

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)  
of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  Filed by a  
Party other than the  
Registrant  Check the appropriate box:  
 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") (Name of  
Registrant as Specified In Its Charter)

**Stephen Nieman, Richard D. Foley, Robert  
C. Osborne MD and  
Terry K. Dayton** (Name of Persons Filing  
Proxy Statement, if  
other than the Registrant)

Payment of Filing Fee (Check the  
appropriate box):  No fee  
required  Fee computed on table below  
per Exchange Act  
Rules 14a-6(i)(4) and 0-11

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

2) Aggregate number of securities to  
which transaction  
applies:

3) Per unit price or other underlying  
value of transaction  
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0-11 (set forth the  
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transaction:

5) Total fee paid:

Fee paid previously with preliminary

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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.:

3) Filing Party: 4) Date Filed:

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Richard D. Foley, Stephen Nieman, Robert  
C. Osborne, MD and  
Terry K. Dayton. **THIS PROXY IS BEING  
SOLICITED ON BEHALF OF  
THE PARTICIPANTS AND NOT ON BEHALF OF THE  
COMPANY'S BOARD OF  
DIRECTORS.** This proxy statement and form  
of proxy are Definitive  
copies.

II. ANNUAL MEETING OF STOCKHOLDERS

Scheduled to be held at the  
William M. Allen Theater at The Museum of  
Flight, 9404 E.  
Marginal Way South, Seattle, Washington  
at 2 p.m. on May 18,  
2004. For more details, please reference  
the Company-AAG's  
April 23, 2004 Definitive Proxy statement  
on page 4.

Note: Please reference in its entirety  
the Company-AAG's April  
23, 2004 Definitive Proxy Statement  
(located at [www.sec.gov](http://www.sec.gov)).

III. BEGINNING OF THE CHALLENGERS'  
REMARKS

Greetings to all Alaska Air Group, Inc.  
(the Company-AAG")  
shareholders! If we may, allow us to  
introduce ourselves: We  
are Richard Foley, Steve Nieman, Dr.  
Robert Osborne and Terry  
Dayton. We are the CHALLENGERS for  
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 four of us have consented to be named  
in the proxy  
materials. All four of us have agreed to  
accept nomination and  
to serve if elected. For more information  
on us, see VIII.

INFORMATION ABOUT CHALLENGER NOMINEES and  
IX. PARTICIPANTS IN  
THE SOLICITATION.

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 2004 Annual Shareholders Meeting.

Shareholder rights, corporate democracy and corporate governance have become subjects of much debate. The U.S. Securities and Exchange Commission ("S.E.C.") continues to review proxy rules pursuant to its first announcement on April 14, 2003 that it will "Review Current Proxy Rules and Regulations to Improve Corporate Democracy" (see [www.sec.gov](http://www.sec.gov)).

We believe the existing systems can be confusing, complex and to some degree open to opposing legal interpretation. However, within the range of legal choices a company can make, we think there are choices that are optimal and help the shareholders to have a better understanding of complex subjects. Similarly, there are choices, we believe, that are less than optimal. In our opinion, we feel that wherever alternatives are legally equal, the path that optimizes shareholder understanding should be the one selected.

In the case of the Company-AAG, we see examples of what we think can be characterized as both types of choices. An example of an optimal choice can be found on page 46 of the Company-AAG's April 23, 2004 Definitive Proxy Statement under the heading OPPOSING SOLICITATION. This provides the shareholders important information about the CHALLENGERS. It properly names us and thereby, we think, infers that there are

additional nominees to select from for the four seats up for election.

We think that once having informed the shareholders about the OPPOSING SOLICITATION and naming the individuals on that alternate slate, it would be more optimal for the shareholders to have been empowered to exercise their right to vote for, against or withhold from any combination of four of the eight had all eight appeared on the Company-AAG's proxy card.

Therefore, the CHALLENGERS, Richard D. Foley, Steve Nieman, Robert C. Osborne, MD and Terry K. Dayton are undertaking to provide you with this Proxy Statement and proxy card to enable you to vote on the CHALLENGERS who are running. Only the CHALLENGERS will be listed on our proxy card. Unfortunately, there will be two proxy cards; neither will have all candidates listed. We apologize for this confusion.

We believe that a fresh perspective is needed on the board of directors, and that management of the Company-AAG would benefit from electing the four CHALLENGER candidates.

#### IV. EXPENSES

The total amount to be spent directly or indirectly will not exceed \$500 in aggregate. As of April 19, 2004, the CHALLENGERS have spent \$200. Contrary to customary practice and regardless the outcome of the vote, we have chosen NOT TO SEEK REIMBURSEMENT FOR THIS SOLICITATION from the Company-AAG.

In many contests, if the CHALLENGERS win, they seek to have their expenses reimbursed by the company, such as duplicative mailings, etc. In our view such a practice causes the

shareholders to pay twice for essentially the same thing. We plan limited printing and mailing by the U.S. Post Office or any other carrier. Electronic mail ("email") will be used to communicate with and contact some of the shareholders of the Company-AAG, such as institutional holders.

We will consider accepting donations (if offered) to help cover costs of our proxy contest. All such donations will be properly reported. Because we don't anticipate receiving donations amounting to any significant sum, we do not plan that any donors would join us in this solicitation. However, if anyone contributes in excess of \$500, they will be deemed participants in our solicitation. We plan to file Definitive additional materials to disclose any information regarding additional participants (if any).

Last year, the management of the Company-AAG offered, as was within its right to do, to mail our proxy statement and proxy card to all the shareholders. As this would have been a second mailing and a repeated cost of approximately forty to fifty thousand dollars that the CHALLENGERS would have had to pay, we chose to decline.

We believe that a more democratic system is a better system. We think that a proxy card, like any ballot in a democratic system, should contain the names of all qualified candidates. Further, like a regular election, the candidates should shoulder the costs of campaigning. This should apply for both incumbents and challengers.

#### V. HOW WE PLAN TO SOLICIT

The dedicated Internet web site [www.votepal.com](http://www.votepal.com) will be used

for the purposes of conducting our solicitation. It will contain a downloadable/printable version of our Proxy Statement, Proxy Card and a Voting Instruction Form for 401(k) plan participants. The Proxy Card and Voting Instruction Form will not be available until we file a Definitive 14A with the S.E.C. The web site will 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 World Wide Web. We will upon certified request mail our proxy materials to shareholders who have exhausted all feasible means of accessing the Internet. Requests can be mailed to Steve Nieman, PO Box 602, Brush Prairie, WA 98606.

Presently over 90% of the Company-AAG's shares are held by institutional investors, therefore we expect to have little difficulty in contacting that percentage of the outstanding shares.

We may use a "telephone tree technique" to ask shareholders if they would be willing to contact two or three other shareholders to convince them to view our web site. It is our intention to lawfully maximize the use of Internet communication tools. We will make ourselves available to all media interested in our efforts and will strive to follow all legal requirements, regulations and guidelines.

For any proxy we receive, we will either email or postal mail a link to our proxy statement on [www.votePAL.com](http://www.votePAL.com) (and keep a record) to prove the shareholder has been

furnished with our proxy statement. On our proxy card on [www.votepal.com](http://www.votepal.com), we will have a block for senders to list return-contact information, either email or postal address, to ensure that we will have the correct address to send a link of our Proxy Statement to. If the shareholder votes our proxy card electronically, this contact information will be required to be filled in before the electronic proxy can be sent, i.e. a "required field" in the database of the ballot card.

## VI. WE FAVOR OPEN AND FULL DISCLOSURE

One additional step we have taken this year is to make a Freedom of Information Act request ("FOIA") to the S.E.C. in an attempt to obtain relevant documents in regards to private filings management of the Company-AAG has made with the Commission since the challengers first ran for board seats last year.

We believe that the shareholders have the right to see all communications by the Company-AAG that is not competitively-sensitive in nature, such as management requests for no-action letters, expensive resources such as LexisNexis notwithstanding. We feel that FOIA requests are one way that all shareholders can have more complete access to more information.

We believe that the more the system is transparent, the better return there will be on investment.

## VII. VOTING

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

You are being asked to vote for the election of four director candidates from the offering of eight nominees, a Board

proposal to approve the AAG Inc's 2004 long-term incentive equity plan, and ten stockholder proposals (proposals numbered 11 and 12 only appear in our Proxy Statement and not the Company-AAG's.)

VII.b. How Do I Cast My Vote Using The CHALLENGERS' Proxy Card?

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; or as registered shareowners. In our proxy statement, this group of employee stockholders will be referred to as ("employee stockholders"). Since much of our proxy statement will discuss how employee stockholders instruct the 401(k) Trustee(s) to vote voting instructions, this group will be referred to as ("401(k) employee stockholders"). Non-employees can possess stock only as beneficial or registered stockholders. This group will be referred to as ("outside stockholders.")

From the Company-AAG's April 23, 2004 Definitive Proxy Statement, page 6) ...At the record date, 1,694,216 shares were held in the trust for participants. The Company's transfer agent, EquiServe, 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 at the record date. The trustee will vote the shares in accordance with instructions received from participants. Putnam (Fiduciary Trust Company) will vote shares for which no instructions were received in the same proportion, for and against, as the shares for which instructions were received. Fidelity

(Institutional Retirement Services Company) will only vote shares for which instructions are indicated.

To allow sufficient time for voting by the trustee, your voting instructions for 401(k) plan shares must be received by 11:59 p.m. Eastern Time on May 13, 2004.

For both employee and outside stockholders, there is a Voter Control Number that can be obtained from either postal-mailed or emailed proxy materials from the Company-AAG or your banker or broker. This Voter Control Number is provided by either EquiServe, the transfer agent hired by the management of the Company-AAG, or by ADP Automatic Data Processing, Inc. ("ADP"). ADP is an intermediary information processing and mailing agent used by stock exchanges for shareholders who own shares through bankers or brokers.

Last year, we received guidance from the staff of the S.E.C. that the Commission would not object to shareholders writing their Voter Control Number received from management of the Company-AAG, a banker, or a broker, on our proxy cards.

The CHALLENGERS encourage you to consider downloading and printing out your proxy card to send to the Company-AAG, EquiServe, ADP, your banker or broker, for your records--in an attempt to be certain that your ballot or voting instruction are properly counted. A reminder--shareholders are entitled to only one vote per share, and the later-dated proxy card, either by the CHALLENGER'S or the Company-AAG's, will count.

In order for outside stockholders to accurately identify themselves and enhance the potential that their proxy will be

counted, they may voluntarily write in their control number(s) on our proxy card and send it to us either electronically, by fax or postal mail according to instructions published on [www.votepal.com](http://www.votepal.com).

Please remember if you are downloading and transmitting one of our proxy cards--**FILL IN THE NECESSARY INFORMATION TO ACCURATELY IDENTIFY YOURSELF AND THE NUMBER OF SHARES YOU OWN TO VOTE INCLUDING THE VOTER CONTROL NUMBER AND SIGN IT.**

**We can't stress enough the importance of the Voter Control Number. Without it being properly included, your proxy will not be a valid form of proxy and will not be counted.**

Primarily, we will be offering and collecting our proxy cards electronically. On [www.votepal.com](http://www.votepal.com), we will provide a proxy card in pdf and text format that interested shareholders can view and transmit via a secure web page, or download, fill in, sign and mail to Steve Nieman, PO Box 602, Brush Prairie, WA 98606 or fax to (360) 666-6483.

For 401(k) employee stockholders, you will have to vote via EquiServe to complete the requirement that the Putnam Fiduciary Trust Company ("Putnam") and the Fidelity Institutional Retirement Services Company ("Fidelity") trustees be notified of your voting instructions. This must be completed before the May 13, 2004 11:59 Eastern Time deadline suggested by the Company-AAG. (See the Company-AAG's April 23, 2004 Definitive Proxy Statement on pages 5, 6 and 7 under the heading "You may vote in person at the meeting" and "How are shares voted that are held in a company 401(k) plan").

However, since our candidates will not be printed on the Company-AAG's proxy card, 401(k) employee stockholders will need to VOTE A VOTING INSTRUCTION FORM THAT WILL BE AVAILABLE ON WWW.VOTEPAL.COM. WE ARE IN THE PROCESS OF ENDEAVORING TO OBTAIN THE APPLICABLE INFORMATION AND PROCEDURE FROM PUTNAM AND FIDELITY, WHICH ARE THE DESIGNATED, DIRECTED-TRUSTEES. When further information becomes available, we will file additional Definitive material to our Proxy Statement with the S.E.C. to advise stockholders. We will also publish this information on [www.votepal.com](http://www.votepal.com).

#### VII.c. How Do I Cast My Vote Using The Company-AAG's Proxy Card?

For 401(k) employee stockholders, you will have to vote via EquiServe to complete the requirement that the Putnam and Fidelity trustees be notified of your voting instructions. This must be completed before the May 13, 2004 11:59 Eastern Time deadline suggested by the Company-AAG. (See the Company-AAG's April 23, 2004 Definitive Proxy Statement on pages 5, 6 and 7 under the heading "You may vote in person at the meeting" and "How are shares voted that are held in a company 401(k) plan").

However, since our candidates will not be printed on the Company-AAG's proxy card, 401(k) employee stockholders will need to VOTE A VOTING INSTRUCTION FORM. WE ARE IN THE PROCESS OF ENDEAVORING TO OBTAIN THE APPLICABLE INFORMATION AND PROCEDURE FROM PUTNAM AND FIDELITY, WHICH ARE THE DESIGNATED, DIRECTED-TRUSTEES. When further information becomes available, we will file additional Definitive material to our Proxy Statement with the S.E.C. to advise

stockholders. We will also publish this information on [www.votepal.com](http://www.votepal.com).

Last year, Putnam agreed to permit the voting of voting instructions by plan participants for the CHALLENGER candidates.

Since the four CHALLENGER candidates will not be listed on the Company AAG's proxy card, there will be no way for shareholders to vote for us using it. You can use the Company-AAG's proxy card to vote your preferences for the shareholder proposals, except for proposals numbered 11 and 12, which appear only on the CHALLENGER'S proxy card, but not for the CHALLENGER candidates.

If you wish to vote regarding proposals 11 and 12, you will have to seek out our proxy card at [www.votepal.com](http://www.votepal.com). Remember: the management of the Company-AAG is under no obligation to require that all candidates and all shareholder proposals are listed on the Company-AAG's proxy card.

To enhance the potential that your proxy for the CHALLENGERS will be properly counted, we ask that you accurately identify yourselves by voluntarily writing in your Voter Control Number(s) on our proxy card, and send it to us either electronically, by fax or postal mail according to instructions published on [www.votepal.com](http://www.votepal.com). **We can't stress enough the importance of the Voter Control Number. Without it being properly included, your proxy will not be a valid form of proxy and will not be counted.**

GENERALLY ACCEPTED PRACTICE IS THAT THE MOST RECENTLY-DATED LEGAL PROXY WILL BE THE ONE COUNTED.

VII.d. You May Vote In Person At The Meeting

We plan to have extra copies of our Proxy Statement and proxy card available for those shareholders at the shareholders meeting who have been unable to download copies of them. For employee and outside stockholders, if you hold your shares through a bank or broker, you must CONTACT THEM TO RECEIVE FROM THEM A LEGAL PROXY, and bring the legal proxy with you in order to vote at the meeting. You may call and request a legal proxy from your stockbroker, or download and print one at the Internet voting site to which your proxy materials direct you. However, these forms of proxy will not have the CHALLENGERS' names printed on them.

To enhance the probability that your vote will be counted for the CHALLENGERS, you will need to voluntarily write in the Voter Control Number on our proxy card that we will supply you at the meeting, check the names of your selections for election, and/or mark your choices regarding the proposals, and deliver that completed proxy to the inspector of elections or his appointee(s) at the meeting.

401(k) employee stockholders cannot vote their voting instructions at the shareholders meeting. 401(k) employee stockholders, as beneficial holders of such shares, must give directions to the trustee(s), the record holders of such shares, on how to vote their shares in advance of the meeting by properly returning their Voting Instruction Form. That deadline is May 13, 2004 at 11:59 pm Eastern Daylight Time.

Some of the causes for this state of affairs regarding stockholders being able to vote for the CHALLENGERS (or not) is due to the choice we made not to do a regular mailing. HOWEVER, WE BELIEVE THAT ALL STOCKHOLDERS

SHOULD BE ENTITLED  
TO THE LEAST COSTLY AND SIMPLEST METHOD  
OF OBTAINING A LEGAL  
FORM OF PROXY TO VOTE FOR THE CANDIDATES  
OF THEIR CHOICE. THE  
INTERNET IS ONE OF THOSE RESOURCES, WHICH  
WE ARE UTILIZING.

The law of Delaware, under which the  
Company-AAG is  
incorporated, specifically permits  
electronically transmitted  
proxies, provided that each such proxy  
contains or is  
submitted with information from which the  
inspectors of  
election can determine that it was  
authorized by the  
stockholder. (General Corporation Law of  
the State of  
Delaware, Section 212(c).)

In general there is some disagreement on  
whether  
electronically transmitted proxies are  
valid and lawful where  
a state of a "contested election" has  
been declared. The  
CHALLENGERS position on this is that we  
have no objection to  
electronic proxy voting. In the past, we  
have discussed this  
with management of the Company-AAG, and  
indicated our  
willingness to participate in developing  
a viable method to  
maximize the convenience for all  
stockholders to vote, and  
maximize the ease and accuracy of the  
tabulation of the proxy  
votes. Our position is that the  
determination of a contested  
election exists when the Company-AAG and  
the CHALLENGERS have  
filed accordingly with the S.E.C.

We understand that in the past the New  
York Stock Exchange  
("NYSE") did not agree with positions  
like ours. It maintains  
that challengers have to do a mailing to  
all shareholders who  
hold their shares in street name through  
banks, brokers or other intermediaries.  
In our proxy contest last year, the NYSE  
said we  
would have to do a mailing, which is

substantiated by an April 30, 2003 fax that we sent to the NYSE and the Commission contesting this decision. We can only view such a position that the NYSE took as being wrong on two counts. We feel: (1) this decision should be made by the participants and the S.E.C.--not by intermediaries; and (2) to be forced to pay for an essentially duplicative mailing wastes time and resources.

We have contacted the NYSE this year regarding the position it will take in reference to our 2004 proxy contest. On April 28, 2004, we received a telephone call from Mr. Stephen Walsh of the NYSE. He said the NYSE had not changed its position in the last year, and would not classify our solicitation this year as a "contest."

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 using the same numbering as the Company-AAG's proxy material on page 40 for ease of comparison): AGAINST Proposal 2 and FOR Proposals 3 through 12 and FOR CHALLENGER director candidates Richard D. Foley, Stephen Nieman, Robert C. Osborne MD and Terry K. Dayton.**

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  
help@votepal.com.

Referencing the Company-AAG's proxy  
statement on page 7 under  
the heading "What if I change my mind  
after I submit my  
proxy?"--

You may revoke your proxy and change your  
vote at any time  
before the polls close at the meeting.  
You may do this by:  
voting again by telephone or on the  
Internet (your latest  
telephone or Internet proxy is counted);  
signing another proxy  
card with a later date; or voting again  
at the meeting. (If  
you hold your shares through a broker,  
you must bring a legal  
proxy in order to vote at the meeting.)

If you are a registered stockholder, you  
may obtain a new  
proxy card by contacting the Company's  
Corporate Secretary,  
Alaska Air Group, Inc., P.O. Box 68947,  
Seattle, WA 98168;  
telephone 206-392-5567. If your shares  
are held by a broker or  
a bank, you may obtain a new voting  
instruction by contacting  
your broker or bank. If your shares are  
held by one of the  
Company's 401(k) retirement plans or  
employee stock purchase  
plans, you may obtain a new voting  
instruction by contacting  
the trustee of such plan. You may obtain  
information about how  
to contact the trustee from the Company's  
Corporate Secretary.  
If you sign and date the proxy card or  
voting instruction and  
submit it in accordance with the  
accompanying instructions and  
in a timely manner, your first proxy card  
or voting  
instructions will be revoked and your  
choices on the proxy  
card or voting instruction will be voted  
as you instruct.

VIII. INFORMATION ABOUT CHALLENGER

## NOMINEES

Mr. Richard De Wayne Foley, 57; retired 32-year railroad conductor and President of The Foley Group. Mr. Steve Nieman, 51; pilot for Horizon Air since 1978. Robert C. Osborne, M.D., 59; physician in private practice. Mr. Terry K. Dayton, 49, communications agent for Horizon Air since 1985. For more information, see IX. PARTICIPANTS IN THE SOLICITATION below.

Mr. Nieman and Mr. Foley became acquainted with each other through membership in CESJ, the Center for Economic and Social Justice, a non-profit organization advocating stakeholder ownership among other advocacies. In 2000, Mr. Nieman formed the non-profit Washington State corporation HACECA, Inc., which stands for the Horizon/Alaska Customer/Employee Co-Ownership Association . After Mr. Foley and Mr. Nieman became acquainted, Mr. Nieman asked Mr. Foley to join HACECA's board, which he agreed to. HACECA is a party in this solicitation.

Mr. Nieman traveled to Tucson, Arizona in March 2002. Mr. Foley introduced Mr. Nieman to Robert C. Osborne, MD during this visit. Sharing similar interests in worker ownership, these three men agreed to work to build a resource of information and assistance to promote responsible exercise of worker ownership shareholder rights. Under that premise, they formed OUR (Ownership Union), which was certified by the U.S. Dept. of Labor in June 2002. OUR is neither a party to, nor an associate in or participant in the solicitation.

In the fall of 2002 at the request of Mr. Nieman, Dr. Osborne and Mr. Foley agreed to accept nomination for election to the

board of directors of the Company-AAG in 2003. They also agreed to accept nomination for election in 2004. Mr. Dayton agreed to join the slate in April, 2004 to round out the four-man slate to match the number of director seats available.

#### IX. PARTICIPANTS IN THE SOLICITATION

Richard D. Foley, Steve Nieman, Robert C. Osborne MD and Terry K. Dayton are participants in the solicitation. Neither Mr. Foley nor Dr. Osborne owns any of the Company-AAG's stock.

As of March 31, 2004, Mr. Nieman owns a total of 940 shares of the Company-AAG's stock. The following list below sets forth all purchases (Mr. Nieman has not sold any stock) of the Company-AAG's common stock since January 1, 2001:

1/1/01 thru 3/31/01--7 shares bought through the 401(k) 4/1/01 thru 6/30/01--5 shares [401(k)] 7/1/01 thru 9/30/01--9 shares [401(k)] 10/1/01 thru 12/31/01--11 shares [401(k)] 1/1/02 thru 3/31/02--12 shares [401(k)] 4/1/02 thru 6/30/02--11 shares [401(k)] 7/1/02 thru 9/30/02--16 shares [401(k)] 10/1/02 thru 12/31/02--30 shares--19 [401(k)] and 11 through the Company-AAG's Employee Stock Purchase Plan ("ESPP") 1/1/03 thru 3/31/03--32 shares--18 [401(k)] and 14 through the ESPP; 4/01/03 thru 3/31/04--95 shares [401(k)] and 58 shares through the ESPP.

As of March 31, 2004, Mr. Dayton owns a total of 869 shares of the Company-AAG's stock. The following list below sets forth all purchases (Mr. Dayton has not sold any stock) of the Company-AAG's common stock since April 1, 2003:

4/1/03 thru 4/1/04--60 shares bought

through the 401(k).

Neither Steve Nieman, Terry Dayton, Richard Foley nor Dr. Osborne 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. Nieman's employment as a pilot, and Mr. Dayton's employment as a communication's agent with Horizon Air. None of them have been involved in any solicitation of any registrant within the last five years, other than the 2003 solicitation at the AAG. None of them have received any payment or income, other than Mr. Nieman's within the normal course of his regular employment.

RICHARD DE WAYNE FOLEY  
6040 N. Camino Arturo Tucson, AZ 85718  
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. Mr. Foley  
and TFG own no shares of the Company-AAG  
either beneficially  
or in any other manner; nor do they 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.

Founder of OUR (Ownership Union), and  
serves as Chairman. OUR  
is a registered federal labor union  
started in 2002. Address:  
Box 602, Brush Prairie, WA 98606.

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

Note: Mr. Foley has agreed to endeavor to  
assist several  
worker shareholders of the Company-AAG,  
including Steve Nieman  
and Terry Dayton, in the exercise of  
their shareholder rights  
to make proposals, and to serve as a  
communication coordinator  
for these shareholders. In every instance  
of this assistance,  
the individual shareholder retained full  
control of the action  
of the exercise of their shareholder  
rights. In no case or  
instance has there been any contract or  
agreement wherein Mr.  
Foley would be paid or receive any  
compensation of any kind by  
or from any of these shareholders or any  
other parties. The  
limited proxy by these shareholders did  
not include any voting  
rights, and it was limited to assisting  
in the preparing and  
presentation of shareholder proposals to  
the Company-AAG, and  
follow up with any necessary revisions.  
With the exception of  
Mr. Nieman and Mr. Dayton, none of the  
other shareholders  
assisted by Mr. Foley are associated in  
any way with this  
contest or any solicitation of proxies  
for votes at the  
Company-AAG's 2004 annual meeting and  
election of directors.

STEVE NIEMAN  
Pilot for Horizon Air since December 1978  
Address: Horizon Air  
8070 N.E. Air Trans Way Portland, OR  
97218. Mr. Nieman is 51  
years old.

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

President of the Horizon/Alaska  
Customer/Employee Co-Ownership  
Association, a non-profit incorporated  
Aug. 2000 in Washington  
state--Address: Box 602, Brush Prairie,  
WA 98606. Founder of  
OUR (Ownership Union), which is a  
registered U.S. federal  
labor union started in 2002--Address: Box  
602, Brush Prairie,  
WA 98606.

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

Mr. Nieman is acquainted with many worker  
shareholders of the  
registrant. Mr. Nieman is associated with  
Dr. Osborne and  
Richard D. Foley in only non-profit  
organizations.

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

ROBERT C. OSBORNE MD  
Principle business: Osborne Anesthesia  
Services Address: 800  
N. Swan Rd. Suite 114 Tucson, AZ 85711;  
Phone (520) 319-2093.

Dr. Osborne is 58 years old. He is a  
physician in private  
practice.

Founder of OUR (Ownership Union), and  
Secretary/Treasurer. OUR  
is a registered federal labor union  
started in 2002. Address:  
Box 602, Brush Prairie, WA 98606.

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

TERRY K. DAYTON  
Communications agent for Horizon Air  
since 1985. Address:  
Horizon Air 8070 N.E. Air Trans Way  
Portland, OR 97218

Home Address: 10510 E. 6th Avenue,

Spokane Valley, WA 99206;  
phone (509-922-2531).

Terry Dayton is 49 years old.

Member of the OUR (Ownership Union),  
which is a registered  
U.S. federal labor 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 S.E.C.  
regulations S-K.

THE HORIZON/ALASKA CUSTOMER/EMPLOYEE  
CO-OWNERSHIP ASSOCIATION,  
INC. ("HACECA")

HACECA was founded by Steve Nieman. It is  
a non-profit  
organization formed to promote better  
understanding and  
cooperation between employees, customers  
and shareholders. As  
a method of addressing the varied and  
sometimes conflicting  
interests of these groups, HACECA chose  
to define  
relationships between the three on a  
conceptual basis  
revolving around expanding ownership. In  
various writings at  
various times appearing on a number of  
pages on the HACECA web  
site [www.eahop.org](http://www.eahop.org), arguments are  
presented advocating a  
restructuring of ownership designs of the  
Company-AAG through  
shifting ownership of the stock to the  
stakeholder tripartite  
instead of most of the stock being owned  
by large  
institutional entities. A more common  
term to which HACECA may  
be understood would be an ESOP or  
employee stock ownership  
plan, and CSOP, customer stock ownership  
plan. HACECA  
advocates a mutually-beneficial  
participation of the

stakeholder tripartite in a more formulated and power-balanced structure of ownership. Thus, HACECA should be understood as an expression of a business philosophy, rather than as applying to a specific sale or offer to purchase the Company-AAG.

HACECA does not propose any specific sale of the Company-AAG. HACECA owns no stock in the company. It has not contributed money or assistance to this solicitation.

HACECA has no family relationship with any of the officers or directors of the Company-AAG, nor is it a party to or in any way involved in any securities litigation involving the Company-AAG or any other registrant. It is not a promoter or control person. It has not been involved in any bankruptcy petitions or proceedings. It has not been involved in any type of transaction or any other type of business relationship with the Company-AAG. It has not been involved in any solicitation of any registrant within the last five years. It has not received any payment or income from the Company-AAG except for \$1,000 that Horizon Air donated to it in Nov. 2000. It is not an employee of the Company-AAG, nor has had any contractual relationship with the Company-AAG. It has never been a party to any legal action civil or criminal.

## X. PROPOSALS

For additional information on the following proposals, we direct you to the Company-AAG's April 23, 2004 Definitive Proxy Statement pages 39-60.

### 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; Robert C. Osborne, MD; Terry K. Dayton.

The AAG's Board of Director nominees are:

Mr. William S. Ayer; Mr. Dennis F. Madsen; Mr. R. Marc Langland; and Mr. John V. Rindlaub.

In the election of directors, the four nominees who receive the highest number of FOR votes will be elected (see the Company-AAG's April 23, 2004 Def. Proxy Statement pg. 8.)

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

#### X.b. Further Matters

Because they are privy to information regarding this solicitation that other shareholders are not, there might be some who feel it would be improper for Mr. Foley and Dr. Osborne to buy stock. Therefore, they will wait until after the shareholders meeting to purchase shares.

We reference this because we believe it expresses the essence of the goal for why the proposals were made and the reason for our efforts to bring these proxy materials to the shareholders. We believe that the workers have not only their money invested in the Company-AAG, but also their lives. We believe that the relationship between workers and the management of the Company-AAG must be enhanced by providing new transparency and flexibility through teaming with customers and outside stockholders. Ownership-sharing of productive capital assets represented by ownership of securities instruments such as common stock, could address ever-climbing fixed

costs covering employee compensation and benefits. These lower fixed costs could be supplemented by variable payouts from capital ownership, such as a payout of profit sharing, employee performance bonuses, stock options, dividends on stock, as well as share price appreciation.

If part or all of the CHALLENGER slate is elected, we will occupy a minority of the board, and will have to convince the majority as to the viability of our plans. There is no assurance that we will be able to successfully carry out what we advocate and foresee for the future.

IF THE CHALLENGERS ARE NOT ELECTED, they plan to continue to exercise their First Amendment rights of free speech regarding beliefs they hold. The CHALLENGERS support growing alliances between stockholders, workers and customers.

#### 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 these proposals with the Corporate Secretary by the Dec. 16, 2003 deadline.

THE FULL DETAILS OF THE FOLLOWING SHAREHOLDER PROPOSALS CAN BE FOUND IN THE COMPANY-AAG'S APRIL 23, 2004 DEFINITIVE PROXY STATEMENT BEGINNING ON PAGE 39 AND RUNNING THROUGH PAGE 56.

In the election of directors, the four nominees who receive the highest number of FOR votes will be elected (see the Company-AAG's April 23, 2004 Definitive Proxy Statement pg. 8.)

PROPOSAL NO. 2 BOARD PROPOSAL TO APPROVE THE AAG, INC. 2004

LONG-TERM INCENTIVE EQUITY  
PLAN--RECOMMEND A VOTE AGAINST PROPOSAL  
2.

PROPOSAL NO. 3 STOCKHOLDER PROPOSAL ON  
SIMPLE-MAJORITY VOTE--  
RECOMMEND A VOTE FOR PROPOSAL 3.

PROPOSAL NO. 4 STOCKHOLDER PROPOSAL ON  
STOCKHOLDER RIGHTS  
PLANS--RECOMMEND A VOTE FOR PROPOSAL 4.

PROPOSAL NO. 5 STOCKHOLDER PROPOSAL ON  
SHARES NOT VOTED NOT  
COUNTED--RECOMMEND A VOTE FOR PROPOSAL 5.

PROPOSAL NO. 6 STOCKHOLDER PROPOSAL ON  
LEAD INDEPENDENT  
DIRECTOR--RECOMMEND A VOTE FOR PROPOSAL  
6.

PROPOSAL NO. 7 STOCKHOLDER PROPOSAL ON AN  
INDEPENDENT BOARD  
CHAIRMAN--RECOMMEND A VOTE FOR PROPOSAL  
7.

PROPOSAL NO. 8 STOCKHOLDER PROPOSAL ON  
CONFIDENTIAL  
SHAREHOLDER VOTING--RECOMMEND A VOTE FOR  
PROPOSAL 8.

PROPOSAL NO. 9 STOCKHOLDER PROPOSAL ON  
REPORTING EMPLOYEE  
STOCK OWNERSHIP--RECOMMEND A VOTE FOR  
PROPOSAL 9.

PROPOSAL NO. 10 STOCKHOLDER PROPOSAL ON  
CUMULATIVE VOTING--  
RECOMMEND A VOTE FOR PROPOSAL NO. 10.

XII. TWO SHAREHOLDER PROPOSALS THAT DID  
NOT APPEAR IN THE  
COMPANY-AAG'S PROXY STATEMENT BUT  
NEVERTHELESS WERE PROPOSED:

The Company-AAG submitted no-action  
letter requests to the  
S.E.C. on both (which we provide links  
below to archives of  
their entire 2003/2004 history). To the  
best of our  
understanding, the S.E.C. responded that  
it would not  
recommend enforcement action if the  
company excluded these two  
proposals from its proxy statement. In  
our opinion, this does

not preclude us from presenting these proposals to you in our Proxy Statement for your consideration and vote. These are precatory (nonbinding) proposals; nevertheless this allows you an opportunity to express your opinions on these issues to allow ample latitude for them to be functionally implemented.

XII.a. NEW ELECTION STANDARD: LIMITING ELECTIONEERING EXPENSES REGARDLESS WHO RUNS FOR THE BOARD (click on [nemo04aagproposal.htm](http://nemo04aagproposal.htm) on [www.votepal.com](http://www.votepal.com)).

No. 11--New Election Standard: Limiting Electioneering Expenses Regardless Who Runs For The Board

Resolved: Shareholders propose that our board of directors amend the Bylaws to establish a New Election Standard, which will protect the shareholders' treasury and limit expenses of director elections regardless who runs for board seats.

Horizon Air Captain Steve Nieman submits this proposal. He can be contacted toll free at 1-866-286-8387 (1866-2voteus) or through [www.votepal.com](http://www.votepal.com).

The present standard to nominate candidate(s) to the board is simply that stockholders be "registered shareholders." The New Election Standard would establish a new category which adds the following stipulation: Shareholders who are not trying to take control of the board of directors, and own \$2,000 of stock for one year through the election will be entitled to nominate. Their nominees' names and other information will be printed in the Company's Proxy Statement and on ballot cards in the same size and space afforded management nominees, and will be sent to

shareholders of the  
Company.

Further, the Company should not pay for,  
nor reimburse the  
expense of, any additional proxy  
solicitation, re-solicitation  
or electioneering by, or on behalf of,  
incumbents' or  
challengers' nominees, regardless the  
outcome of the election.

Furthermore, no nominee should be  
eligible for election on  
whose behalf there has been spent an  
amount of money which  
exceeds a match of the per-candidate  
expense of the average  
spent on the campaigns of the incumbent  
directors. This New  
Election Standard would establish a  
universal director  
election, covered equally in a section in  
the annual Proxy  
Statement, including the use of a  
universal proxy card. This  
could ensure that elections at our  
Company take place on a  
level playing field where no candidate  
receives preferential  
treatment at the expense of the  
shareholders. This proposal  
attempts to establish spending limits for  
the annual election  
of directors. The board could decide what  
specific mechanisms  
could accomplish this goal.

#### Supporting Statement

Such a New Election Standard is meant to  
emulate the existing  
SEC standard for shareholder proposals.  
This New Election  
Standard should be designed to curtail  
the "blank check"  
electioneering of the shareholder  
treasury when incumbent  
management nominees' are challenged.

It could voluntarily create a "universal  
candidate" section in  
the Company's Proxy Statement, and a  
"universal ballot" for a  
proxy card which would contain all  
nominees for shareholders  
to choose from.

The shareholders already pay all the electioneering costs of incumbent nominees. The shareholders' treasury pays for management nominee's printing, handling and mailing of all campaign materials in the Company's proxy statement and proxy card, which satisfies legal requirements.

However in contested elections, it permits unlimited additional electioneering costs by management nominees, such as duplicative solicitation, mailing, telephoning and traveling expenses (to meet with selected shareholders), which again comes from the shareholders' treasury. Such expenses can add tens of thousands of dollars to election costs. At some companies, campaigns have cost shareholders millions of dollars, such as what happened at recent contested elections at El Paso, Corp. and Computer Associates, Intl.

Currently, there is no limit as to how much of the shareholders treasury can be spent to elect incumbent management nominees, or defeat deep-pocketed challengers whose interests might only be raiding the corporation's assets.

When challengers win, common practice has been that they, too, seek reimbursement of expenses from stockholders, thereby forcing the shareholders to pay for both campaigns. Regardless how the SEC reforms proxy rules, there must be safeguards to protect shareholder investment from the potential disruption of contested elections.

Limit Electioneering Expenses Regardless Who Runs For The Board: Request the current board act to create a New Election Standard at our Company--Vote Yes On No.



Company proxy materials  
as a candidate(s) for permanent election  
to the board.

Following the confirmation, the board  
would vote to remove an  
equal number of directors, none of which  
may be a newly-  
confirmed director(s).

Horizon Air Spokane, WA Communications  
Agent Terry K. Dayton  
submits this proposal. He can be  
contacted toll free 1-866-  
286-8387 (1866-2voteus) or via  
[www.votepal.com](http://www.votepal.com).

#### Supporting Statement

Shareholders should have the right to  
know, which allows them  
to attempt to replace, directors who are  
not receptive to  
majority votes. Currently, our Company  
has no procedure to  
disclose lack of action regarding  
majority votes. These  
procedures could ensure that there is a  
consequence for the  
management of the Company failing to  
clearly, and in a timely  
manner, communicate with the shareholders  
about the results of  
the voting, especially majority votes,  
and how the desires of  
the shareholders expressed in such votes  
may be acted upon in  
a constructive manner.

Over the last four years, the management  
of our Company has  
opposed all shareholder proposals, eight  
of which have won  
majority votes.

In our opinion, good communication and a  
willingness to work  
with various corporate stakeholders has a  
positive impact on  
shareholder investment, market value of  
the stock price and  
overall Company harmony. Continued  
resolve to ignore majority  
votes promotes volatility, depresses  
stock price and invites  
corporate raiders to commence destructive  
takeovers merely to

pick up assets at a discount of the true value of a Company.

Corporate boards have fiduciary duties to stockholders. Yet, without reasonable enforcement mechanisms as suggested in this proposal, the Company's Bylaws and Articles of Incorporation won't reflect these responsibilities.

We believe we cannot afford to wait any longer for time-consuming deliberations by the S.E.C. to reform proxy rules. We have the right to act in our own best interests now!

When Majority Votes are Ignored: Pay The Consequences--Vote Yes On No. 12

#### XIII. CONCLUDING REMARKS OF THE CHALLENGERS

All the Company-AAG Shareholders--You want to know our opinion of the real story behind the management team running Alaska Airlines and Horizon Air? We urge and encourage you all to closely examine the full record.

Wise men say a picture is worth a thousand words. We can't post artwork via the S.E.C.'s EDGAR electronic filing system, but we can let the words paint a picture of the dedication of this management team, in our opinion, to exclude and disregard any and all input by shareholders, most disheartening, its employee shareholders.

To properly protect your investment in the Company-AAG, we believe you should take the time to research the record we have compiled in the materials published at [www.votepal.com](http://www.votepal.com), and also available at numerous other publicly-accessible websites such as [www.sec.gov](http://www.sec.gov), [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.secinfo.com](http://www.secinfo.com).

In our opinion, shareholders should enjoy a reasonable expectation that the board will communicate clearly to them regarding majority votes. The writing is on the wall for all AAG stockholders to behold. We cannot believe rational investors in the Company-AAG will endorse the form of business philosophy that the management of the Company-AAG has demonstrated.

WE URGE YOU TO REVIEW THE ENTIRE RECORD. WE BELIEVE THAT YOU HAVE THE UNDENIABLE RIGHT TO THE TRUTH FROM AN OPPOSING VIEWPOINT. This full record rings the bell, and no matter how hard some might wish to unring it, we have captured the vibrations in public records, so that all might investigate and become more enlightened before voting for who sits on this board.

XIV. PROXY CARD  
**THIS PROXY IS BEING SOLICITED ON BEHALF OF THE PARTICIPANTS AND NOT 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

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**The undersigned hereby appoints Steve Nieman and Richard 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. to be held at the William M. Allen Theater at The Museum of Flight, 9404 E. Marginal Way South, Seattle, Washington at 2 p.m. on May 18, 2004, and any adjournment or postponement thereof, upon the matters set forth herein and upon**

such  
other matters as may properly come before  
the meeting, all  
in accordance with the notice and  
accompanying proxy  
statement for said meeting, receipt of  
which is  
acknowledged.

(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  
(nominee numbers (01)/(02)/(03)/(04) in  
Proposal 1, AGAINST Proposal 2 and FOR  
Proposals 3 through 12.

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

Proposal No. 1: Election of  
Directors--Nominees:

(01) Richard D. Foley (02) Stephen Nieman  
(03) Robert C.  
Osborne, MD (04) Terry K. Dayton

FOR

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WITHHOLD

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THE FULL DETAILS OF THE FOLLOWING  
SHAREHOLDER PROPOSALS CAN BE  
FOUND IN THE COMPANY-AAG'S APRIL 23, 2004  
DEFINITIVE PROXY  
STATEMENT BEGINNING ON PAGE 39 AND  
RUNNING THROUGH PAGE 56.

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 BOARD  
PROPOSAL TO APPROVE THE  
AAG, INC.'S 2004 LONG-TERM INCENTIVE  
EQUITY PLAN/ / / / /  
Recommend vote AGAINST Proposal 2. **If no  
direction is given,  
the proxy will be voted AGAINST Proposal  
2.**

FOR / AGAINST / ABSTAIN No. 3 STOCKHOLDER  
PROPOSAL ON SIMPLE-  
MAJORITY VOTE/ / / / / Recommend vote  
FOR Proposal 3. **If no  
direction is given, the proxy will be  
voted FOR Proposal 3.**

FOR / AGAINST / ABSTAIN No. 4 STOCKHOLDER  
PROPOSAL ON  
STOCKHOLDER RIGHTS PLANS/ / / / /  
Recommend vote FOR  
Proposal 4. **If no direction is given, the  
proxy will be voted  
FOR Proposal 4.**

FOR / AGAINST / ABSTAIN No. 5 STOCKHOLDER  
PROPOSAL ON SHARES  
NOT VOTED NOT COUNTED/ / / / /  
Recommend vote FOR Proposal  
5. **If no direction is given, the proxy  
will be voted FOR  
Proposal 5.**

FOR / AGAINST / ABSTAIN No. 6 STOCKHOLDER  
PROPOSAL ON LEAD  
INDEPENDENT DIRECTOR/ / / / / Recommend  
vote FOR Proposal 6.  
**If no direction is given, the proxy will  
be voted FOR  
Proposal 6.**

FOR / AGAINST / ABSTAIN No. 7 STOCKHOLDER  
PROPOSAL ON AN  
INDEPENDENT BOARD CHAIRMAN/ / / / /  
Recommend vote FOR  
Proposal 7. **If no direction is given, the  
proxy will be voted  
FOR Proposal 7.**

FOR / AGAINST / ABSTAIN No. 8 STOCKHOLDER  
PROPOSAL ON  
CONFIDENTIAL SHAREHOLDER VOTING/ / / / /  
/ Recommend vote FOR  
Proposal 8. **If no direction is given, the  
proxy will be voted  
FOR Proposal 8.**

FOR / AGAINST / ABSTAIN No. 9 STOCKHOLDER  
PROPOSAL ON  
REPORTING EMPLOYEE STOCK OWNERSHIP/ / / /  
/ / Recommend vote  
FOR Proposal 9. **If no direction is given,  
the proxy will be  
voted FOR Proposal 9.**

FOR AGAINST ABSTAIN No. 10 STOCKHOLDER  
PROPOSAL ON CUMULATIVE  
VOTING/ / / / / / Recommend vote FOR  
Proposal 10. **If no  
direction is given, the proxy will be  
voted FOR Proposal 10.**

FOR / AGAINST / ABSTAIN No. 11  
STOCKHOLDER PROPOSAL ON NEW  
ELECTION STANDARD: LIMITING  
ELECTIONEERING EXPENSES REGARDLESS  
WHO RUNS FOR THE BOARD/ / / / / /  
Recommend vote FOR Proposal  
11. **If no direction is given, the proxy  
will be voted FOR  
Proposal 11.**

FOR / AGAINST / ABSTAIN No. 12  
STOCKHOLDER PROPOSAL ON TRUTH  
OR CONSEQUENCES WHEN BOARD IGNORES  
MAJORITY VOTES/ / / / / /  
Recommend vote FOR Proposal 12. **If no  
direction is given, the  
proxy will be voted FOR Proposal 12.**

\*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.

DATE \_\_\_\_\_, 2004

Signature

\_\_\_\_\_  
Signature

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

NOTE: Please sign 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.

