



STOCK SPLIT Q&A

Alaska Air Group's Board of Directors has announced a two-for-one split of the Company's outstanding Common Stock payable in the form of a stock dividend. Below is information about how the split affects your holdings in Alaska Air Group stock.

What is a stock split?

In a two-for-one stock split (effected as a stock dividend), each holder of stock receives one additional share for each share he or she owns. Each share will be worth half of what it was worth immediately prior to the split, while the overall value of a shareholder's investment remains the same. For example, if you own one share of stock valued at \$100 prior to a stock split, you would then own two shares valued at \$50 after the split. Your total value remains \$100.

If you hold your shares with a broker in electronic form, which is the most common way, the additional shares will be added to your brokerage account. If you are actually holding certificates, you will receive a transaction statement from Air Group's transfer agent, Computershare, detailing the split transaction and number of shares you now own.

When are the key dates for the stock split?

March 2, 2012 – "Record Date." Air Group's Transfer Agent, Computershare, determines which shareholders are entitled to receive additional shares from the split. The stock split becomes legally effective on the Record Date.

March 16, 2012 – "Distribution Date." This is when your brokerage account will be credited the new shares. If you currently hold a paper stock certificate, Computershare will mail a statement detailing the split transaction and the number of additional shares. Be sure to retain this statement in a safe place because Alaska Air Group will not issue new stock certificates for the split.

March 19, 2012 – "New Trade Date." This is the date when Alaska Air Group's common stock will trade on the New York Stock Exchange at the new split-adjusted price, reflecting the doubling of the number of outstanding shares.

Why is the company splitting the stock?

One of the primary reasons is to express the Board's confidence in the future of Alaska Air Group's financial results and cash flows. Splitting the stock also helps to bring our stock price down to a level closer to our peers in the industry.

When will the market price reflect the split?

Although the stock split is legally effective on the Record Date, the trading price of the stock on the New York Stock Exchange will not reflect the split until the New Trade Date, the next business day after the Distribution Date. Between the Record Date and the Distribution Date, trading will generally occur on the same basis as it did prior to the announcement of the split.

On the New Trade Date, trading will reflect the split and therefore each share will be at half the prior price, but you will own double the number of shares. Other than for after-hours market price changes, the total value of your stock at the beginning of the March 19 trading session will be unchanged.

I want to sell shares of Alaska Air Group's stock which I purchased PRIOR to the Record Date. Does it matter when I sell my shares?

No. If you sell shares prior to the Distribution Date, you will be selling them at the pre-split price. After the Record Date and prior to the Distribution Date your shares trade with a "due bill," i.e., the shares you trade are "due" an equal number of shares issuable in the stock split. When you make your trade, you surrender your pre-split shares. You are then going to receive (or your brokerage account will be credited with) an equal number of shares as a result of the stock-split. Because the shares you sold traded with a "due bill", you are required to forfeit that same number of shares received in the split to the broker. Your broker will keep a tab of shares owed on "due bills" and will settle your account when those shares are received by the broker.

Example: If you have 100 shares in your brokerage account on March 2, 2012 (Record Date) and you want to sell the shares on March 9, 2012, you will be selling 100 shares at whatever the FMV is at the time of your sale (e.g., 100 shares @ \$80.00/share). Your broker will sell the shares in your account and settle your trade. Those 100 shares will have been traded with a "due bill", i.e. the buyer of the shares is now due an equal number of shares as a result of the stock split. Since your 100 shares were held in your brokerage account, your account will be credited with the additional shares after March 16, 2012 (without any action by you - you will see the credit on a statement produced by your broker). The broker will then remit the 100 shares received in the split to the buyer with the "due bill".

Do I have to pay for the additional shares?

No. There is no cost to you in connection with the stock split, although there may be additional cost when trading your shares subsequent to the stock split if your broker bases his or her commission on a per-share basis.

Has Alaska Air Group, Inc. previously split the stock?

This will be the first stock split for Alaska Air Group, Inc. since first becoming a public company.

Does the stock split dilute the value of my Alaska Air Group stock holdings?

No. The stock split will not change the proportionate interest a stockholder maintains in Alaska Air Group, Inc. For example, a person owning 1 percent of Air Group stock before the split will continue to own 1 percent after the split.

Do I turn in my old certificate(s)?

No. You keep your existing certificate(s) and, because the split is two-for-one, you will receive a statement from Computershare detailing the split transaction and the number of additional shares due you. If your shares are deposited with a broker, you should receive a stock split notice and an updated statement directly from your broker.

Whom do I contact if I have more specific questions?

Please submit a request through our investor relations website at www.alaskaair.com/investors or call Managing Director, Investor Relations Chris Berry at 206-392-5260.