEC granting the company a "no-action" letter. Any votes on these proposals will be presented to the AAG board for its consideration after the meeting.

##### VII.b. HOW DO I CAST MY VOTE USING THE CHALLENGERS' PROXY CARD AND VOTING INSTRUCTION FORM ("VIF")?

How common stock is possessed determines how it is voted. Employees of the Company-AAG can possess stock in three ways:

- as 401(k) plan participants;
- as beneficial owners including shares bought through the Company-AAG's payroll deduction plan called the Employee Stock Purchase Plan;
- or as registered shareowners

In our Proxy Statement, the employee stockholders will be referred to as either:

- "401(k) employee or worker stockholders"
- "beneficial employee stockholders"
- "registered employee stockholders"

Non-employees can possess stock only as beneficial or registered stockholders. This group will be referred to as either:

- "beneficial" outside stockholders
- "registered" "outside stockholders"

There are three ballot cards available to vote in this election:

- The one published and distributed by the Company-AAG at the stockholder's meeting
- Computershare Trust Company, N.A. referred to as ("Computershare")
- The **CHALLENGER'S**

From the Company-AAG's March 13, 2009 Preliminary Proxy Statement, page 5:

"On the record date, [ ----- ] shares were held in trust for Alaska Air Group 401(k) plan participants. The trustees, Vanguard Fiduciary Trust Company (Vanguard) and Fidelity Management Trust Company (Fidelity), sent a proxy statement, an annual report and a voting instruction form to each participant who held shares through the Company's 401(k) plans on the record date. The trustee will vote only those shares for which instructions are received from participants. If a participant does not indicate a preference as to a matter, including the election of directors, then the trustee will not vote the shares on such matters.

"To allow sufficient time for voting by the trustee, please provide voting instructions no later than 11:59 p.m. on Friday, May 15, 2009. Because the shares must be voted by the trustee, employees who hold stock through the 401(k) plans may not vote these shares at the meeting."

For both 401(k), beneficial and registered employee and outside stockholders, there is a Voter Control Number ("VC#") that can be obtained from either postal-mailed or emailed proxy materials from proxy mailer and tabulator companies on behalf of either the Company-AAG, your banker or broker.

VC#s in this contest will be provided by Computershare, and uniquely identify each owner's stock holdings.

In 2003 through 2008 and in \_\_\_\_\_, we received guidance from the staff of the SEC that they would not object to stockholders writing their VC#s on the CHALLENGER proxy ballot card or VIF.

Unfortunately, an additional step is required for beneficial employee stockholders and beneficial outside stockholders to vote for the **CHALLENGERS**. They will need to request a letter of permission to vote their shares as they see fit, called a **"legal form of proxy,"** which releases their shares to be voted by the beneficial owner and not the stockholder's banker, broker, trustee or Computershare. Generally it's one-page long. Currently, it is only available by mail, and it might take upwards to three weeks to receive it.

These legal forms of proxies need to be obtained and then in writing on the letter designate **"The AAG CHALLENGER PROXY COMMITTEE is my legal proxy."** [The **AAG CHALLENGER PROXY COMMITTEE** is composed of Stephen Nieman and Richard D. Foley or their designee(s).] With this authorization we will vote your shares as we instruct below on our proxy card. Then mail or fax those proxy letters to The **AAG CHALLENGER PROXY COMMITTEE** c/o Steve Nieman, PO Box 602, Brush Prairie, WA 98606 or fax to (360) 666-6483. Timeliness is important. If the authorized legal form of proxy letter does not accompany Computershare's or the **CHALLENGERS'** proxy card and VIF, that vote might not be counted.

At present, the quickest and most efficient way to obtain a legal form of proxy is by phoning Computershare's system at 1-877-652-8683 or accessing Computershare's Internet site at [www.investorvote.com/alk/](http://www.investorvote.com/alk/). Follow the prompts or clicks to check the box that says: **"Place X here if you plan to attend and vote your shares at the meeting."**

In the past, we have had discussions with management of the the New York Stock Exchange, Automatic Data Processing Proxy Services ("ADP"), and various brokerage house including Smith Barney and Edward Jones regarding easier methods for stockholders to request and receive legal forms of proxies. As the system works now, the only way to obtain a legal form of proxy is to check a box on a proxy card that says: **"Place X here if you plan to attend and vote your shares at the meeting."** We have suggested the procedure be a simple link on the Home Page of brokerage houses' or various proxy voting websites that a stockholder could click on and download their legal form of proxy in a matter of a minute. It could then be forwarded to any individual or committee by email or fax to vote your shares on your behalf.

In the March 15, 2006 letter to Mr. Richard J. Daly then Group Co-President of ADP, we asserted that in our opinion a supposition must be made by shareholders from ADP's proxy card in order to obtain a legal form of proxy. Instead of a potentially confusing statement "Place X here if you plan to attend and vote your shares at the meeting," we feel there should be a checkbox that simply says "Send me a Legal Proxy." There is no requirement that a stockholder must attend the meeting in order to receive a legal form of proxy. We told Mr. Daly that we feel this instruction as written is materially misleading.

A reminder—shareholders are entitled to only one vote per share, and the later-dated proxy card or VIF, either by the **CHALLENGER'S**, the Company-AAG's or Computershare's will count.

In order for all categories of stockholders to accurately identify themselves and enhance the potential that their proxy will be counted, they may voluntarily write in their VC#(s) on our proxy card/VIF and send it to us either by fax or postal mail according to instructions in this proxy statement and as published on [www.electiontechnologies.com/](http://www.electiontechnologies.com/). Don't forget your authorized legal form of proxy letter. There is a possibility that if a shareholder uses the **CHALLENGER's** proxy card *without* a proper authorized legal form of proxy, the votes on the **CHALLENGER's** card may not be counted properly.

Please remember if you are downloading and transmitting our proxy cards **FILL IN THE NECESSARY INFORMATION TO ACCURATELY IDENTIFY YOURSELF AND THE NUMBER OF SHARES YOU OWN TO VOTE. INCLUDE THE VC# AND THE AUTHORIZED LEGAL FORM OF PROXY LETTER. THEN LEGIBLY SIGN IT AND PRINT YOUR NAME BELOW YOUR SIGNATURE.**

**WE CAN'T STRESS ENOUGH THE IMPORTANCE OF YOUR AUTHORIZED LEGAL FORM OF PROXY, THE VC# AND LEGIBLE SIGNATURE.** Without it being properly included, your proxy ballot/VIF will not be a valid form of proxy and will not be counted.

We will be collecting our proxy cards/VIFs by mail and fax. On [www.electiontechnologies.com](http://www.electiontechnologies.com) in the Appendix at the end of our proxy statement, a proxy card will be available that interested shareholders can view or download, fill in, sign and mail to The **AAG CHALLENGER PROXY COMMITTEE** c/o Steve Nieman, PO Box 602, Brush Prairie, WA 98606 or fax to (360) 666-6483.

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For 401(k) employee stockholders, you will have to vote properly to complete the requirement that the Vanguard and the Fidelity trustees be notified of your voting instructions. To allow sufficient time for voting by the trustee, the instructions provided by the trustee must be closely followed. Because the shares must be voted by the trustee, employees who hold stock through the 401(k) plans may not vote these shares at the meeting. (see the Company-AAG's March 13, 2009 Preliminary Proxy Statement on page 5 under the heading "How are shares voted that are held in a Company 401(k) plan?").

Please note that at this time the management of the Company-AAG is not required to include names of all [deletion] qualified candidates on the 401(k) employee stockholders' VIF.

In all previous years, we have tried to obtain the Company-AAG's permission to allow their incumbent candidates to be published on the **CHALLENGER** proxy card so there would be at least one ballot available before the meeting with ALL candidate names on it, but the Company-AAG either refused or never responded (and never explained why).

In 2005, 2006, 2007 and 2008, Vanguard published and mailed letters instructing how 401(k) AAG plan participants could vote for the **CHALLENGERS**. And in 2007 and 2008, 401(k) stockholders were empowered for the first time to use the official Internet proxy voting system to vote their preferences. The **CHALLENGERS** prefer this method of voting by 401(k) stockholders for our candidates and proposals, although 401(k) stockholders can vote the **CHALLENGER** VIF and send it to **The AAG CHALLENGER PROXY COMMITTEE** c/o Steve Nieman, PO Box 602, Brush Prairie, WA 98606 or fax to (360) 666-6483. We will ensure that the Vanguard and Fidelity trustees receive these proxies by the deadline. Be sure to include your VC#.

In 2007-08, Vanguard has made several interesting decisions. First of all, management there must have disagreed with the Company-AAG's decision not to include **CHALLENGER** candidates on its VIF, because it offered an electronic VIF with **CHALLENGER** candidates on it to worker stockholders. Vanguard also made the decision to provide worker stockholders with an either/or scenario: They could vote either the management slate or the **CHALLENGERS'** slate — but not a mixture. Vanguard officials told me in 2008 that in 2009 they would be looking at ways to empower worker stockholders to vote any combination of candidates running, which to me is the proper way to comply with the 401(k) Plan's Trust Agreement.

#### **VII.c. HOW DO I CAST MY VOTE USING THE COMPANY-AAG'S PROXY CARD AND VIF?**

For 401(k) employee stockholders, you will have to vote properly to complete the requirement that the Vanguard and Fidelity trustees be notified of your voting instructions. (See discussion above).

However, since our candidates have been withheld from the Company-AAG's proxy card/VIF [see the Company-AAG's March 13, 2009 Preliminary Proxy Statement at the tail end; our names were also withheld in years 2003 through 2008 (which was never explained by Company-AAG management)], registered and beneficial stockholders will need to **VOTE A PROXY CARD/VIF THAT WILL BE AVAILABLE ONLY AT THE END OF OUR PROXY STATEMENT**, which will be available at [deletion] [www.electiontechnologies.com/](http://www.electiontechnologies.com/). Please note that the management of the Company-AAG is not required to include the names of the **CHALLENGER** nominees on the AAG'S proxy card and VIF.

Besides running our five candidates and trying to get stockholders to use our ballot card or VIF to vote for them, we also plan a withhold campaign for five sitting Company-AAG directors. Using the Company-AAG's proxy card, we recommend withholding your vote against: Phyllis J. Campbell; R. Marc Langland; Dennis F. Madsen; Byron I. Mallot and Kenneth Thompson.

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In our opinion, we believe all AAG stockholders have the right to vote for the **CHALLENGERS** using the Proxy Card/VIF published by the Company-AAG as well as Computershare's. These proxy cards do *NOT* belong to management. They are property of the shareholders. *BUT*, for now this is the system. And this year it gets more complicated, because it appears AAG management and its hired Inspector of Elections won't recognize any Company-AAG proxy card with any instructions on it voting for **CHALLENGER** candidates. The way around this obstacle is to withhold your vote for incumbent directors using the Company-AAG's proxy card, and then using the **CHALLENGER** proxy card to vote for **CHALLENGER** candidates available at the end of our proxy statement on [www.electiontechnologies.com](http://www.electiontechnologies.com/)). To be safe, you might have to vote two ballots.

- [deletion]
- For 401(k) plan participants whose shares are held in trust by Vanguard (we have not contacted or heard from Fidelity), vote the **CHALLENGERS'** VIF that hopefully will be delivered either electronically or via the mail. We trust the Designated Trustee will empower you to vote electronically or telephonically, which will be the quickest way right up to the midnight EDT deadline on May 15, 2009.

[deletion]

In our opinion, we assert that since postal or electronically-mailed ballot cards to beneficial owners come from Computershare and not the Company-AAG—that those proxy cards **MUST** contain the **CHALLENGERS'** names and a link to the **CHALLENGERS'** VIF and proxy card at [www.electiontechnologies.com/](http://www.electiontechnologies.com/). In our opinion, a failure to do that would indicate that Computershare is soliciting proxies just for the Company-

AAG, and should be required to make all necessary filings with the SEC in the Company-AAG's Proxy Statement as Participants in the Company-AAG's solicitation.

#### VII.d. YOU MAY VOTE IN PERSON AT THE MEETING

At the stockholders meeting, it appears at this point in time this year stockholders will *not* be able to secure a ballot with all fourteen candidates on it distributed by management of the Company-AAG. Management in years 2003 through 2008 did finally distribute a ballot card with all candidates on it at the annual meeting.

The reason is the management of the Company-AAG believes this year we did not comply with requirements in the Company-AAG's bylaw Article II. Section 8 to nominate. We believe we did. We also filed the original and first-edited edition of our preliminary proxy statement with the SEC's EDGAR before the Feb. 18, 2009 Company-AAG deadline that provided even more information about our candidates than required by the bylaw.

But it really doesn't matter whether management of the Company-AAG distributes a ballot at the meeting with the names of all candidates running on it. Except for 401(k) employee stockholders who are restricted from voting at the meeting, all other shareholders are empowered to vote for **CHALLENGER** candidates using the **CHALLENGER** proxy card. We will have paper copies of our proxy statement and ballot card at the meeting that we will hand out to stockholders who request them. We will also have a computer where our proxy statement and ballot cards can be viewed (if we run out of paper copies).

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At the meeting, stockholders can use a combination of the **CHALLENGERS'** and management's ballot cards. For employee and outside stockholders, if you hold your beneficial shares through a bank or broker, you must in sufficient time before the meeting **CONTACT Computershare TO RECEIVE A LEGAL FORM OF PROXY**, by checking the box on your VIF that says **"Place X here if you plan to attend and vote your shares at the meeting"** and bring the legal proxy with you in order to vote at the meeting.

[deletion]

#### VII.e. What If I Change My Mind After I Submit My Proxy?

If the **CHALLENGER'S** proxy card is signed with a voting direction indicated, the proxy will be voted according to the direction given. If no direction is given with respect to a proposal, the proxy will be voted as follows with respect to any such proposal (listed in the order of presentation and mostly using the same numbering as the Company-AAG's ballot card/VIF on the last pages of its March 13, 2009 Preliminary Proxy Statement): **FOR CHALLENGER director candidates Richard D. Foley, Stephen Nieman, Terry K. Dayton, William B. Davidge and Arek Fressadi; AGAINST** Proposals 2 and 3, and **FOR** proposals 4, 5 and 6.

Before the polls close at the meeting, you may revoke your proxy and change your vote by submitting a later-dated proxy. Before the day of the meeting, you may do this by contacting the **CHALLENGERS** via fax at (360) 666-6483, toll free phone call at 1-866-2-vote-us (1-866-286-8387) or email to reachus@votePAL.com.

#### VIII. INFORMATION ABOUT CHALLENGER NOMINEES

Mr. Richard De Wayne Foley, 62, retired 32-year railroad conductor and President of The Foley Group. Mr. Stephen Nieman, 56; pilot for Horizon Air since 1978; Mr. Terry K. Dayton, 53, communications agent for Horizon Air since 1985; Mr. William B. Davidge, 50, aircraft mechanic for Horizon Air since 1986; and Arek Fressadi, Managing Member of Arek Fressadi LLC. For more information, see below.

#### IX. PARTICIPANTS IN THE SOLICITATION

Richard D. Foley, Stephen Nieman, Terry K. Dayton, William B. Davidge, Arek Fressadi, Donelle M. Nieman and Chadler W. Nieman are participants in the solicitation. Neither Mr. Foley, Mr. Fressadi nor Mr. Chad Nieman own any of the Company-AAG's stock.

As of Jan. 1, 2009, Mr. and Mrs. Nieman co-owned approximately 500 shares of the Company-AAG's.

As of Jan. 1, 2009, Mr. Dayton owned a total of approximately 400 shares of the Company-AAG's stock.

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As of Jan. 1, 2009, Mr. Davidge owned a total of 2,000 shares of the Company-AAG's stock.

Neither Richard Foley, Steve Nieman, Terry Dayton, Carl Olson, Bill Davidge, Arek Fressadi, Donelle Nieman nor Chad Nieman has any family relationship with any of the officers or directors of the Company-AAG, nor are they parties to, or in any way involved in any securities litigation involving the Company-AAG or any other registrant. None of them are promoters or control persons. None of them have been involved in any bankruptcy petitions or proceedings. None of them have been involved in any type of transaction or any other type of business relationship with the Company-AAG, other than Mr. Steve Nieman's employment as a pilot, Mr. Dayton's employment as a communication agent and Mr. Davidge's employment as an aircraft mechanic with Horizon Air (Mr. Chad Nieman was furloughed as a pilot from Horizon Air in Jan. of this year). None of them have been involved in any solicitation of any registrant within the last five years, other than the solicitations at the AAG since 2003. None of them have received any payment or income, other than Mr. Nieman's, Mr. Dayton's and Mr. Davidge's within the normal course of their regular employment.

#### RICHARD DE WAYNE FOLEY

Address: 6040 N. Camino Arturo Tucson, AZ 85718 Phone: (520) 742-5168

Personal statement from Mr. Foley:

I am a participant in the challenging solicitations of votes of the shareholders of the company for election to the Board of Directors and in favor of certain shareholder proposals listed in the **CHALLENGERS'** proxy statement.

I am not now, nor have I ever been accused of, or convicted of any crime.

I have no financial agreements, litigation or understandings with any shareholder of the company, or any other individual or party /on /or /in /any manner /or connection to the company.

I have and will accept limited appointment from shareholders to lawfully represent them as their proxy in accordance with their private instructions. I have not, nor do I anticipate ever accepting a proxy appointment from any shareholder of their investment power rights of share ownership.

I am not now, nor have I ever been a shareholder of the company directly, indirectly, beneficially or in any other manner. I have accepted shareholders and employee shareholders of the company proxies only for communication and voting purposes only.

I am President & CEO. The Foley Group ("TFG") November 1989 to present. Principal business: Consulting; Shareholder services & computer mapping. TFG was incorporated in November 1989. Please note that TFG has no corporate involvement with any shareholder actions at the Company-AAG; nor are any of its officers, workers or associates in the Company-AAG. TFG owns no shares of the Company-AAG either beneficially or in any other manner; nor does it have any business relationships, past, existing or contemplated with the AAG; nor any purchase or ownership, the voting of any proxies, or the withholding of any proxies of the Company-AAG's stock.

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I am a founder of OU® (Ownership Union), and serve as Chairman. OU® is a registered federal labor union started in 2002. Address: Box 602, Brush Prairie, WA 98606 OU® does not own any shares of the company, and as an entity is not a participant in any shareholder activities at the company.

I am a founder of ACTIPATE LLC and a founder Board member of Downwind Corp, which are involved in the business of small aircraft acquisition, operation and pilot training. ACTIPATE LLC & Downwind Corp do not own any shares of the company, and as entities are not participants in any shareholder activities at the company.

Hopefully, I have via this letter provided to the stockholders and company management all required information in compliance with SEC regulation and the nomination requirements of the governance documents of the company. I do note that for six-plus years company management has been in possession of all, or nearly all this information.

I assert that, for all practical purposes, we have already provided all required information in the 2009 Challengers Preliminary Proxy SEC Edgar filing, including the information relating to nominees unnecessarily duplicated as requirements in the company's governance documents. I believe that for company management to take the position that they are entitled to onerous duplication of document information already in its possession could well constitute harassment and an attempt to chill its shareholders from exercising their rights by parsing the purposes for which those rights were defined and created. If the SEC staff or company management has need of further information concerning me, please advise me in a timely fashion so that I may respond expeditiously within the required time frame.

#### **STEPHEN NIEMAN**

Pilot for Horizon Air since December 1978.

Business Address: Horizon Air 8070 N.E. Air Trans Way, Portland, OR 97218

Home Address: 15204 NE 181st Loop, Brush Prairie, WA 98606 Phone: (360) 687-3187

Founder and President of OU® (Ownership Union), which is a registered U.S. federal labor union started in 2002. Address: Box 602, Brush Prairie, WA 98606. Founder board member of Downwind Corp and founder and managing member of ACTIPATE LLC. OU®, Downwind Corp and ACTIPATE LLC do not own any shares of the company, and as entities are not participants in any shareholder activities at the company.

Mr. Nieman has not been convicted in a criminal proceeding.

Mr. Nieman is acquainted with many worker shareowners of the registrant.

Steve Nieman is not a "significant employee" of the Company-AAG as described in the SEC regulations S-K.

#### **TERRY K. DAYTON**

Communications agent in Spokane, WA for Horizon Air since 1985.

Business Address: Horizon Air 8070 N.E. Air Trans Way, Portland, OR 97218

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Home Address: 10510 E. 6th Avenue, Spokane Valley, WA 99206 Phone (509) 922-2531

Secretary/Treasurer of the OU® (Ownership Union).

Mr. Dayton has not been convicted in a criminal proceeding.

Mr. Dayton is acquainted with many worker shareholders of the registrant.

Terry Dayton is not a "significant employee" of the Company-AAG as described in the SEC regulations S-K.

#### **WILLIAM B. DAVIDGE**

Aircraft mechanic in Portland, OR for Horizon Air since 1986.

Business Address: Horizon Air 8070 N.E. Air Trans Way, Portland, OR 97218

Home Address: 51439 EM Watts Road, Scappoose, OR 97056 Phone: (503) 543-5161

Member of the OU® (Ownership Union). Founder board member of Downwind Corp and founder of ACTIPATE LLC. OU®, Downwind Corp and ACTIPATE LLC do not own any shares of the company, and as entities are not participants in any shareholder activities at the company.

Mr. Davidge has not been convicted in a criminal proceeding.

Mr. Davidge is acquainted with many worker shareholders of the registrant.

Bill Davidge is not a "significant employee" of the Company-AAG as described in the SEC regulations S-K.

#### **AREK FRESSADI**

Managing Member, Arek Fressadi LLC. Principal business: Real Estate Development/ Construction

Address: 10780 S. Fullerton Road, Tucson, AZ 85736 Phone (520) 822-1013

Mr. Fressadi has not been convicted in a criminal proceeding.

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#### **DONELLE M. NIEMAN**

Home Address: 15204 NE 181st Loop, Brush Prairie, WA 98606 Phone: (360) 687-3187

Mrs. Nieman is acquainted with many worker shareholders of the registrant. She has been married to Steve Nieman for 35 years this June.

Mrs. Nieman has not been convicted in a criminal proceeding.

#### **CHADLER W. NIEMAN**

Home Address: 6329 NE Emerson St. Portland OR 97218 Phone: (503) 284-6944

Member of the OU® (Ownership Union).

Mr. Nieman is acquainted with many worker shareholders of the registrant. He is the eldest son of Stephen and Donelle Nieman.

Mr. Nieman has not been convicted in a criminal proceeding.

#### **X. ELECTION OF DIRECTORS**

For additional information on the election of directors and the following shareholder resolutions, we direct you to the Company-AAG's March 13, 2009 Preliminary Proxy Statement pages 5-6, under the headings "How many votes must the nominees have to be elected?" and "How many votes must the proposals ... receive in order to pass?" Also, "Vote Required and Recommendation of the Board of Directors," which can be found on page 10.

##### **X.a. Proposal No. 1 Election Of Directors**

The **CHALLENGER** candidates have consented to be named in this proxy, and to serve if elected. The **CHALLENGER** nominees are:

**Mr. Richard De Wayne Foley; Mr. Stephen Nieman; Mr. Terry K. Dayton, Mr. William B. Davidge and Mr. Arek Fressadi**

The AAG's Board of Director nine nominees are published on pages 9-10 of the Company-AAG's Mar. 13, 2009 Preliminary Proxy Statement.

In the election of directors where there are more candidates than seats available, nine of the fourteen nominees who receive the highest number of FOR votes will be elected, which is called a plurality vote. The Company-AAG management maintains that this is an uncontested election since they don't recognize our candidates (see the Company-AAG's March 13, 2009 Preliminary Proxy Statement pages 4-5 and page 10). They assert that the brokers will be voting non-instructed shares of beneficial owners, and that the majority voting standard of the bylaws for electing directors will be in effect.

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This would be correct if no one published a Definite proxy statement with the U.S. SEC in a contested solicitation. We have filed definitive proxy statements for the last six years, and we plan to publish one in 2009. At that time, we will be soliciting proxies from stockholders, including worker stockholders, and eventually presenting them to the Inspector of Elections (we presume the Directed Trustees of the 401(k) plans will also be doing this). If another group is soliciting proxies besides management, we believe what management asserts in their March 13 preliminary proxy statement regarding a majority standard for winning is false and misleading. We will have to see how players and events play out.

You may vote **FOR** or you may **WITHHOLD** authority to vote for each nominee for director.

##### **X.b. Further Matters**

This is our seventh consecutive campaign at the-company AAG. We have performed campaigns in 2003 through 2008, and now in 2009. We have had various contacts with the management of the AAG and the board during these years, but have failed to convince them of the merit of empowering all stakeholders to feel and act as participants in real ways; i.e., by sharing in what we earn and voluntarily owning pro-rata share units



of productive company assets, which empowers and gives everyone common ground to legitimately play their roles in the governance of our company.

We believe the current power structure of an unaccountable elite in organized management and organized labor, when combined with a generally absentee institutional stockholder group, opposes the organic way wealth is created: day-in-and-day-out interactions by workers, customers and active investors using corporate tools and assets. We believe this current power structure has failed to get diverse groups of stakeholders to work together at AAG companies. In our opinion, the glue, the missing substance that could help bring and hold these groups together is partnership co-ownership of some physical assets of the corporation, which could be accomplished in a variety of simple ways. The current structure of 85%-plus ownership of the shares by large institutional corporate holders, who hold majority power in the corporation via stockholder voting, goes against the grain of building a productive enterprise over long periods of time by the people supplying their labor, consumption patronage and direct investment, which should qualify them for proportionate shares of equity and governing power.

All successful, sustainable businesses practices revolve around fostering and nurturing effective human relationships in concert with how our planet's organic systems naturally work.

We feel practices like pricing our seats below cost to "compete" contributes to our culture's current economic mindless race to the bottom. We support pricing that covers our costs, and to secure a sustainable place in the free market by bringing our stakeholders into other partnership roles that can produce more revenue that all can share in.

Voluntary ownership-sharing of productive capital assets (represented by ownership of securities instruments such as common or preferred stock, which is one way), could lower ever-climbing fixed costs covering employee compensation and benefits. Other ownership vehicles could also be utilized, such as an internal monetary system that could deliver an equivalent "money's worth" valuing system. Lower fixed hourly-wage costs could be supplemented by variable income from other capital sources, such as payouts from revenue sharing, stock grants, worker performance bonuses, [deletion] and other non-cash wealth benefits, such as payment in what the airline produces: positive space tickets to specific stakeholders that could be consumed or sold at the stakeholder's discretion.

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Additionally, we support voluntary, direct ownership by strategic participants of workers, customer and investors of the company's major income-producing assets such as its airliners through alternative forms of equity financing such as capital rent. Title to these assets will have to be located in "custodian" corps or LLCs to protect them from sale just so management or the board can "make money." There are much cheaper yet productive ways to finance the company's requirement for affordable capital. We also advocate initial and recurrent training to build and maintain a corporate ownership culture. One such program is offered by the Center for Economic and Social Justice called JBM — Justice Based Management (click on: <http://cesj.org/jbm/articles-jbm/brief-jbm.html/>).

If only part of the **CHALLENGER** slate is elected, we will occupy a minority of the board, but will have the opportunity to convince the majority as to the viability of our plans outlined briefly above. There is no assurance that we will be able to successfully carry out what we advocate and foresee for the future. We will fulfill the duties required of directors, and represent all shareholders equally to the best of our ability.

## **XI. SHAREHOLDER PROPOSALS**

We believe we have complied with the Company-AAG's Bylaws, Article II Meeting of Stockholders, Section 9 Proper Business for Stockholders' Meetings by filing all of our proposals with the Corporate Secretary by the December 5, 2008 deadline.

In our opinion, proposals 4 thru 6 that currently exist in the Company-AAG's March 19, 2009 Preliminary Proxy Statement and the CHALLENGERS proxy statement are all written as binding on the board if they obtain the proper vote totals. In order to accomplish the changes that are being voted upon, the proposals 4 thru 6 demand an amendment to the company's bylaws and/or the certificate of incorporation. To some, binding or non-binding is in the eye of the beholder. We assert that they are binding, but acknowledge that under Delaware law the board has a lot of latitude. Obviously, the courts might have to decide some of these contentions if the board did not act on a proposal that, if properly written, was binding.

Proposal numbers 5 and 6 are proposals that the company excluded from its proxy statement due to the SEC granting the company a "no-action" letter. We have objected to the SEC of the granting of this no-action letter, and in later filings will report on the outcome. Any votes on these proposals will be presented to the AAG board for its consideration.

Regarding passage, please reference the Company-AAG's March 13, 2009 Preliminary Proxy statement page 6 under the heading "How many votes must the proposals ... receive in order to pass?"

### **Proposal No. 2 2009 INDEPENDENT AUDITOR**

Reference the Company-AAG's March 13, 2009 Preliminary Proxy statement page 11

### **Vote No on Proposal No. 2 2009 INDEPENDENT AUDITOR**

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### **Proposal No. 3 COMPENSATION OF NAMED EXECUTIVE OFFICERS**

Reference the Company-AAG's March 13, 2009 Preliminary Proxy statement pages 11-46

### **Vote No on Proposal No. 3 COMPENSATION OF NAMED EXECUTIVE OFFICERS**

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#### Proposal No. 4 – Special Shareowner Meetings

RESOLVED, Shareowners ask our board to take the steps necessary to amend our bylaws and each appropriate governing document to give holders of 10% of our outstanding common stock (or the lowest percentage allowed by law above 10%) the power to call special shareowner meetings. This includes that such bylaw and/or charter text will not have any exception or exclusion conditions (to the fullest extent permitted by state law) that apply only to shareowners but not to management and/or the board.

#### Statement of John Chevedden

Special meetings allow shareowners to vote on important matters, such as electing new directors, that can arise between annual meetings. If shareowners cannot call special meetings, management may become insulated and investor returns may suffer. Shareowners should have the ability to call a special meeting when a matter is sufficiently important to merit prompt consideration.

Fidelity and Vanguard supported a shareholder right to call a special meeting. Governance ratings services, including The Corporate Library and Governance Metrics International, took special meeting rights into consideration when assigning company ratings.

This proposal topic won impressive support at the following companies (based on 2008 yes and no votes):

Occidental Petroleum (OXY) 66% Emil Rossi (Sponsor)

FirstEnergy Corp. (FE) 67% Chris Rossi

Marathon Oil (MRO) 69% Nick Rossi

The merits of this Special Shareowner Meetings proposal should also be considered in the context of the need for further improvements in our company's corporate governance and in individual director performance. In 2008 the following governance and performance issues were identified:

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- We had no shareholder right to:

Cumulative voting.

Call a special meeting.

Act by written consent.

An Independent Chairman.

Or even a Lead Director.

- Our management should show that it has the leadership initiative to adopt the above Board accountability items instead of leaving it to shareholders to take the initiative in proposing such improvements.

- Our Board failed to adopt two shareholder proposals which won majority vote at our 2008 annual meeting:

Advisory Vote on Executive Pay (54%-support)

Cumulative Voting (51%-support)

- Our Company will take 3-years to transition to annual election of each director – when the transition could have been completed in one-year.

- Our full board met only 6-time in a year.

- Only 49% of CEO pay was incentive based.

- The voting figures at our 2007 annual meeting were withheld from shareholders for two months – except for certain privileged shareholders.

- Two directors had 17 to 26-years tenure (independence concern) and constituted 50% of our key nomination committee including the chairmanship:

Marc Langland

Byron Mallott

- The Alaska Air board was the only the significant directorship for six of our nine directors:

Byron Mallott

Mark Hamilton

Marc Langland

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Dennis Madsen

Patricia Bedient

Jessie Knight

The above concerns shows there is need for improvement. Please encourage our board to respond positively to this proposal:

#### **Special Shareowner Meetings – Yes on 4**

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#### **Proposal No. 5 CUMULATIVE VOTING**

RESOLVED, that our board initiate in 2009 the appropriate process to amend our company's certificate of incorporation to ensure that cumulative voting is permitted to elect director nominees to the board.

This binding proposal does not infringe on the right of our board and management to determine in its discretion the best method to implement cumulative voting if shareholders support it with a majority vote.

Cumulative voting means that each shareholder may cast as many votes as equal to number of shares held, multiplied by the number of directors to be elected. A shareholder may cast all such cumulated votes for a single candidate or split votes between multiple candidates, as that shareholder sees fit. Under cumulative voting shareholders can withhold votes from certain nominees in order to cast multiple votes for others.

Proposalist Terry Dayton, a Horizon Air communications agent, has notified the Alaska Air Group, Inc. ("AAG") that he intends to present the following proposal at the 2009 Annual Meeting.

#### **SUPPORTING STATEMENT**

At our company in 2008, cumulative voting won 52% of the vote, and in 2005 it won 56% of the vote. Cumulative voting also received 55%-support at General Motors in 2006 and 54% at Aetna. The Council of Institutional Investors [www.cii.org](http://www.cii.org) has recommended adoption of this proposal topic. CalPERS has also recommend a yes-vote for proposals on this topic.

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Cumulative voting allows a significant group of shareholders to elect a director of its choice – safeguarding minority shareholder interests and bringing independent perspectives to Board decisions. Most importantly cumulative voting encourages management to optimize shareholder value by making it easier for minority stockholder groups (such as workers) to gain board representation. It represents a powerful incentive for improved management of our company.

This proposal is particularly important because our company's bylaws [deleted phrase] still allow plurality voting, no shareholder right to call a special meeting or act by written consent, and our board lacks representation by the strategic stakeholders of workers and customers.

#### **Vote Yes on Proposal No. 5 for Cumulative Voting [deletion]**

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#### **Proposal No. 6 REFORMING SECURITIES CLASS ACTIONS**

Stephen Nieman, an Horizon Air captain, of 15204 NE 181st Loop, Brush Prairie, WA 98606 submitted this proposal.

BE IT RESOLVED: That the shareholders of Alaska Air Group, Inc. hereby recommend that the Board of Directors initiate the appropriate process to amend the Company's certificate of incorporation to provide for a partial waiver of the "fraud-on-the-market" presumption of reliance created by the Supreme Court in *Basic v. Levinson*, 485 U.S. 224 (1988).

Specifically, the amendment should apply to any suit alleging violations of Rule 10b-5 of the Securities Exchange Act of 1934 against the Company, its officers, directors or third-party agents. The partial waiver would apply to suits alleging reliance on the "fraud-on-the-market" presumption. The waiver would limit damages to disgorgement of the defendants' unlawful gains from their violation of Rule 10b-5. The amounts disgorged would be distributed to shareholder members of the class. The corporation should also commit to paying the reasonable expenses and attorneys' fees of the shareholder who brings such a claim, subject to approval by the Board of Directors.

#### **SUPPORTING STATEMENT**

Securities fraud class actions impose enormous costs on public companies while providing little benefit to shareholders. This proposal, suggested by Professor Adam Pritchard of the University of Michigan, would limit damages in secondary market securities class actions, i.e., suits brought against the Company when it has not sold securities during the time that its common stock was allegedly distorted by a material misrepresentation. See: [http://www.cato.org/pubs/scr/2008/Stoneridge\\_Pritchard.pdf](http://www.cato.org/pubs/scr/2008/Stoneridge_Pritchard.pdf);  
<http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202424567666>  
<http://www.securitiesdocket.com/2008/11/17/guest-column-can-shareholders-waive-the-fraud-on-the-market-presumption-of-reliance/>

Currently, such suits effectively result in a "pocket shifting" of money from one group of shareholders (those who continue to hold the company's shares) to another (those who bought during the time that the price was distorted by fraud). Frequently, shareholders will be members of both groups simultaneously, which means they are paying themselves compensation in securities class actions.

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Sometimes the corporation pays directly for the settlement, and sometimes it pays indirectly in the form of insurance premia, but either way these settlements come out of funds that the corporation could use to pay dividends or make new investments. Almost never do the officers who actually made the misrepresentation have to contribute to the settlement. Consequently, suits provide minimal compensation and, worse yet, scant deterrence of fraud. The only clear winners under this scheme are the lawyers who bring the suits, and those who defend them, who profit

handsomely from moving the money around.

The proposed amendment would substantially reduce the incentive of plaintiffs' lawyers to file suit against the Company in response to a drop in the Company's stock price. Currently, the enormous potential damages are a powerful incentive for plaintiffs' lawyers to bring even weak suits and a powerful incentive for companies to settle, even if they believe that they would win at trial.

Under the proposal, lawsuits would instead target officers of the Company who reaped large stock option gains or other incentive compensation as the result of fraud, thereby penalizing the party actually responsible for the fraud.

**We urge shareholders vote for proposal No. 5. [deletion]**

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**PROPOSAL SHAREHOLDER SAY ON EXECUTIVE PAY** sponsored by William Davidge was withdrawn on March 4, 2009 due to the Company-AAG management installing a policy for an annual vote on management pay in response to the majority stockholder vote last year on the same topic to be taken at this year's stockholders meeting (see proposal No. 3 above)

[deletion of proposal]

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## APPENDIX TO CHALLENGER PROXY STATEMENT

### PROXY CARD AND VOTING INSTRUCTION FORM

**THIS PROXY IS NOT BEING SOLICITED ON BEHALF OF THE COMPANY-AAG'S BOARD OF DIRECTORS.**

The filling out with the required and necessary personal information and submission of this Proxy Card is voluntary.

VOTER CONTROL NUMBER \_\_\_\_\_

The undersigned hereby appoints **Stephen Nieman** and **Richard D. Foley** proxy, with full power of substitution, to vote with the same force and effect as the undersigned at the Annual Meeting of the Stockholders of the Alaska Air Group, Inc. scheduled to be held at the Museum of Flight in Seattle, WA at 2 PM on Tuesday, May 19, 2009, and any adjournment or postponement thereof.

To decline to vote, do not fill out this card.

**(THIS PROXY REVOKES ALL PRIOR PROXIES GIVEN BY THE UNDERSIGNED.)** This proxy, when properly executed, will be voted in the manner directed herein. Please date, sign and send your proxy card back today.

When completed and signed, this proxy/voting instruction form will be voted as you have directed. If no direction is given, it will be voted **FOR ALL OF THE CHALLENGER NOMINEES IN THE ORDER PRESENTED ON THE PROXY CARD OR VOTING INSTRUCTION FORM (nominee numbers (01)/(02)/(03)/(04)/(05) in Proposal 1.**

You may vote **FOR** or you may **WITHHOLD** authority to vote for each nominee for director. Below write the names of the director nominees in the space marked "**FOR**" if you wish to vote for them. To withhold a vote for a nominee, write the name of the nominee in the space marked "**WITHHOLD**." Regarding the Company-AAG candidates: If you use our ballot card to write-in any vote **FOR** or **WITHHOLD** for management nominees, we will ensure that the Inspector of Elections receives your instructions.

### PROPOSAL NO. 1: ELECTION OF DIRECTORS—CHALLENGER NOMINEES:

(01) Richard D. Foley (02) Stephen Nieman (03) Terry K. Dayton (04) William B. Davidge (05) Arek Fressadi

FOR \_\_\_\_\_

WITHHOLD \_\_\_\_\_

WRITE-IN AAG CANDIDATES FOR or WITHHOLD VOTES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**ADDITIONAL DETAILS OF THE 2009 SHAREHOLDER PROPOSALS CAN BE FOUND IN THE COMPANY-AAG'S \_\_\_\_\_, 2009 Definitive PROXY STATEMENT on pages \_\_\_\_\_.**

You may vote **FOR** or **AGAINST** or **ABSTAIN** on the shareholder proposals. If you **ABSTAIN** from voting on any proposal, the abstention has the same effect as a vote against such proposal.

FOR / AGAINST / ABSTAIN / No. 2 — **2009 INDEPENDENT AUDITOR** / / / / / Recommend vote **AGAINST** Proposal 2. If no direction is given, the proxy will be voted **AGAINST** Proposal 2.

FOR / AGAINST / ABSTAIN / No. 3 — **COMPENSATION OF NAMED EXECUTIVE OFFICERS** / / / / / Recommend vote **AGAINST** Proposal 3. If no direction is given, the proxy will be voted **AGAINST** Proposal 3.

FOR / AGAINST / ABSTAIN / No. 4 — **SPECIAL SHAREOWNER MEETINGS** / / / / / Recommend vote **FOR** Proposal 4. If no direction is given, the proxy will be voted **FOR** Proposal 4.

FOR / AGAINST / ABSTAIN / No. 5 — **CUMULATIVE VOTING** / / / / / Recommend vote **FOR** Proposal 5. If no direction is given, the proxy will be voted **FOR** Proposal 5.

FOR / AGAINST / ABSTAIN / NO. 6 — **REFORMING SECURITIES CLASS ACTIONS** / / / / / Recommend vote **FOR** Proposal 6. If no direction is given, the proxy will be voted **FOR** Proposal 6.

\*Note\* In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or at any adjournments or postponements thereof.

**PLEASE SIGN, DATE AND RETURN TODAY. THANK YOU!**

DATE \_\_\_\_\_, 2009

Legible Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Title(s) \_\_\_\_\_

Legible Signature \_\_\_\_\_

Print Name \_\_\_\_\_

Title(s) \_\_\_\_\_

NOTE: Please sign legibly exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

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**ATTACHMENT EN**

Date \_\_\_\_\_

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholders of Alaska Air Group, Inc. regarding their Shareholder Meeting to Be Held on May 19, 2009**

**This is only an overview of the more complete proxy materials that will appear on the Internet website at [www.votepal.com](http://www.votepal.com) and you may call toll free to 1-886-286-8387 or 1-866-2-VOTEUS.**

**If you want a paper or e-mail copy of these materials, you must request a copy.**

**We encourage you to access and review all of the important information contained in the proxy materials before voting. Please make your request for a copy as instructed below or on or before April 19, 2009.**

From: The Alaska Air Group, Inc. **2009 CHALLENGERS** ("CHALLENGERS")

To: The Restricted Number of Institutional shareholders of Alaska Air Group, Inc. ("the company") regarding the Annual meeting of shareholders on May 19, 2008, at 2:00 PM at the Museum of Flight in Seattle, Washington

In accordance with U.S. Securities and Exchange Commission Release No. 34-55146, you are hereby informed of the **CHALLENGERS** Notice of Internet Availability of its Proxy Materials. Coinciding with the filing of **CHALLENGERS** Definitive Proxy Filing on the SEC's EDGAR, the **CHALLENGERS** Proxy Materials will be available on the Internet website at [www.votepal.com/](http://www.votepal.com/). These materials are provided free of charge.

The **CHALLENGERS** Proxy Materials will include a means to execute a proxy as of the time that this notice is first sent. **CHALLENGERS** Proxy Materials will include a Proxy Statement, voting instructions and a proxy card form which may be used in a similar manner as described in the company instructions for its proxy card. It will be necessary for you to use your identification information as found on the company's card; i.e. number of shares and voter control numbers. Your signature will be required.

You may write whatever you wish on our proxy card. The **CHALLENGERS** proxy card will appoint Mr. Richard Foley and/or Stephen Nieman as proxies to vote your shares on any other matter of business at the meeting.

The **CHALLENGERS** are running five candidates for election to the board of directors in opposition to the incumbent nominees of the company. The **CHALLENGERS** will vote for its candidates, which are not included in the company's proposal No. 1.

The **CHALLENGERS** Proxy Materials include two additional shareholder proposals not found in the company company's Proxy Materials, No. 5 "Cumulative Voting" and No. 6 "Reforming Securities Class Actions." The **CHALLENGERS** consider a majority votes on No. 6 and No. 7 to be binding on the bylaws. AAG management declined to include these proposals for a vote in the company's proxy materials, per the U.S. SEC granting a "No-Action" letter earlier submitted by AAG management.

The **CHALLENGERS** will vote **AGAINST** proposals No. 2 and 3 (2009 Independent Auditor and Compensation of Named Executive Officers) and **FOR** proposals 4 through 6, respectively Special Shareowners Meeting, Cumulative Voting and Reforming Securities Class Actions

At this time, no other matter is known to be addressed at the shareholders meeting.

**If you execute CHALLENGERS's proxy and it is your latest dated proxy, it invalidates any earlier-dated or prior-voted or executed proxy.**

**Unless you use the CHALLENGERS proxy card, you will not be able to vote for any of the CHALLENGERS candidates, unless you were to cross out the company's nominees on its proxy card and write in the names of the CHALLENGERS.**

**You have a right to vote for any combination of candidates. If you use the company's proxy card, you may line through the names of the individuals who will serve as your designated proxy holders at the meeting and write in the names of whomever you choose. Depending on how you own your shares, other steps may be required. Please read instructions which are included in our Proxy Statement.**

Please contact Richard Foley at <rerailer@earthlink.net > or 520-742-5168 or 6040 N Camino Arturo, Tucson, AZ 85718 if you require a mailed printed copy of the **CHALLENGERS** Proxy Materials.

You may contact Steve Nieman at <steveniemann@mac.com> or 360-904-2926 or 15204 NE 181st Loop, Brush Prairie, WA 98606. Or you can call toll free 1-886-286-8287.

Thank You.

END of **CHALLENGER** 2009 Preliminary Proxy Statement