

# Alaska Air Group, Inc.

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August 26, 2008

Mr. Steve Nieman  
15204 NE 181<sup>st</sup> Loop  
Brush Prairie, WA 98606

**Re: Stockholder Proposals**

Dear Steve:

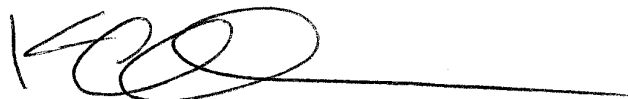
I am responding to your letters addressed to Marc Langland and inquiring about the status of two of the stockholder proposals that were presented for consideration at the Company's May 20, 2008 annual meeting of stockholders.

As an initial matter, you indicate in your letters that you were writing on behalf of Mr. Terry Dayton and Mr. William Davidge, respectively, as the nominal proponents of the proposals. If Mr. Dayton and Mr. Davidge are truly interested in these matters, we invite each of them to communicate with us directly. In any event, to the extent that you will be communicating or acting on behalf of Mr. Dayton or Mr. Davidge in the future, we request that Mr. Dayton and Mr. Davidge confirm to us in writing the nature and scope of your authority and role in these matters.

With regard to the status of the proposals, the Board of Directors intends to consider and evaluate each of the proposals consistent with its fiduciary obligations. It is worth noting, however, that Mr. Davidge's proposal, requesting that the Board provide stockholders with an annual "say on pay," is expressly advisory in nature (as you acknowledge in your letter). Further, with regard to the proposal seeking to implement cumulative voting, it is important to note that under applicable law, (i) cumulative voting may be implemented only by means of an amendment to the Company's certificate of incorporation, and (ii) such an amendment may be initiated and presented for stockholder approval only by the Company's Board of Directors after declaring the amendment's advisability. Thus, the decision as to whether to adopt the "say on pay" proposal or initiate the process to implement cumulative voting, in each instance, belongs solely to the Company's Board of Directors.

We will be pleased to discuss these matters with you in further detail at our upcoming meeting with you and Mr. Foley in September.

Sincerely,



Karen A. Gruen  
Managing Director, Corporate Affairs  
Associate General Counsel and Assistant Corporate Secretary