

PROXY CARD FOR THE 2004 AAG CHALLENGERS

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

Number of Shares _____

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 _____

WITHHOLD

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. MAIL TO: **Box 602, Brush Prairie, WA 98606; fax (360) 666-6483; phone 1-866-2VOTEUS (1-866-286-8387).** For any further information, please email <help@votepal.com>.

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.