

# *Alaska Air Group, Inc.*

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March 4, 2008

**VIA OVERNIGHT COURIER**

Mr. Richard D. Foley  
6040 N. Camino Arturo  
Tucson, AZ 85718

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

Re: *Alaska Air Group, Inc.*

Dear Mr. Foley and Mr. Nieman:

Thank you for your continued interest in corporate governance. In accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, we are transmitting to you with this letter a copy of Alaska Air Group Inc.'s statement in opposition to your proposal.

Alaska Air Group, Inc. expects to include the enclosed opposition statement in its proxy materials together with your proposal and supporting statement.

Very truly yours,



Karen Gruen  
Associate General Counsel/Assistant Corporate Secretary

Enclosure

**PROPOSAL NO. [5]  
STOCKHOLDER PROPOSAL**

Steve Nieman has given notice of his intention to present a proposal at the 2008 Annual Meeting. Mr. Nieman's address is 15204 NE 181<sup>st</sup> Loop, Brush Prairie, WA 98606, and Mr. Nieman represents that he owns [101] shares of the Company's common stock. Mr. Nieman's proposal and supporting statement, as submitted to the Company, appear below in italics.

The Board of Directors opposes adoption of Mr. Nieman's proposal and asks stockholders to review the Board's response, which follows Mr. Nieman's proposal and supporting statement below.

The affirmative vote of the holders of a majority of the shares of common stock present, in person or represented by proxy at the meeting, and entitled to vote on the proposal is required to approve this proposal.

**Stockholder Proposal**

***RESPECTING SHAREHOLDERS' RIGHT TO KNOW***

*RESOLVED, that our board in 2008 amend our bylaws and any other appropriate governing documents to require that the company shall, other than on specifics restricted by law, regulation or which jeopardizes commercial advantage, strictly honor the shareholders right to proper disclosure of identification and contact information to the fullest extent possible by technology.*

*In all communication or reports to its shareholders, the company shall provide complete identification information on all individuals or parties reported therein. It shall contain their proper name and complete address information, including their telephone, email and website information with functioning hyperlinks.*

*Where more than one set of contact data exists, all shall be included. Where the communication is a proxy statement or any notice of an annual, special or other shareholder meeting or any references to any such meeting, it shall include in the same prominence as appears in the balance of the notice, all contact information of any shareholder proponent, challenging candidate(s) for election, and/or any opposing proxy solicitation.*

*Proponent Steve Nieman, a Horizon Air Captain, has notified the Alaska Air Group, Inc. that he intends to present the following proposal at the 2008 Annual Meeting. You can contact him via his website [www.votePAL.com/](http://www.votePAL.com/), via email at [reachus@votePAL.com](mailto:reachus@votePAL.com) or phone toll free 1-866-2-VOTEUS. He looks forward to discussing this proposal with you.*

**Supporting Statement**

*The Internet has revolutionized communications for everyone including shareholders and the companies they own. The power of the Internet to inform and educate has given birth to a vast array of new tools for tracking and analyzing investments. Average investors now have available computer tools that not long ago could be afforded only by powerful financial institutions. Yet all investors, large and small, are faced with the reality that no gatekeepers of truth and accuracy exist on the Internet.*

*Only the company is in a position to assure that its shareholders are provided with accurate name and contact information. Some current regulations permit a company to withhold contact information. But to enhance communications with its shareholders, we believe this information should be provided. The prime concern of this bylaw proposal is to ensure that company shareholders are provided with correct identification data in any form of communication the company chooses, whether it be paper and/or electronic. No valid purpose can be served by not disclosing it.*

*We believe that our company has a duty to provide full, complete and accurate identification information about individuals, parties, agencies, entities or companies it communicates to us about. Shareholders have a right to contact a person or party concerning an event, and they should not be forced to make a separate request to company officials. Making separate inquiries or requests wastes company time and resources.*

*I ask for your support and a Yes vote on Proposal No. [5]*

**Board of Directors' Response to Stockholder Proposal**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST PROPOSAL [5]  
FOR THE FOLLOWING REASONS:**

The Board believes that approval of this proposal is not in the best interests of the Company and its stockholders because it provides no clear benefit to the Company's stockholders, will be virtually impossible for the Company to implement as drafted, and appears to be an attempt by the proponent to circumvent long-established proxy rules of the Securities and Exchange Commission.

There are a number of means by which the Company communicates with its stockholders. These communications include oral communications to stockholders (e.g., during conference calls or annual meetings), press releases, postings on the Company's website and filings with the Securities and Exchange Commission. The individuals and entities named in these communications are numerous and are not limited to those required to be named by applicable law or regulation. It further appears that information would be required even in each situation in which the Company names a competitor, discloses its entry into a new agreement or discusses its various business or commercial relationships with third parties.

Based on the far-reaching scope of the proposal, the Board believes it would be virtually impossible to effectively implement the proposal. Identifying, logging and recording the contact information (which the proposal describes as the party's proper name and complete address information, including telephone, email and website information with functioning hyperlinks) of each individual or entity named by the Company in any communication or report to stockholders would be a massive undertaking and would represent a significant diversion of Company resources. Additional problems occur if some of the individuals or entities do not provide their full (or any) contact information to the Company, and it is unclear to what lengths the Company must go to obtain this information. Even if the Company was in a position to perform the tasks required by the proposal, it is not clear what benefit disclosure of all contact information would provide to the Company's stockholders, and the Board believes that any possible benefit certainly would be outweighed by the costs and burdens the proposal would place on the Company.

Moreover, despite the proposal's broad scope, the Board believes the proponent's primary purpose for submitting the proposal is to require the Company to include information regarding the proponent and his opposing slate of director candidates in the Company's proxy materials. On his website, the proponent has publicly indicated his frustrations with the Securities and Exchange Commission's proxy rules and the proxy solicitation process. In addition, in the proponent's supporting statement, the example provided by the proponent to explain his requested amendment is to note that where the Company's "communication is a proxy statement or any notice of an annual, special or other shareholder meeting, it shall include in the same prominence as appears in the balance of the notice, all contact information of any shareholder proponent, challenging candidate(s) for election, and/or any opposing proxy solicitation."

In this instance, requiring the Company to include complete identification information in its proxy materials regarding all director candidates nominated by a stockholder proponent could enable stockholders to wage election contests without providing the disclosures required by long-standing Securities and Exchange Commission's rules governing such contests. These rules, which include a requirement that any party conducting a proxy solicitation file with the Securities and Exchange Commission, and furnish to each person solicited, a proxy statement that contains certain required information, were designed to protect the fairness and integrity of director elections. The Board's concern that the proposal could result in circumvention of the Securities and Exchange Commission's proxy rules is especially acute given that the Company would have no ability to ensure that the stockholder proponent has, in fact, furnished to the Company's stockholders the disclosure required by the Securities and Exchange Commission's proxy solicitation rules regarding his or her opposing director candidates. Further, given that the proposal would expressly require the Company to provide in its proxy materials a functioning hyperlink to the stockholder proponent's or director candidate's website, the Company would have no ability to ensure that the information provided on the website is adequate or not otherwise false or misleading.

**ACCORDINGLY, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST PROPOSAL [5].**