

Alaska Air Group, Inc.

October 4, 2007

Mr. Steve Nieman
15204 NE 181st Loop
Brush Prairie, Washington 98606

Re: **Your Letter of September 23, 2007**

Dear Mr. Nieman:

I am responding to your letter of September 23, 2007, addressed to Mr. Bill Ayer and purporting to challenge the vote tallies at this year's Annual Meeting of Stockholders held on June 12, 2007.

While we presume that your demand is intended to advance your personal interests, we do not believe that the use of Company resources to re-examine election results that were independently certified more than three months ago would serve the broader interests of the Company's stockholders. As you know, all proxies and votes at the 2007 Annual Meeting were impartially tabulated, and the final results certified, by the nationally recognized firm of IVS Associates, Inc. ("IVS"), the independent election inspector for the Annual Meeting. (For your information, I have enclosed a copy of the certification that the Company received from IVS.) The Company is not aware that you sought at anytime prior to or during the Annual Meeting (or prior to the vote certification) to review IVS's procedures or challenge any of its determinations with respect to proxies, the tabulation of votes or other matters pertaining to the election. In any case, the Company's Board of Directors continues to have the utmost confidence in the integrity of the voting procedures and the accuracy of the certified results, and therefore categorically rejects the contrary inferences in your letter. Under these circumstances, the Board does not intend to re-examine these matters.

Your letter also includes a demand to access certain of the Company's books and records pertaining to the election. We call your attention to Delaware General Corporation Law Section 220, which governs such demands, and note in particular your failure to comply with the requirement that the demand be submitted under oath (*i.e.*, an affirmation that the statements in your demand are true under penalty of perjury under the laws of the United States or any state). If you wish to resubmit your demand in a form that complies with Section 220 (a copy of which Section is enclosed for your convenience), the Company will be pleased to consider your request and respond consistent with applicable legal requirements.

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We also note that you have filed your September 23 letter and related correspondence with the Securities and Exchange Commission as additional soliciting material under Regulation 14A. Since these filings are not legally required (in light of the fact that the 2007 Annual Meeting has already concluded, and there is no other stockholder meeting or proxy solicitation that is currently active or pending for the Company), we presume that you have voluntarily filed these materials principally in the hope that such filings will generate additional publicity. In any case, we call your attention to the prohibitions in SEC Rule 14a-9 against the use of false and misleading statements in such filed communications. A copy of Rule 14a-9 is also enclosed for your information.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

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

Enclosures (3)

cc: Bill Ayer
Keith Loveless

Alaska Air Group, Inc.

Annual Meeting of Stockholders Held June 12, 2007

Final Report of the Inspector of Election

I, the undersigned, duly appointed Inspector of Election at the Annual Meeting of Stockholders (the "Meeting") of Alaska Air Group, Inc. (the "Company"), held on June 12, 2007 hereby certify as follows:

- 1) Before entering upon the discharge of my duties as Inspector of Election at the Meeting, I took and signed an Oath of Inspector of Election.
- 2) The Meeting was held at the Hotel Captain Cook, 939 West 5th Avenue, Anchorage, Alaska, at 2:00 p.m. (Alaska Standard Time), pursuant to notice duly given.
- 3) At the close of business on April 20, 2007, the record date for the determination of stockholders entitled to vote at the Meeting, there were issued and outstanding 40,438,715 shares of the Company's Common Stock, each share being entitled to one vote, constituting all of the outstanding and entitled voting securities of the Company.
- 4) At the Meeting, the holders of 37,044,005 shares of the Company's Common Stock were represented in person or by proxy, constituting a quorum.
- 5) The undersigned canvassed the votes of the stockholders cast by ballot or proxy on the matters presented at the Meeting.
- 6) At the Meeting, the vote to elect three (3) Directors to serve until the 2008 annual meeting of shareholders and until their successors are elected and qualified was as follows:

<u>Board Nominees</u>	<u>For</u>	<u>Withhold</u>
William S. Ayer	33,223,033	3,804,782
R. Marc Langland	33,246,678	3,781,137
Dennis F. Madsen	33,124,635	3,903,180

<u>Shareholder Nominees</u>		
Richard D. Foley	14,140	2,050
Stephen Nieman	14,062	2,128
Terry K. Dayton	13,781	2,409
Carl L. Olson	13,733	2,457

- 7) At the Meeting, the vote on a shareholder proposal on reimbursement for short-slate proxy contests was as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-vote</u>
651,332	33,245,042	207,663	2,939,968

- 8) At the Meeting, the vote on a shareholder proposal to amend the Company's governance documents to adopt cumulative voting was as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-vote</u>
12,736,287	21,195,179	172,572	2,939,967

- 9) At the Meeting, the vote on a shareholder proposal to amend the Company's governance documents to require an independent chair was as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-vote</u>
14,906,038	19,028,244	169,755	2,939,968

10) At the Meeting, the vote on a shareholder proposal to amend the Company's governance documents regarding special shareholder meetings was as follows:

For	Against	Abstain	Broker Non-vote
15,743,998	15,116,061	3,243,979	2,939,967

11) At the Meeting, the vote on a shareholder proposal to require a shareholder vote on the poison pill was as follows:

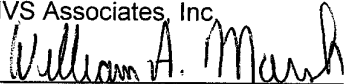
For	Against	Abstain	Broker Non-vote
10,733,379	20,253,340	3,117,319	2,939,967

12) At the Meeting, the vote on a shareholder regarding political contributions was as follows:

For	Against	Abstain	Broker Non-vote
12,656	37,030,327	872	-0-

IN WITNESS WHEREOF, I have made this Final Report and have hereunto set my hand this 20th day of June 2007.

IVS Associates, Inc



William A. Marsh

William A. Marsh

§ 240.14a-9 False or misleading statements.

(a) No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy,

§ 240.14c-10

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notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(b) The fact that a proxy statement, form of proxy or other soliciting material has been filed with or examined by the Commission shall not be deemed a finding by the Commission that such material is accurate or complete or not false or misleading, or that the Commission has passed upon the merits of or approved any statement contained therein or any matter to be acted upon by security holders. No representation contrary to the foregoing shall be made.

NOTE: The following are some examples of what, depending upon particular facts and circumstances, may be misleading within the meaning of this section.

(a) Predictions as to specific future market values.

(b) Material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation.

(c) Failure to so identify a proxy statement, form of proxy and other soliciting material as to clearly distinguish it from the soliciting material of any other person or persons soliciting for the same meeting or subject matter.

(d) Claims made prior to a meeting regarding the results of a solicitation.

(Secs. 19(a), 3(b), 23(a)(1), 20, 319(a), 48 Stat. 85, 882, 901; sec. 209, 48 Stat. 908; 49 Stat. 833; sec. 203(a), 49 Stat. 704; sec. 8, 49 Stat. 1379; 53 Stat. 1173; secs. 3, 18, 89 Stat. 97, 155; sec. 308(a)(2), 90 Stat. 57; 15 U.S.C. 77s(a), 78c(b), 78w(a)(1), 79r, 77sss(a))

[31 FR 212, Jan. 7, 1966, as amended at 41 FR 19933, May 14, 1976; 44 FR 38815, July 2, 1979; 44 FR 68456, Nov. 29, 1979]

220 INSPECTION OF BOOKS AND RECORDS.—¹(a) As used in this section:

(1) "List of stockholders" includes lists of members in a nonstock corporation.

(2) "Stockholder" means a holder of record of stock in a stock corporation, or a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person, and also a member of a nonstock corporation as reflected on the records of the nonstock corporation.

(3) "Subsidiary" means any entity directly or indirectly owned, in whole or in part, by the corporation of which the stockholder is a stockholder and over the affairs of which the corporation directly or indirectly exercises control; and includes, without limitation, corporations, partnerships, limited partnerships, limited liability partnerships, limited liability companies, statutory trusts and/or joint ventures.

(4) "Under oath" includes statements the declarant affirms to be true under penalty of perjury under the laws of the United States or any state.

²(b) Any stockholder, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose, and to make copies and extracts from:

(1) The corporation's stock ledger, a list of its stockholders, and its other books and records; and

(2) A subsidiary's books and records, to the extent that:

a. The corporation has actual possession and control of such records of such subsidiary; or

b. The corporation could obtain such records through the exercise of control over such subsidiary, provided that as of the date of the making of the demand:

1. The stockholder inspection of such books and records of the subsidiary would not constitute a breach of an agreement between the corporation or the subsidiary and a person or persons not affiliated with the corporation; and

2. The subsidiary would not have the right under the law applicable to it to deny the corporation access to such books and records upon demand by the corporation.

In every instance where the stockholder is other than a record holder of stock in a stock corporation or a member of a nonstock corporation, the demand under oath shall state the person's status as a stockholder, be accompanied by documentary evidence of beneficial own-

ership of the stock, and state that such documentary evidence is a true and correct copy of what it purports to be. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in this State or at its principal place of business.

(c) If the corporation, or an officer or agent thereof, refuses to permit an inspection sought by a stockholder or attorney or other agent acting for the stockholder pursuant to subsection (b) of this section or does not reply to the demand within 5 business days after the demand has been made, the stockholder may apply to the Court of Chancery for an order to compel such inspection. The Court of Chancery is hereby vested with exclusive jurisdiction to determine whether or not the person seeking inspection is entitled to the inspection sought. The Court may summarily order the corporation to permit the stockholder to inspect the corporation's stock ledger, an existing list of stockholders, and its other books and records, and to make copies or extracts therefrom; or the Court may order the corporation to furnish to the stockholder a list of its stockholders as of a specific date on condition that the stockholder first pay to the corporation the reasonable cost of obtaining and furnishing such list and on such other conditions as the Court deems appropriate.³ *Where the stockholder seeks to inspect the corporation's books and records, other than its stock ledger or list of stockholders, such stockholder shall first establish that:*

- (1) *Such stockholder is a stockholder;*
- (2) *Such stockholder has complied with this section respecting the form and manner of making demand for inspection of such documents; and*
- (3) *The inspection such stockholder seeks is for a proper purpose.*

Where the stockholder seeks to inspect the corporation's stock ledger or list of stockholders and establishes that such stockholder is a stockholder and has complied with this section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the corporation to establish that the inspection such stockholder seeks is for an improper purpose. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other or further relief as the Court may deem just and proper. The Court may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought within this State and kept in this State upon such terms and conditions as the order may prescribe.

(d) Any director (including a member of the governing body of a nonstock corporation) shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to the director's position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger and the list of stockholder's and to make copies or extracts therefrom. *The burden of proof shall be upon the corporation to establish that the inspection such director seeks is for an improper purpose.* The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper. (Last amended by Ch. 84, L. '03, eff. 8-1-03.)