UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

November 27, 2018
(Date of earliest event reported)

ALASKA AIR GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

1-8957	**91-1292054**
(Commission File Number)	(IRS Employer Identification No.)
19300 International Boulevard, Seattle, Washington	**98188**
(Address of Principal Executive Offices)	(Zip Code)

(206) 392-5040
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

ITEM 7.01. Regulation FD Disclosure

On November 27, 2018, Alaska Air Group, Inc. (Air Group) provided an investor update related to its operational and financial outlook. The investor update is furnished herein as Exhibit 99.1.

Also on November 27, 2018, Air Group provided its November 27, 2018 Investor Day Presentation as attached in Exhibit 99.2.

In accordance with General Instruction B.2 of Form 8-K, the information under this item Exhibit 99.1 and Exhibit 99.2 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing. This report will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

ITEM 9.01 Financial Statements and Other Exhibits

Exhibit 99.1	Investor Update dated November 27, 2018
Exhibit 99.2	November 27, 2018 Investor Day Presentation

Signatures
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALASKA AIR GROUP, INC.
Registrant

Date: November 27, 2018

/s/ CHRISTOPHER M. BERRY
Christopher M. Berry
Vice President Finance and Controller

Exhibit 99.1

Alaska Air Group

Investor Update - November 27, 2018

References in this update to "Air Group," "Company," "we," "us," and "our" refer to Alaska Air Group, Inc. and its subsidiaries, unless otherwise specified.

This Investor Update is being provided to communicate certain updated 2018 and 2019 forecasted operational and financial information communicated in our November 27, 2018 Investor Day presentation. For a full replay of the webcast, please visit investor.alaskaair.com.

This update includes forecasted operational and financial information for our consolidated operations. Our disclosure of operating cost per available seat mile, excluding fuel and other items, provides us (and may provide investors) with the ability to measure and monitor our performance without these items. The most directly comparable GAAP measure is total operating expenses per available seat mile. However, due to the large fluctuations in fuel prices, we are unable to predict total operating expenses for any future period with any degree of certainty. In addition, we believe the disclosure of fuel expense on an economic basis is useful to investors in evaluating our ongoing operational performance. Please see the cautionary statement under "Forward-Looking Information."

We are providing information about estimated fuel prices and our hedging program. Management believes it is useful to compare results between periods on an "economic basis." *Economic fuel expense* is defined as the raw or "into-plane" fuel cost less any cash we receive from hedge counterparties for hedges that settle during the period, offset by the recognition of premiums originally paid for those hedges that settle during the period. Economic fuel expense more closely approximates the net cash outflow associated with purchasing fuel for our operation.

Forward-Looking Information

This update contains forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by any forward-looking statements. For a comprehensive discussion of potential risk factors, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as well as in other documents filed by the Company with the SEC after the date thereof. Some of these risks include general economic conditions, increases in operating costs including fuel, competition, labor costs and relations, our indebtedness, inability to meet cost reduction goals, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations, and risks inherent in the achievement of anticipated synergies and the timing thereof in connection with the acquisition of Virgin America. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed therein. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statements after the date of this report to conform them to actual results. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such differences might be significant and materially adverse.

AIR GROUP - CONSOLIDATED

Forecast Information

	Forecast Full Year 2018	Full Year 2017 As Adjusted [a]	% Change	*Prior Guidance November 16, 2018*
Capacity (ASMs in millions)	65,310 - 65,360	62,072	~ 5.3%	*65,310 - 65,360*
Cost per ASM excluding fuel and special items (cents)[a]	8.50¢ - 8.52¢	8.25¢	~ 3.2%	*8.50¢ - 8.52¢*
Fuel gallons (000,000)	839	797	~ 5.3%	*839*

	Forecast Q4 2018	Q4 2017 As Adjusted [a]	% Change	*Prior Guidance November 16, 2018*
Capacity (ASMs in millions)	16,055 - 16,105	15,901	~ 1.1%	*16,055 - 16,105*
Revenue per ASM (cents)[a][c]	12.60¢ - 12.80¢	12.21¢	~ 3.0% - 5.0%	*12.40¢ - 12.60¢*
Cost per ASM excluding fuel and special items (cents)[a]	8.97¢ - 9.01¢	8.68¢	~ 3.6%	*8.97¢ - 9.01¢*
Fuel gallons (000,000)	208	205	~ 1.4%	*208*
Economic fuel cost per gallon[b]	$2.33	$2.00	~ 16.5%	*$2.36*

(a) RASM and CASMex in the preceding forecast information reflect the impacts of the updated accounting standards, effective for the Company January 1, 2018. Information not impacted by the updated accounting standards (Fuel Gallons and Economic fuel cost per gallon) has not been restated. Additionally, certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year.

(b) Our economic fuel cost per gallon estimate for the fourth quarter includes the following per-gallon assumptions: crude oil cost – $1.43 ($60 per barrel); refining margin – 69 cents; benefit of settled hedges – 1 cent; with the remaining difference due to taxes and other into-plane costs.

(c) We raised our guidance range primarily due to an improving yield environment during the quarter and the impact of certain revenue initiatives the Company has implemented.

2019 CASMex Guidance

Excluding the impact of any new labor contracts, we expect our CASMex for 2019 to increase approximately 2.0% - 2.5% from our full year 2018 guidance on 2% expected capacity growth.

Nonoperating Expense

We expect that our consolidated nonoperating expense will be approximately $10 million in the fourth quarter of 2018.

Alaska

ALK Investor Day 2018

2018 Investor Day Agenda

11:30am – 12:40pm	**Brad Tilden, CEO** *Introduction: Who We Are & Where We're Going*
	Ben Minicucci, President & COO *Merger Update & Our Roadmap For Margin Improvement*
	Andy Schneider, VP People *Investing In Culture*
	Shane Tackett, EVP Planning & Strategy *Executing Our Roadmap & Driving Financial Performance*
12:40pm – 12:50pm	**Break**
12:50pm – 1:30pm	**Andrew Harrison, CCO** *Building For Brand Strength & Revenue Growth*
	Brandon Pedersen, CFO *Financial Outlook*
1:30pm – 2:15pm	**Question & Answer Session**

Safe Harbor

This presentation may contain forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by our forward-looking statements, assumptions or beliefs. For a comprehensive discussion of potential risk factors, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Some of these risks include competition, labor costs and relations, general economic conditions, increases in operating costs including fuel, inability to meet cost reduction goals, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations and risks inherent in the achievement of anticipated synergies and the timing thereof in connection with the acquisition of Virgin America. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed in our most recent Form 10-K and in our subsequent SEC filings. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statements made today to conform them to actual results. Over time, our actual results, performance or achievements may differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, assumptions or beliefs and such differences might be significant and materially adverse.


Who We Are &
Where We're Going
Brad Tilden, CEO
4

Our Business Model

Alaska

Profitable growth creates value for all of our stakeholders.

We have a great team

Ben Minicucci
President

Brandon Pedersen
CFO

Andrew Harrison
CCO

Gary Beck
Horizon Air CEO

Shane Tackett
EVP Planning & Strategy

Andy Schneider
VP People

Diana Birkett Rakow
VP External Relations

Kyle Levine
General Counsel

Brad Tilden
CEO

16 Years
Average Tenure

We have a great team

Wayne Newton
VP Airports

John Ladner
MD Flight Ops

Sangita Woerner
VP Marketing

David Oppenheim
VP Sales

Chris Berry
Controller

Mark Eliasen
Treasurer

Matt Grady
Investor Relations

We have durable competitive advantage

Low Costs, Low Fares

Excellent Operations

Award-Winning Service

Best Loyalty Program

“One Team” Culture

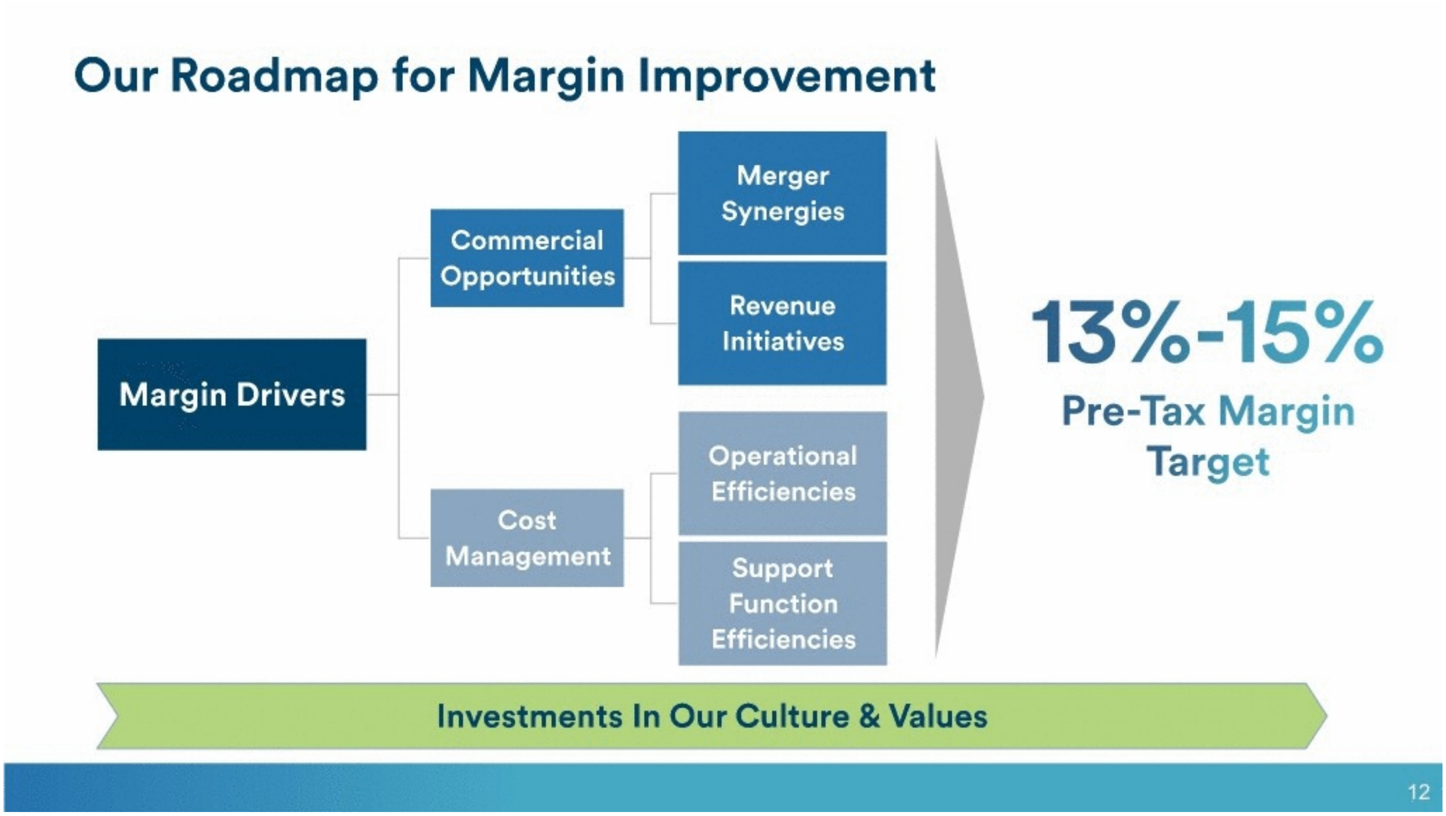

We have a long track record of successful growth...
2001
63 destinations
North-South orientation along West Coast
Vancouver
Seattle
Portland
Anchorage
Boise
Salt Lake City
Denver
San Francisco/
Bay Area
Las Vegas
Los Angeles Area
San Diego
Phoenix
Lihue
Honolulu
Maui
Kona
Minneapolis
Milwaukee
Detroit
Chicago
Omaha
Kansas City
Indianapolis
Wichita
St. Louis
Oklahoma City
Nashville
Atlanta
Dallas
San Antonio
Austin
Houston
New Orleans
Tampa
Boston
Newark
New York
Philadelphia
Baltimore
Washington DC
Raleigh/Durham
Charleston
Orlando
Fort Lauderdale
Los Cabos
Mexico City
Guadalajara
Ixtapa/Zihuatanejo
Cancun
Liberia
San Jose
9


Vancouver
Seattle
Portland
Anchorage
Minneapolis
Boise
Boston
Milwaukee
Newark
New York
Detroit
Omaha
Chicago
Philadelphia
Baltimore
Washington DC
Salt Lake City
Kansas City
Indianapolis
Denver
San Francisco/
Bay Area
Las Vegas
Wichita
St. Louis
Raleigh/Durham
Oklahoma City
Nashville
Los Angeles Area
Atlanta
San Diego
Phoenix
Charleston
Dallas
Lihue
Honolulu
Maui
Kona
Austin
San Antonio
New Orleans
Houston
Tampa
Orlando
Fort Lauderdale
Los Cabos
Mexico City
Guadalajara
Cancun
Ixtapa/Zihuatanejo
Liberia
San Jose
We have
a long track
record of
successful
growth...
2018
115+ destinations
National orientation with
West Coast focus
10

...and a long track record of outperformance

2010-2018	Airlines	High-Quality Industrials	Alaska
Pre-Tax Margin	10.4%	13.0%	15.1%
Free Cash Flow Margin	2.1%	7.7%	7.8%
ROIC	13.6%	14.8%	16.7%
Adj. Net Debt / EBITDAR	1.8x	1.6x	0.9x
P/E Multiple	13.9x	18.6x	10.7x

Source: Wells Fargo Securities; "Airlines" includes DAL, AAL, UAL, LUV, JBLU, SAVE, ALGT, WJA, AC; "High-Quality Industrials" includes CNR, CP, NSC, UNP, KSU, JBHT, UPS, FDX, MMM, CAT, BA, UTX, R



Our Roadmap for Margin Improvement
Margin Drivers
Commercial Opportunities
Merger Synergies
Revenue Initiatives
Cost Management
Operational Efficiencies
Support Function Efficiencies
13%-15%
Pre-Tax Margin Target
Investments In Our Culture & Values
12


Alaska
N224AK
Merger Update &
Our Roadmap
Ben Minicucci, President & COO
13

We achieved a lot before the merger

50%+
Market Share in PNW

#1
On-Time Performance

#1
Customer Satisfaction

11%
Annual Loyalty Program Growth

6 Years
CASMx Reductions

27%
Debt-to-Total-Capitalization

2010-2016

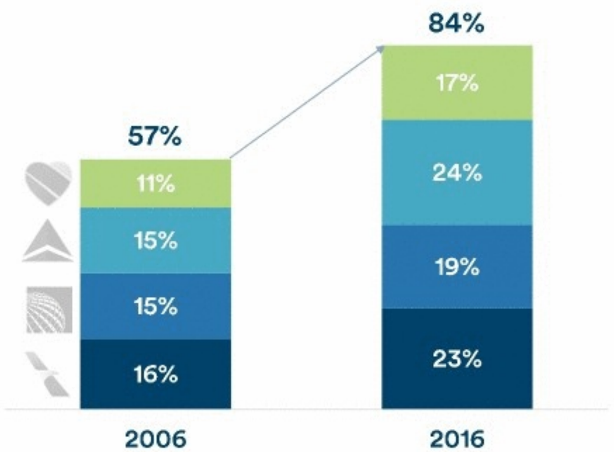
27%
Annual EPS Growth

$1.9B
Capital returned to shareholders

But, we needed a bigger platform to remain competitive and to keep growing

A series of mergers gave the largest carriers much more market power

U.S. Market Share of Four Largest Carriers*



By 2016, we could still grow in the PNW, but we could see our runway shortening after years of rapid growth

	New Markets Launched
2010	14
2011	6
2012	19
2013	15
2014	16
2015	20
2016	14
Total	104

65%
Relevance in PNW

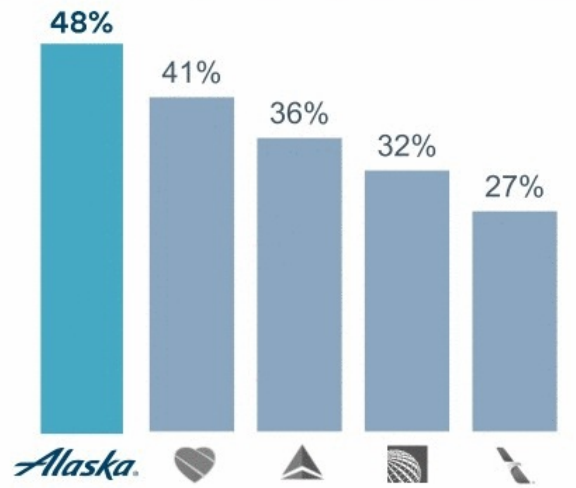
vs.

19%
Relevance in California

*Total domestic revenue from Form 41. Airlines included in sample set: American, Aloha, Alaska, Jetblue, Continental, Delta, Frontier, Airtran, Hawaiian, America West, Midway, Spirit, Northwest, Pan American, Sun Country, TWA, ATA, United, US Airways, Virgin America, Southwest and Midwest Express

Today, we have a highly relevant West Coast network...

We offer the highest guest relevance of any carrier from West Coast points of origin



Relevance = percent of West Coast to North America passengers able to be served on a nonstop basis

Our departures per day have increased significantly in our California focus cities

Rank		2018	vs. 2016
1.	Seattle	298	+15
2.	Portland	129	+7
3.	Los Angeles	115	+52
4.	San Francisco	86	+69
5.	San Diego	46	+20
6.	San Jose	38	+14
7.	NY Metro	30	+27
8.	Hawaii	29	+7

...with significant long-term growth potential

	Population	3-Yr GDP CAGR	Seat Share	Network Relevance	Guest Loyalty
Alaska, Washington, Oregon	~12M	5.3%	50%	70%	44% penetration
California	~40M	4.5%	12%	40%	6.5% penetration

We've completed more than 90% of our integration milestones over the past two years…

= most critical

		Status			Status
1	Aligned Revenue Management	✓	7	Co-located System Operations	✓
2	Integrated Payroll & Benefits	✓	8	Cross-Trained Flight Attendants	✓
3	Single Operating Certificate	✓	9	Initiated Cross-Fleeting	✓
4	Integrated Loyalty Programs	✓	10	Integrated Seniority Lists for all but one workgroup	✓
5	Single Passenger Service System	✓	11	JCBAs or TAs for 100% of Unionized Workforce	✓
6	Co-located 31 Airport Stations	✓	12	Initiated Airbus Modifications	✓

13 Ongoing Investments In Culture

Our labor integration has progressed at a rapid clip...

We've signed Joint CBAs or TAs with our entire unionized workforce in under two years

		Agreement Status	*Time to Completion*
1	Airports	✓	2 months
2	Pilots	✓	10 months
3	Flight Attendants	✓	16 months
4	Dispatchers	✓	19 months
5	Maintenance (TA)	✓	23 months

...and achieved Integrated Seniority Lists for Pilots & FAs more rapidly than comparable airline mergers

ISLs for Pilots & FAs	*Time to Completion*
Alaska / Virgin America	<2 years
Other Airline Mergers	3-6 years


...and today, we are becoming One Team
Let's make something special together.
Step One
Step Two
Step Three
Step Four
TOGETHER
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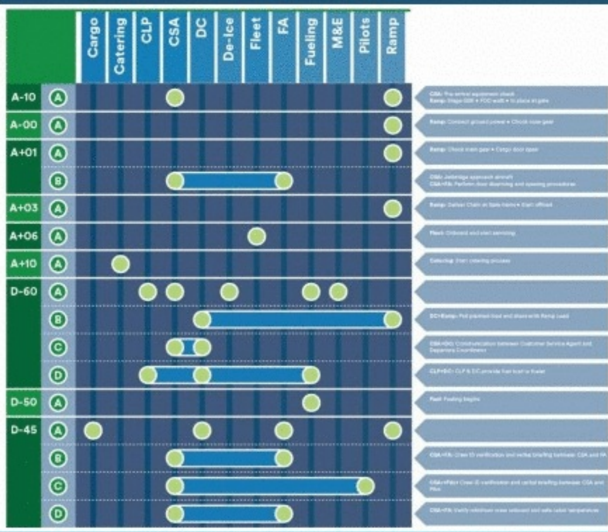
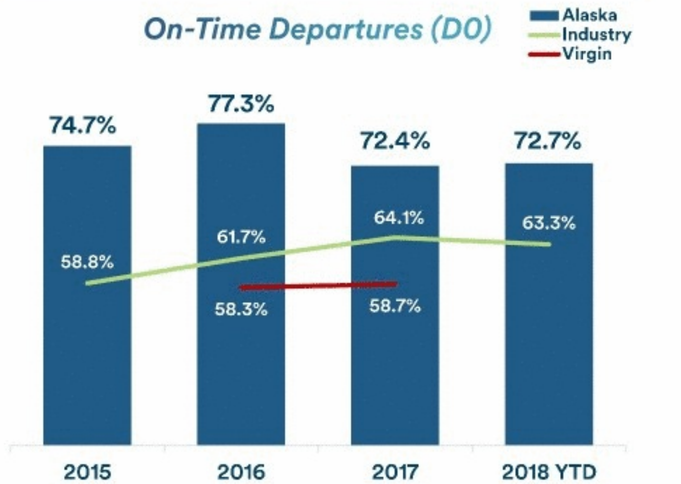
Our robust processes enable us to deliver industry-leading operational reliability...

Consistent deployment of our best-in-class operating process and timelines...



...has led to years of industry-leading performance

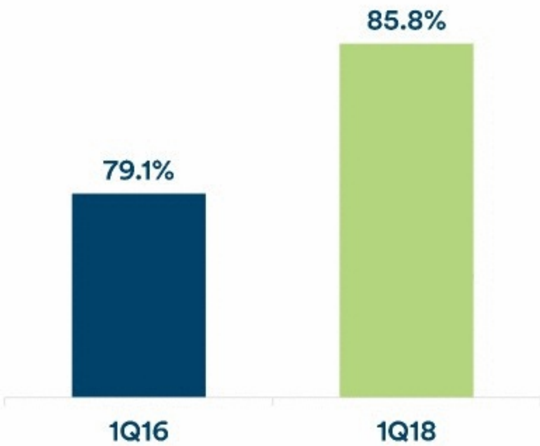


1. Industry data includes AAL, DAL, UAL, LUV, JBLU, SAVE

...and Virgin operations have improved significantly as we've implemented our processes

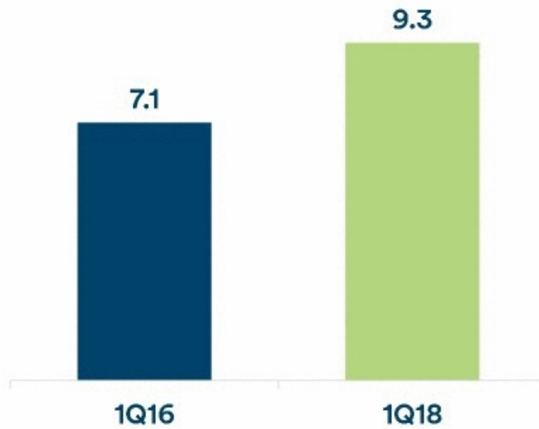
Virgin's Controllable Departures Within Zero Minutes has jumped substantially in the past two years

Virgin America Controllable Departures on Zero



We have also solidly improved Aircraft Utilization

Virgin America Block Hours per Aircraft per Day



We have room to improve productivity across our system going forward

We carry ~3.5 fewer passengers per FTE today than we did prior to the merger...

...and though division-level productivity remains strong, it is also below pre-merger levels

We will realize the full value of the merger by optimizing our operation and executing key initiatives


Investing in Culture
Andy Schneider, VP People
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Investing in our culture is foundational to our success

Our vision and values guide our thinking, and our actions

Our Vision: The West Coast Favorite

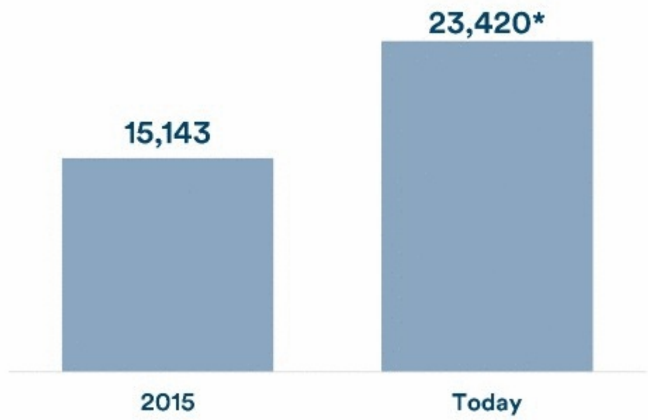
Our Values

- Own Safety
- Deliver performance
- Do the right thing
- Be remarkable
- Be kindhearted

Our culture enables our award-winning service, which builds guest loyalty and ultimately drives financial results

As we grow, our proven people management philosophy remains the same

Employee Count

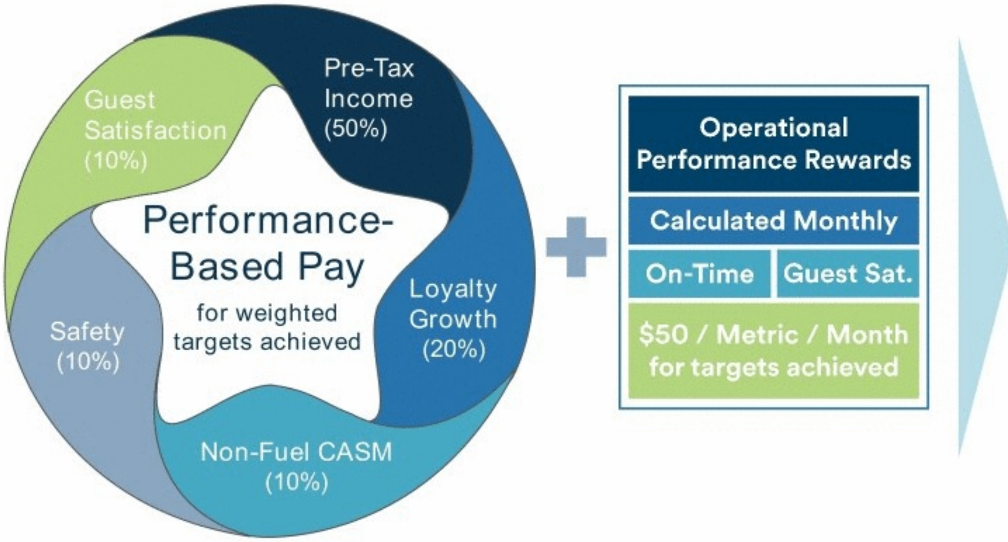


* Includes 1,800 employees at our ground operations subsidiary, McGee Air Services

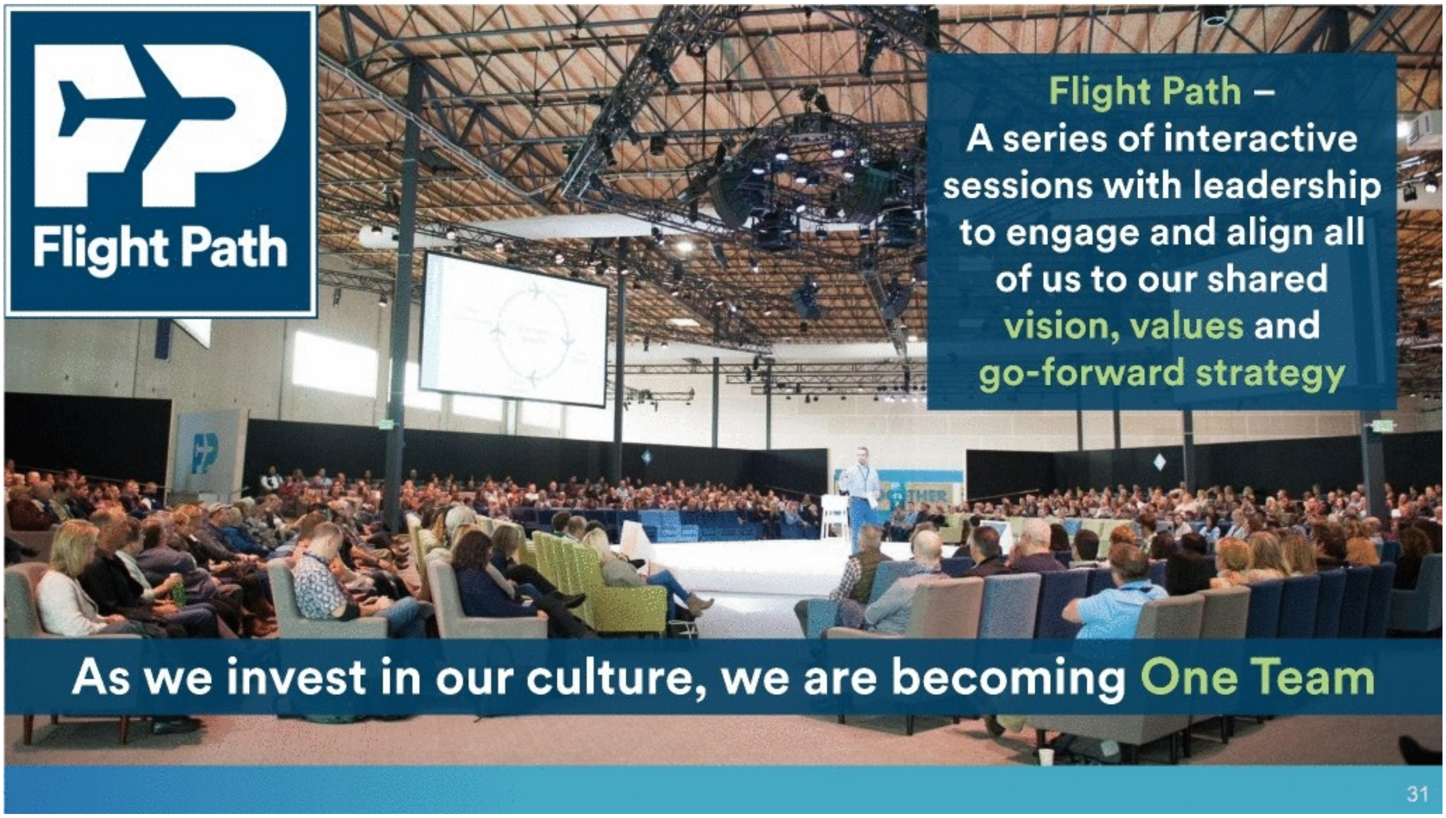
Our Approach to Managing People

- Pay Well
- Aligned Rewards
- High Productivity
- High Engagement

Our Shared Rewards align employees to our strategic and financial objectives



Employees at all levels receive incentive pay based on this methodology


Flight Path
Flight Path –
A series of interactive sessions with leadership to engage and align all of us to our shared vision, values and go-forward strategy
As we invest in our culture, we are becoming One Team
31

Executing Our Roadmap & Driving Financial Performance

Shane Tackett, EVP Planning & Strategy

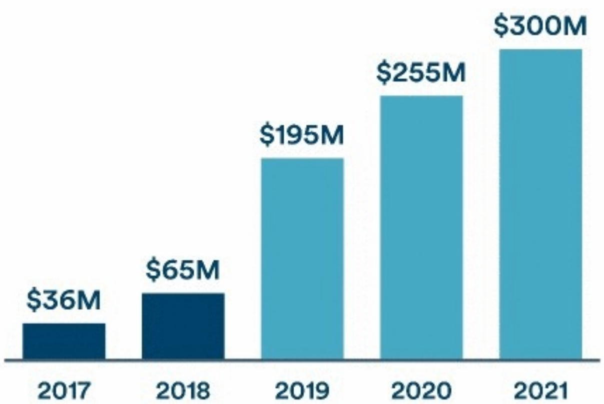
We've faced multiple headwinds since the merger closed

85% increase over the past 12 quarters	Elevated competitive capacity growth	44 New Markets in 2017	Market-rate JCBAs signed with 93% of unionized workforce
			
Rising Fuel Prices	**Competitive Intensity**	**CA Network Investments**	**New Labor Agreements**
~10 margin points	~2 margin points	~2 margin points	~3 margin points

Synergy capture is on track, but we need to do more to reach our pre-tax margin target

Merger synergy expectations have not changed since our last Investor Day

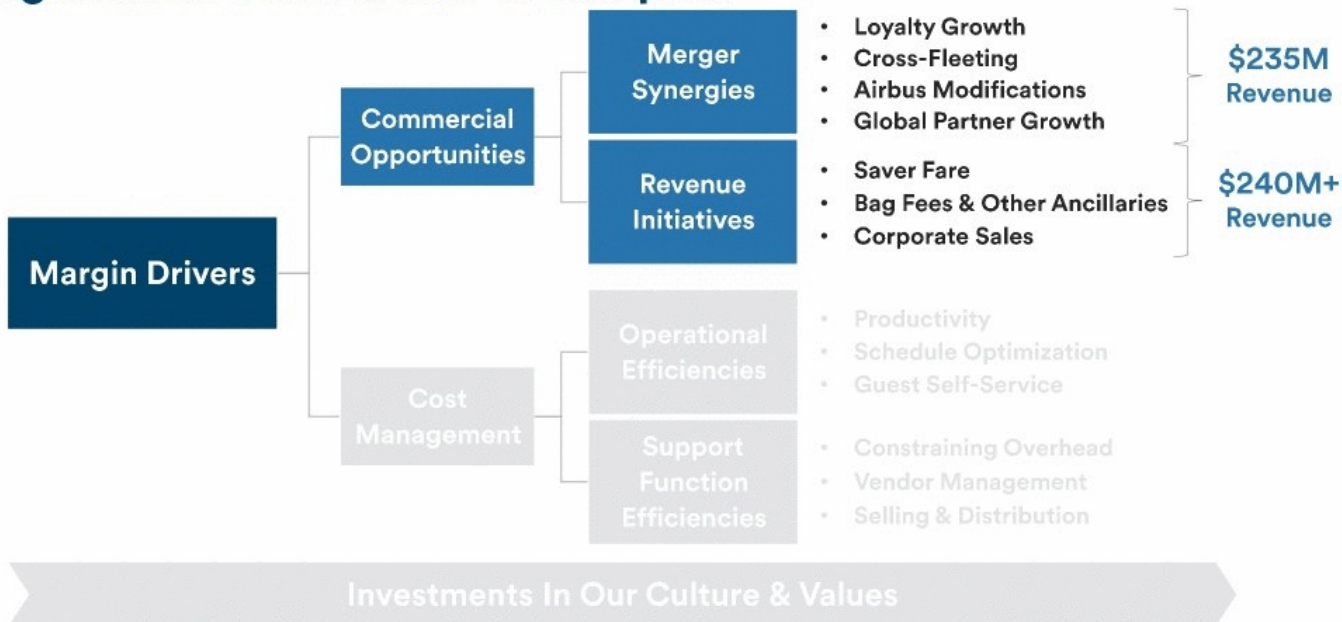
Annual synergies (revenue & cost) expected from Virgin America integration



In light of recent headwinds, we need to do more than capture synergies to reach an adequate margin

The initiatives on our Roadmap put us on the path to achieving our target

Commercial opportunities are well underway, and are a significant contributor to our plan



~80% of merger synergy value has yet to be realized

Cross-Fleeting

Loyalty Growth

Airbus Retrofits

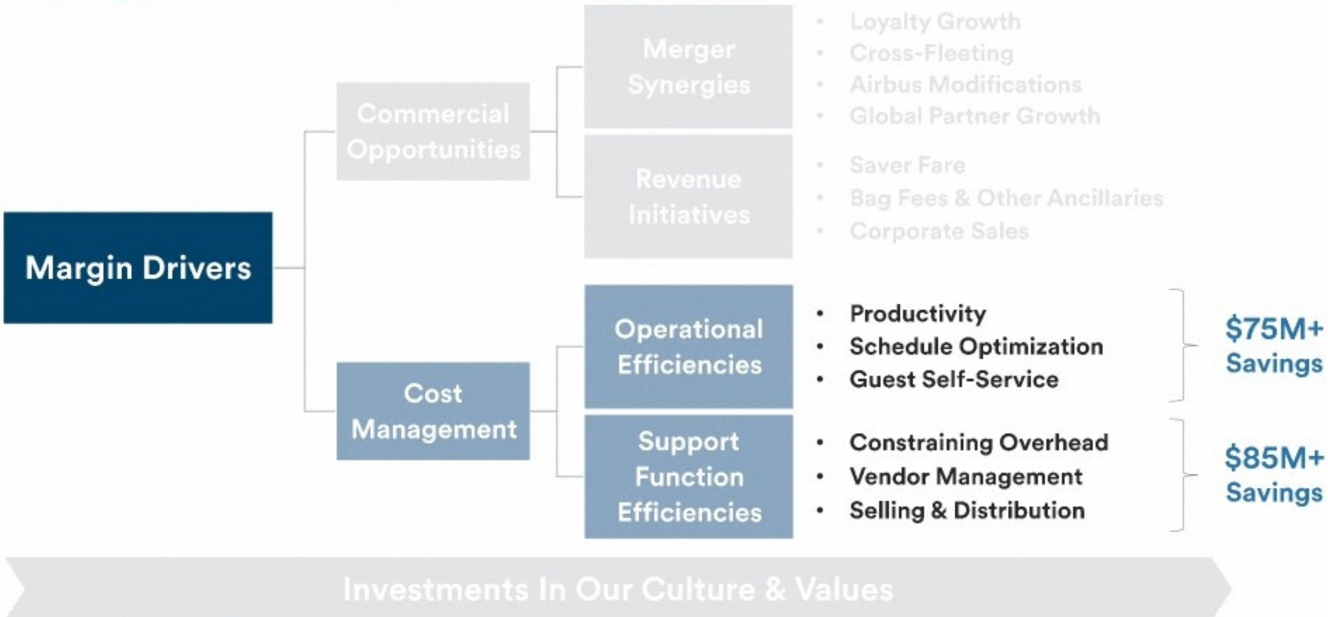
Alaska
GLOBAL PARTNERS

Global Partners

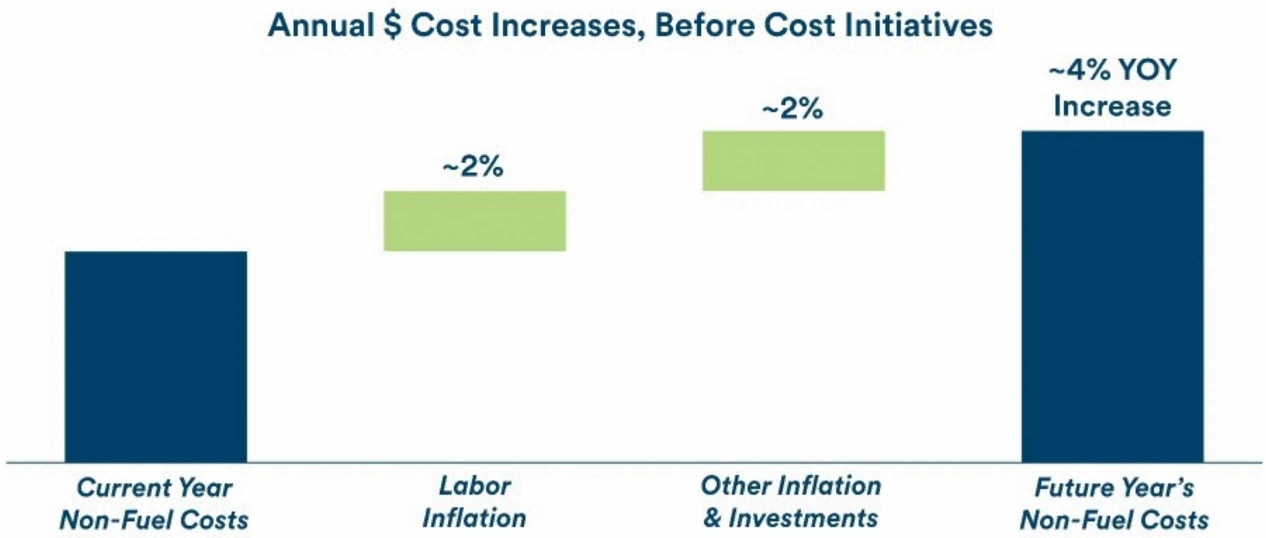
Revenue initiatives will produce more upsell and ancillary revenue without changing our generous brand position

	2016	Going Forward	...vs. Industry
Cabin Segments	2	4	*Parity*
First Class Fare (Avg.)	$416	~$400	*Lower*
Main Cabin Fare (Avg.)	$144	~$150	*Lower*
First / Second Bag Fee	$25 / $25	$30 / $40	*Parity*
Change Fee Revenue Per Passenger	$2.59	~$2.90	*Lower*
Mileage Accrual	Mileage-Based	Mileage-Based	*More Generous*

Disciplined cost management remains central to our strategy, as it has been historically



Without cost initiatives, we need to grow ASMs 4%-5% to achieve flat CASMx



Our robust planning process has identified savings opportunities to offset cost pressures

Targets & Stretch Goals For All Divisions	Zero-Based Budgets	Execution Plans Accompany Budgets	Regular Execution Review Forums
Aggressive Targets help surface trade-offs and push our thinking	Focus on "Should Costs," not prior year spend	Divisions provide clear path to Targets and detailed Execution Plans	Frequent Execution Reviews Enhanced Forecasting & Reporting

We are doubling down on all of our cost management disciplines

We see multiple opportunities to mitigate non-fuel cost increases going forward

Labor & Asset Productivity

Constraining Overhead

Vendor Management

Selling & Distribution

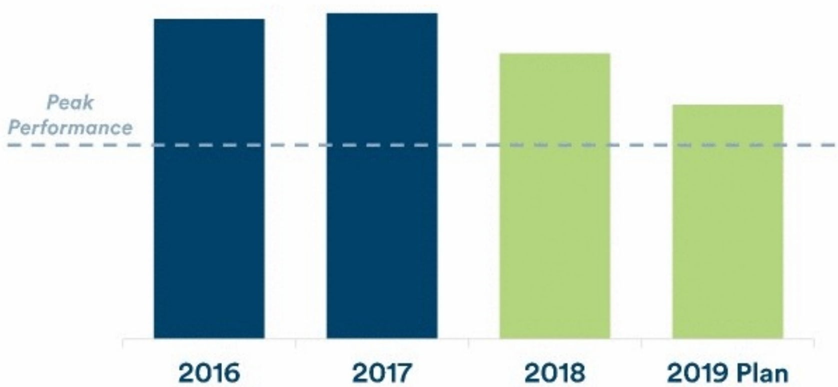
We will close productivity gaps in our operation

	By Year	
	2019	Future
1. Labor Productivity - Mainline Flight Attendants	↑	→
- Mainline Pilots	↓	↑
- Regional Crews & Fleet	↑	→
2. Airport Ops Optimization	↑	↑
3. Schedule Optimization	→	↑
4. Guest Self-Service	↑	↑

$75M+ Opportunity

We will continue to constrain overhead cost growth

Overhead as a % of Total Non-Fuel Costs



- Zero-based Budgeting
- Prudent deployment of technology / automation
- Insource vs. Outsource

$55M+ Opportunity

Vendor Management presents a sizeable opportunity

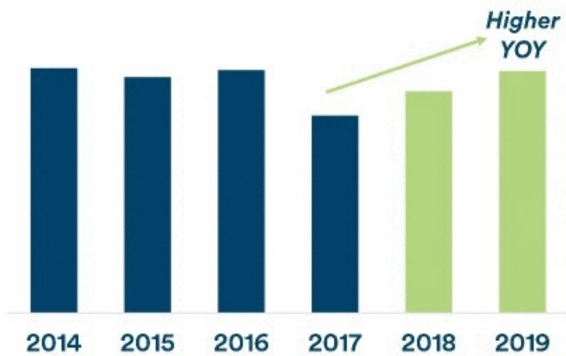
- We benchmarked our contracts to identify rate reduction opportunities
- We will leverage our larger size to renegotiate existing contract rates lower
- We will negotiate larger deals with fewer vendors

$20M+ Opportunity

Selling and distribution will continue to be a tailwind

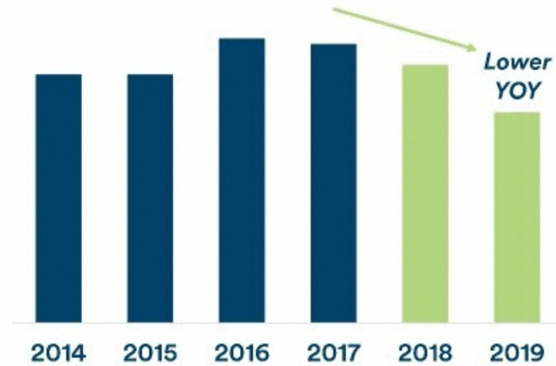
Affinity Card sales mix is rebounding to pre-merger levels as we rapidly grow our loyalty program...

% of sales on Alaska Affinity Card



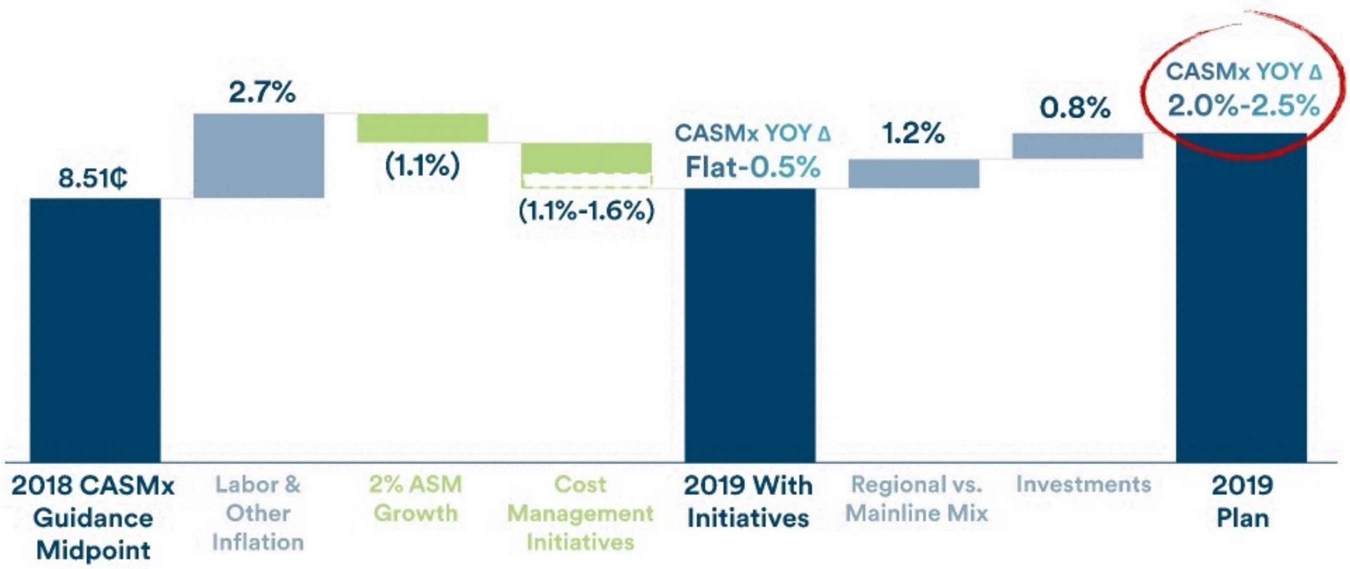
...which, in turn, is having a favorable impact on our credit card commission expenses

Blended Credit Card Commission Rate



$10M-$25M Opportunity

2019 Cost Outlook

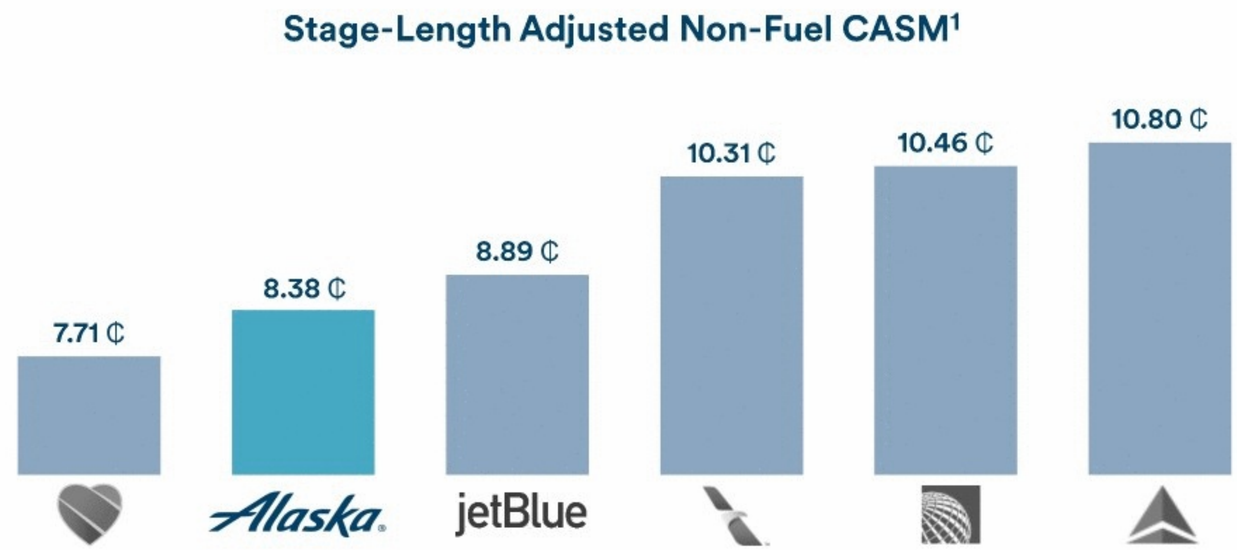


In 2019, identified savings will be partially offset by continued investments in our culture and product

~$20 million	~$15 million	~$10 million
	Flight Path	
Higher Variable Pay	Culture Investments	Satellite WiFi

$45M Investment in 2019

We are committed to protecting our unit cost advantage as we slow capacity growth



1. Trailing 12-Months Ended 6/30/18, U.S. West Coast-originating flights to North American destinations


N280AK
Building For Brand Strength
& Revenue Growth
Andrew Harrison, CCO
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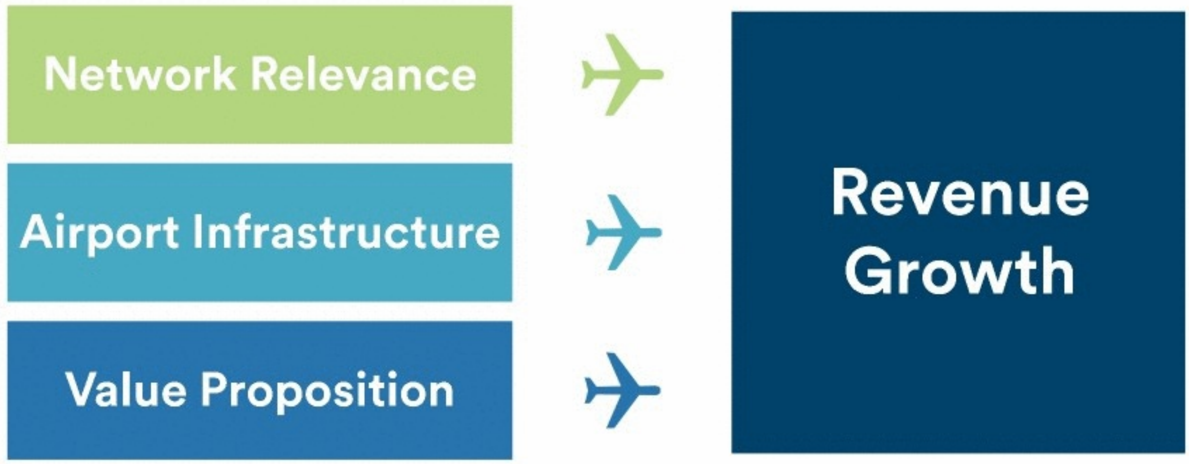
We are positioned to unlock significant revenue growth in the years ahead



Network Relevance

#MostWestCoast

After two years of significant investment, we have built a leading network position on the West Coast...

	Pre-Merger	Today	Rank
Nonstop Markets	233	285	#1
Daily Flights	756	931*	#1
Seat Share	20%	24%	#1
Utility	33%	48%	#1

* from WC origins only; we have ~1,300 daily flights network-wide

Source: DOT/Published Schedules West Coast to North America for 2018 vs. 2016

...and a strong foundation in California

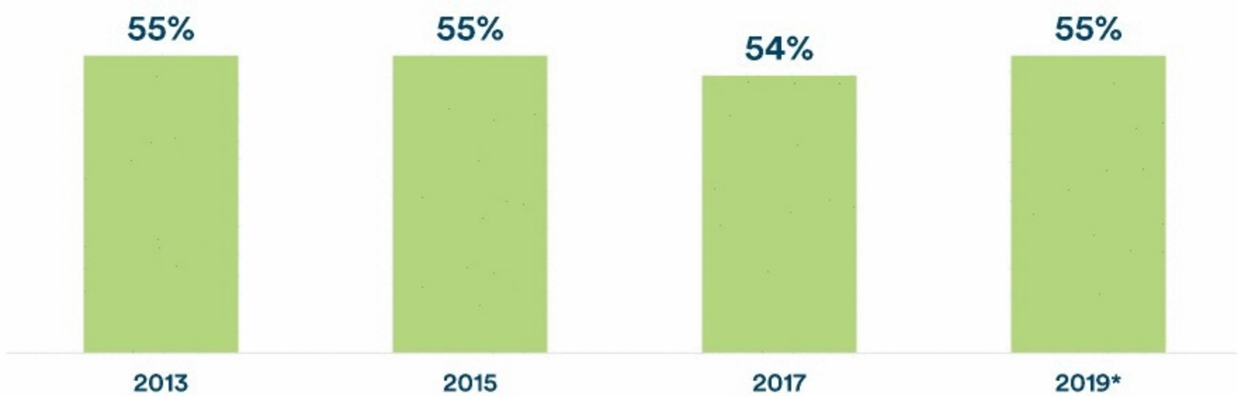
California Pre-Merger vs. Today

Nonstop Markets	+53%
Daily Flights	+93%
Seat Share	+71%
Utility	+111%

Source: DOT/Published Schedules California to North America for 2018 vs. 2016

We have not taken our eye off of our primary Seattle hub...

Seattle-to-North America Seat Share

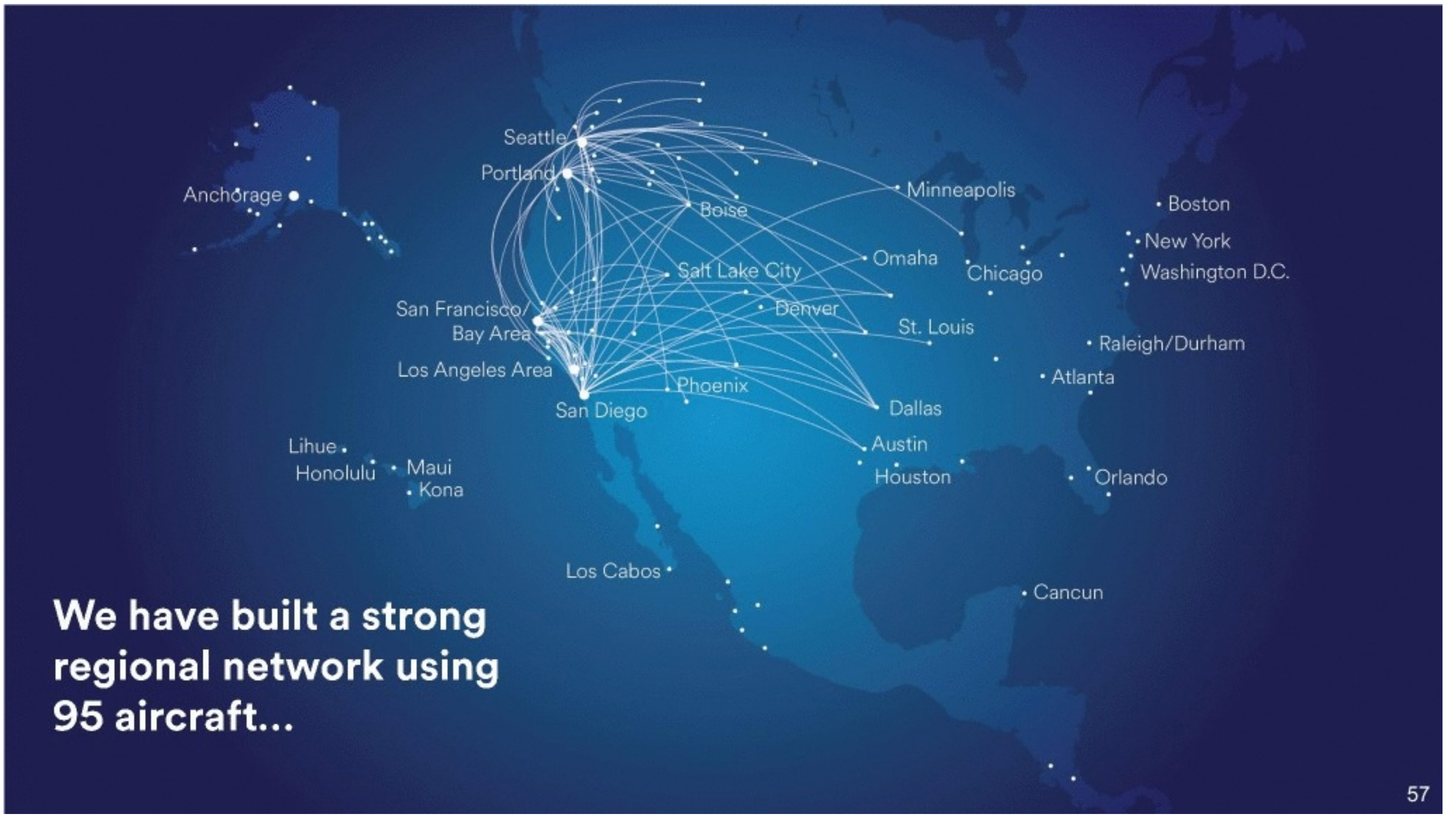


	2013	2015	2017	2019*
Daily Departures	*236*	*257*	*291*	*304*

*2019 based on currently published schedules

...where utility and loyalty will strengthen with service from Paine Field beginning in 1Q 2019

2019 Destinations	Frequencies / Day
1. Portland	4x
2. Los Angeles	4x
3. San Francisco	2x
4. San Jose	2x
5. Las Vegas	2x
6. San Diego	2x
7. Phoenix	1x
8. Orange County	1x
TOTAL	**18x**


Anchorage
Seattle
Portland
Boise
Minneapolis
Boston
New York
Washington D.C.
Omaha
Chicago
Salt Lake City
San Francisco/
Bay Area
Denver
St. Louis
Raleigh/Durham
Los Angeles Area
Atlanta
Phoenix
San Diego
Dallas
Austin
Houston
Lihue
Honolulu
Maui
Kona
Orlando
Los Cabos
Cancun
We have built a strong
regional network using
95 aircraft...


Anchorage
Seattle
Portland
Boise
Minneapolis
Boston
New York
Washington D.C.
Omaha
Chicago
Salt Lake City
Denver
San Francisco/
Bay Area
Los Angeles Area
San Diego
Phoenix
St. Louis
Raleigh/Durham
Atlanta
Dallas
Austin
Houston
Orlando
Lihue
Honolulu
Maui
Kona
Los Cabos
Cancun
that feeds our expansive
mainline network...


Beijing
Tianjin
Chengdu
Chongqing
Changsha
Seoul
Shanghai
Tokyo
Osaka-Kansai
Hong Kong
Singapore
KOREAN AIR
CATHAY PACIFIC
Seattle
San Francisco/Bay Area
Los Angeles
San Diego
Reykjavik
Helsinki
Dublin
London
Frankfurt
Dubai
Lima
São Paulo
Santiago
Buenos Aires
Nadi
Brisbane
Sydney
Melbourne
Auckland
ICELANDAIR
FINNAIR
Aer Lingus
BRITISH AIRWAYS
Condor
Emirates
LATAM AIRLINES
FIJI AIRWAYS
QANTAS
that connects to our
Global Partner gateways...
59


ICELANDAIR
Reykjavik
FINNAIR
Helsinki
Aer Lingus
Dublin
London
BRITISH AIRWAYS
Frankfurt
Condor
Emirates
Dubai
KOREAN AIR
HAINAN AIRLINES
Beijing
Tianjin
Seoul
Tokyo
Osaka-Kansai
Chengdu
Chongqing
Changsha
Shanghai
Hong Kong
CATHAY PACIFIC
Singapore
Seattle
Portland
San Francisco/Bay Area
Los Angeles
San Diego
FIJI AIRWAYS
Nadi
QANTAS
Brisbane
Sydney
Melbourne
Auckland
LATAM AIRLINES
Lima
Sao Paulo
Santiago
Buenos Aires
...and beyond to allow our guests to travel to 900+ destinations globally.
60

Alaska Global Partners represent a diverse portfolio of international flagship carriers...

ICELANDAIR

Emirates

FIJI AIRWAYS

SINGAPORE AIRLINES

海南航空 HAINAN AIRLINES

Alaska GLOBAL PARTNERS

Aer Lingus

JAPAN AIRLINES

FINNAIR

BRITISH AIRWAYS

KOREAN AIR

Condor

QANTAS

LATAM AIRLINES

American Airlines

CATHAY PACIFIC

...enabling us to provide robust global utility and connectivity for our guests

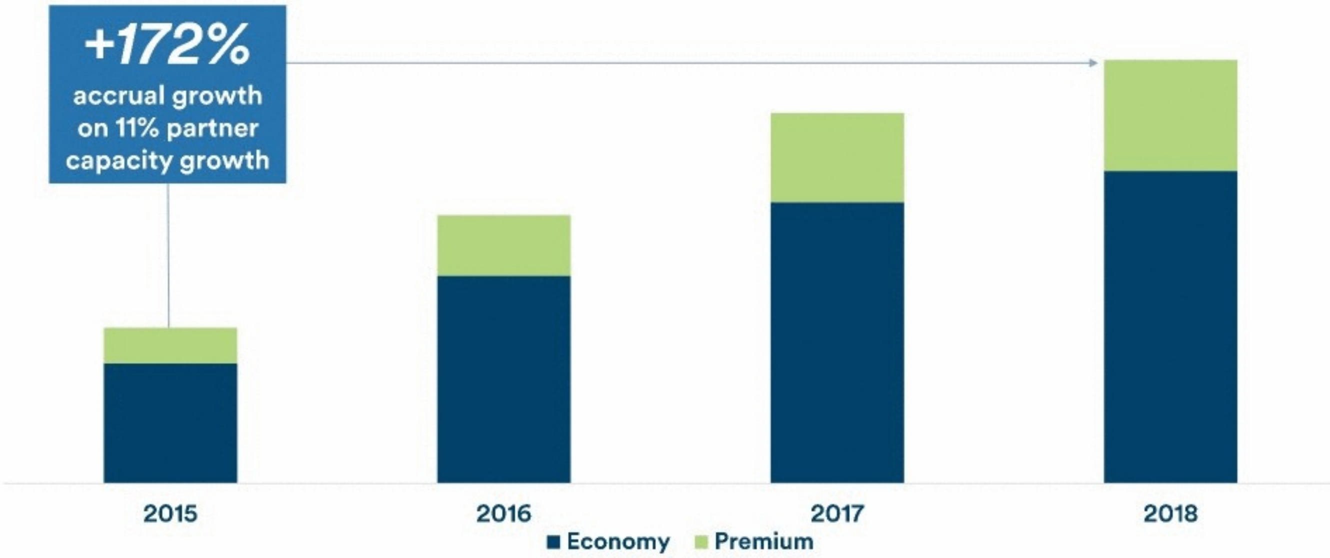
Seattle to non-North America Seat Share
YE September each time period

West Coast to non-North America Seat Share
YE September each time period

Destinations: 8 9 11 8 32 29 30 30

*Source: OAG filed schedules. Destination counts only include destinations with more than 10 operations per time period.

Mileage Plan member accruals on Global Partners have nearly tripled over the past three years



*Accrual data is YE September for each stated year. Capacity growth is for current International Global Partners from the US West Coast to all non-North American destinations.

Airport Infrastructure
ANC
SEA
PDX
Portland Oregon
SFO
SJC
LAX
HOLLYWOOD
SAN
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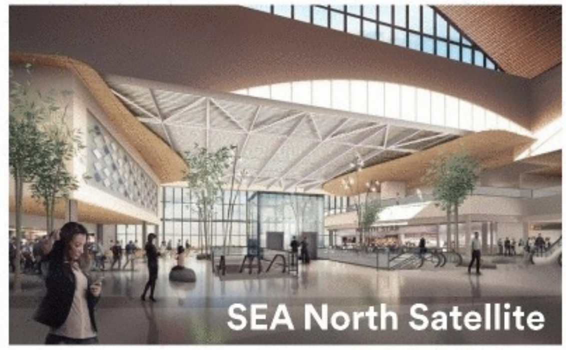
PNW Airports

SEA

- Grow with 33 preferential gates
- 20 gates consolidated at the new North Satellite concourse by summer 2021
- New 15,000 sq ft flagship lounge in 2Q19

PDX

- New gates coming in North Terminal
- Room to expand across South Terminal
- $100M redevelopment of Concourse A&B will provide consolidated & efficient infrastructure



California Airports

LAX

- Competitive position with 10 gates in T6
- Working with LAWA on a $200M program to grow capacity, expand our lounge and improve security throughput for guests.

SFO

- 10 preferential gates in Terminal 2, with additional T2 gates expected in 2020
- In discussions to construct a new lounge on mezzanine level


Value Proposition
Low Fares
High Value
67

We own a unique position in the industry by offering both Low Fares and High Value

ULCC — *Fares* — **Legacy**

spirit

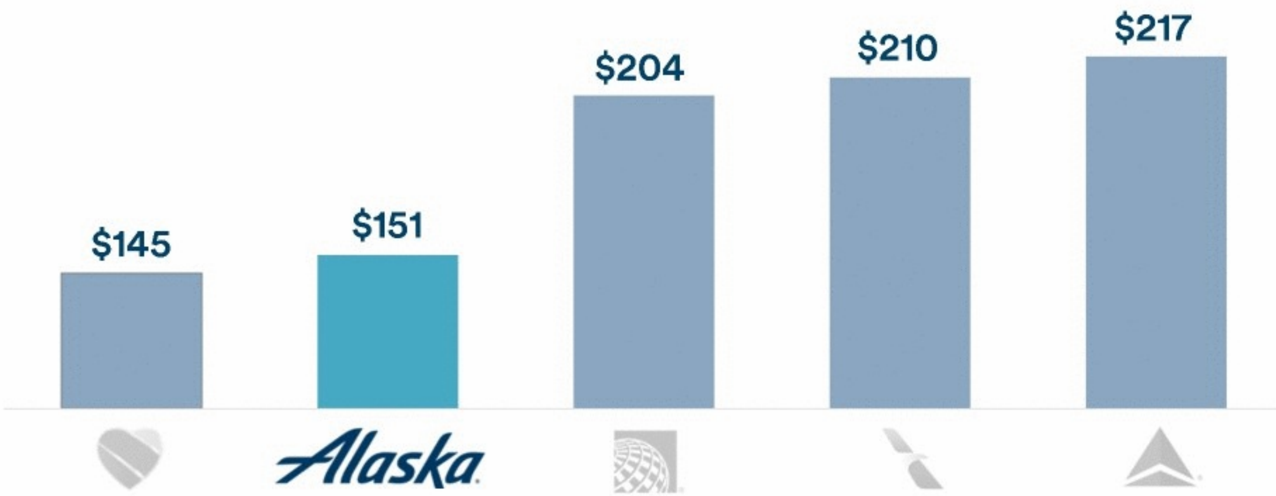
allegiant

FRONTIER AIRLINES

Alaska's Value Proposition:

- Low Fares +
- High Value:
  - ✓ Award-Winning Service
  - ✓ Generous Rewards
  - ✓ Premium Product

We offer low fares…



Source: US Department of Transportation YE1Q18 Stage length adjusted average O&D Fare

...and high value, leading to high customer satisfaction

1. 2019 Mid-Year Results

Our award-winning loyalty program is the most generous in the industry

Mileage Plan™

Miles for Miles	LAX-JFK = 2,475 miles (~1,300 miles with competitors)
Low redemption prices	Starting at 5K
Fastest path to elite	20K = MVP
Global Partner access	Earn and Redeem to over 900 destinations
Complimentary Upgrades	42% First Class Upgrade Rate*

*excludes Airbus fleet until retrofits are completed

Credit Card

	Alaska Airlines	Delta / American Airlines / United
Annual Fee	$75	$99
Companion Certificate	$99	×
Miles on Airline Spend	3X	2X
Free Checked Bags	Up to 7	Up to 6

Since the merger, we've achieved strong loyalty growth with revenues increasing ~$280M to ~$1B annually

Alaska Mileage Plan	+38%	+19%	+51%
	+17%	+10%	+34%

Jan 2017 through October 2018

We've made great progress on brand awareness, especially in California where guests are still getting to know us

Source: Qualtrics / TNS Brand Tracker (2018). Hall & Partners Brand Tracker (2016, 2017). PNW defined as Seattle + Portland.

Premium Product


Revenue Growth
1988
1998
2008
2018
75

Over the next few years, we are poised to capture $235M in additional revenue synergies

Cross-Fleeting

Loyalty Growth

Airbus Retrofits

Global Partners

~80% of merger synergy value has yet to be realized

Cross-Fleeting synergies will benefit 2019, while Airbus Retrofit benefits reach run-rate in 2020

Cross-Fleeting

Example: JFK-LAX from A320 to 737-900ER

Incremental Seats	32
Incremental Revenue	~$3,600
Airbus Redeployment Offset	~($1,100)
Net revenue per flight	**~$2,500**

~6.5 margin points per flight

Airbus Retrofits

Example: LAX-SEA A320 146 seats to 150

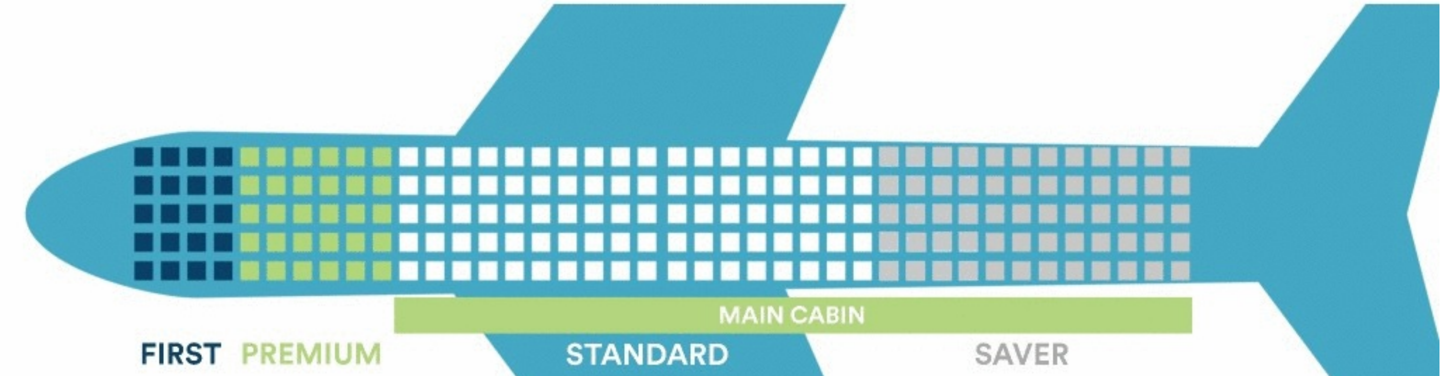
Incremental Seats	4
Incremental Revenue from new seats	~$300
Incremental Revenue from improved FC/PC mix	~$250
Net revenue per flight	**~$550**

~4 margin points per flight

We also expect an additional $240M+ from initiatives

$100 million	$50 million	$50 million	$40 million+
Saver Fare	Increased Bag Fees	Other Ancillary Initiatives	Corporate Sales

We're adding new cabin segmentation with the launch of our Saver Fare product



$100M Revenue Opportunity

- Competitive pricing tool to drive load factors while limiting yield dilution
- $20-40 buy up opportunity per ticket
- System-wide launch by end of 2018

We will reduce our gap to industry on ancillary revenues

Going forward, we will accelerate our ancillary revenue growth ...

- Demand-Based Premium Class Fares
- Upgraded Food & Beverage Platform
- Exit Row Sales
- Higher Bag Fees
- Tighter Change Fee Policy

Higher Ancillary Revenues

...while also protecting our generosity-based positioning vis-à-vis competitors

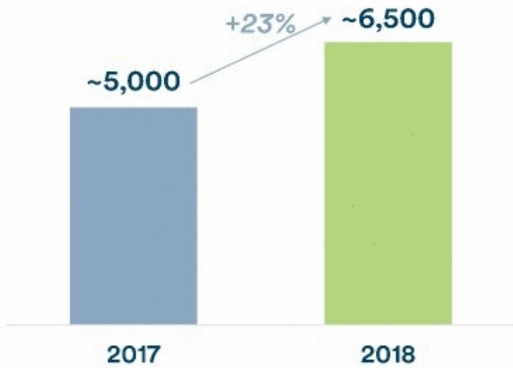
Ancillary Revenue Per Passenger, excluding Loyalty Revenue

$100M Revenue Opportunity

We will grow corporate traffic given our larger network and higher relevance in California business travel markets

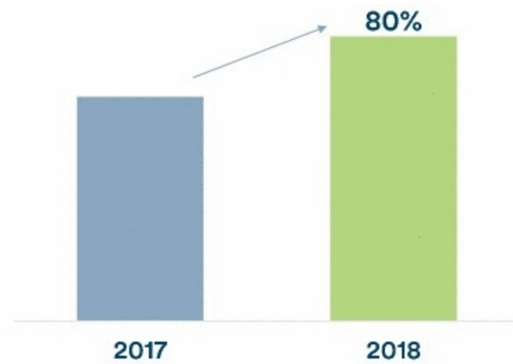
In 2018, we added ~1,500 new corporate customers...

ALK Corporate Customers



...and we initiated contracts with more Travel Management Companies

% of TMC revenue under contract



$40M+ Revenue Opportunity as corporate demand continues to build

We have substantial revenue momentum heading into 2019

Network Relevance

Airport Infrastructure

Value Proposition

Revenue Growth

...and we are raising our 4Q 2018 RASM Guidance to +3%-5%


Alaska
Financial Outlook
Brandon Pedersen, CFO
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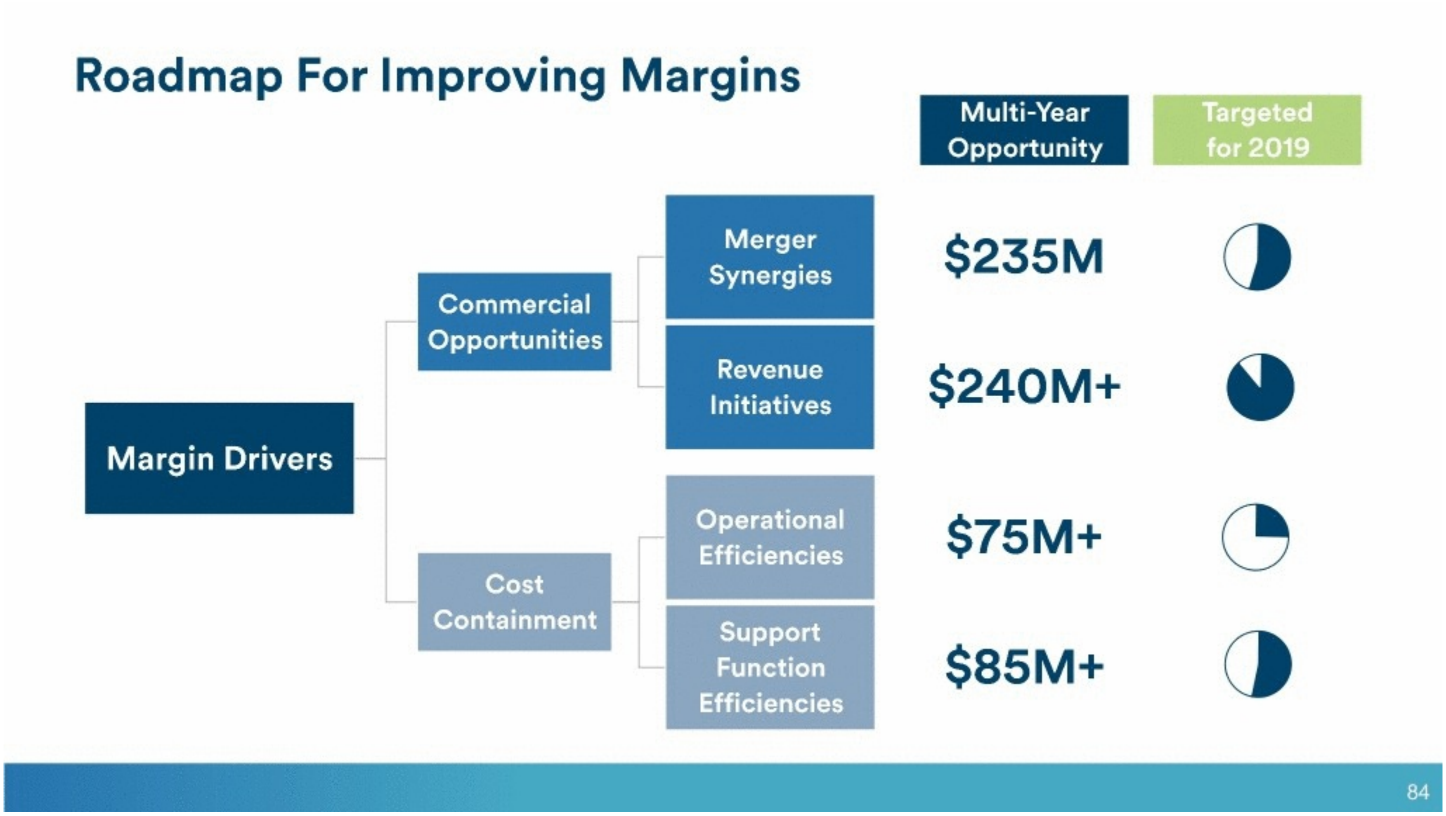

Roadmap For Improving Margins
Multi-Year Opportunity
Targeted for 2019
Margin Drivers
Commercial Opportunities
Cost Containment
Merger Synergies
$235M
Revenue Initiatives
$240M+
Operational Efficiencies
$75M+
Support Function Efficiencies
$85M+
84

We expect favorable results on key metrics in 2019-2020

2%-4%
Annual Capacity Growth

Improving
RASM-CASMx Spread

Stable
ASMs / Gallon of Fuel Consumed

~$750M
Annual Capex Investment

$500M+
Annual Free Cash Flow

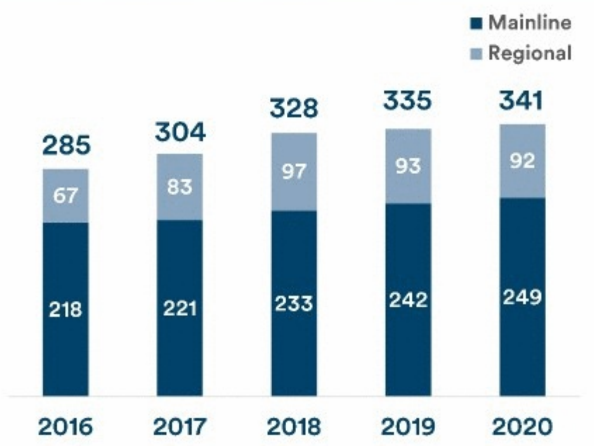
We have a favorable setup for 2019 Revenue Growth...

$130 million	$200 million	Slower Growth
Merger Synergies	Revenue Initiatives	Few New Markets

...and we will tightly manage costs next year on ~2% capacity growth

Our fleet growth is slowing in line with our lower capex, which will decline to $750M in 2019 and 2020

Fleet History & Plan



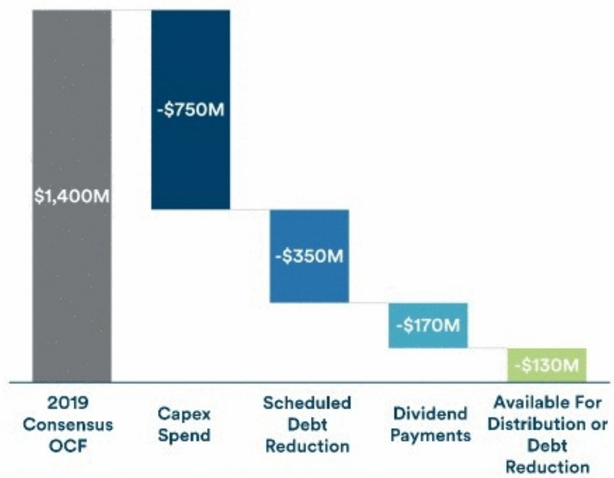
Capex History & Plan

Our capital allocation will remain balanced, with continued focus on debt repayment in 2019

2019-2020 Capital Allocation Priorities

Balanced Allocation Favoring Conservatism

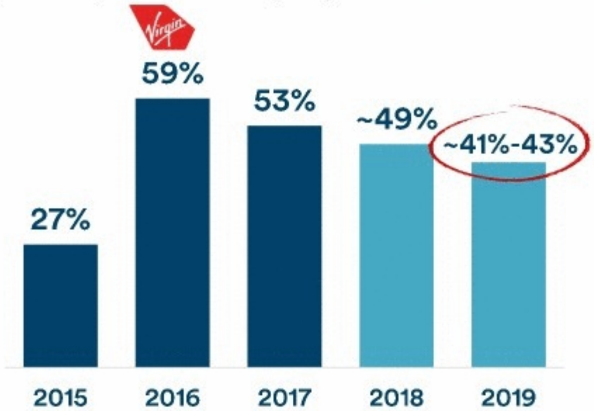
2019 Capital Deployment Plan



We continue to make substantial progress repaying our merger-related debt...

Long-Term Debt-to-Total Capitalization %

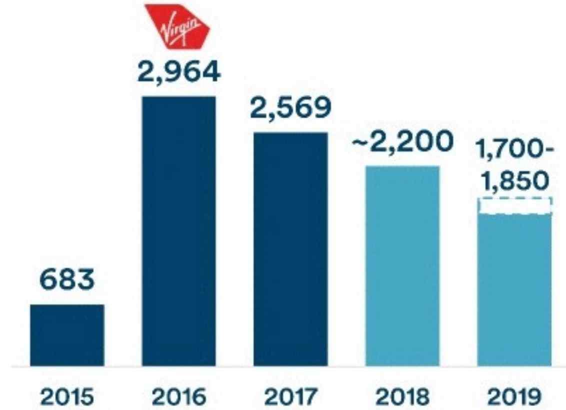
Adjusted for net present value of future operating lease commitments



We expect to achieve our leverage target roughly one year ahead of schedule...

Total On-Balance Sheet Debt

$ millions



...and plan to repay >55% of our merger-related debt by YE 2019

Longer-term, once we achieve our margin target, our focus will return to steady, profitable growth

4%-6% Annual Capacity Growth	**13%-15%** Pre-Tax Margin
Investment Grade Balance Sheet	**Growing** Free Cash Flow & Shareholder Returns

Our Business Model

Alaska

Profitable growth creates value for all of our stakeholders.