

Dec. 1, 2008

Mr. Bill Ayer, Chairman and CEO  
Alaska Air Group, Inc. ("AAG" or "company")  
PO Box 68947  
Seattle, WA 98168

Dear Mr. Ayer:

**This Rule 14a-8 proposal is respectfully submitted for the next annual shareholder meeting. This proposal is submitted in support of the positive, long-term performance of our company.**

**The above format is requested for publication without re-editing, re-formatting or elimination of text, including beginning and concluding text, unless prior agreement is reached. It is respectfully requested that this proposal be proofread before it is published in the definitive proxy statement to ensure that the integrity of the submitted format is replicated in the proxy materials. Please advise if there is any typographical question.**

**Please note that the title of the proposal is part of the argument in favor of the proposal. In the interest of clarity and to avoid confusion, the title of this and each other ballot item is requested to be consistent throughout all the proxy materials. The company is requested to assign a proposal number (represented by "3" above) based on the chronological order in which proposals are submitted. The requested designation of "3" or higher number allows for ratification of auditors to be item 2.**

**This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including:**

- **Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:**
  - **company officials object to factual assertions because they are not supported;**
  - **the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;**
  - **the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or**

- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such [See also: Sun Microsystems, Inc. (July 21, 2005)].

Stock will be held until after the annual meeting and the proposal will be presented at the annual meeting.

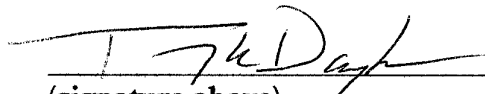
Please acknowledge this proposal promptly by email.

This is the proxy for Mr. Richard D. Foley and/or his designee to act on my behalf in all shareholder matters, including this Rule 14a-8 proposal for the forthcoming shareholder meeting before, during and after the forthcoming shareholder meeting.

Please direct all future communication to Mr. Foley at:  
6040 N. Camino Arturo, Tucson, AZ 85718  
HM: (520) 742-5168  
FAX: (520) 742-6963  
Email: <[rerailer@earthlink.net](mailto:rerailer@earthlink.net)>

Your consideration and the consideration of the Board of Directors is appreciated.

Sincerely,

  
\_\_\_\_\_  
(signature above)  
(print your name on line below)

  
\_\_\_\_\_

Terry K. Dayton  
10510 E. 6th Avenue  
Spokane Valley, WA 99206

[AAG: Rule 14a-8 Proposal; submitted Nov. 28, 2008 via FAX (206) 392-5807 and email to karengruen@alaskaair.com]

### **Proposal No. 3 CUMULATIVE VOTING**

RESOLVED, that our board initiate in 2009 the appropriate process to amend our company's certificate of incorporation to ensure that cumulative voting is permitted to elect director nominees to the board.

This binding proposal does not infringe on the right of our board and management to determine in its discretion the best method to implement cumulative voting if shareholders support it with a majority vote.

Cumulative voting means that each shareholder may cast as many votes as equal to number of shares held, multiplied by the number of directors to be elected. A shareholder may cast all such cumulated votes for a single candidate or split votes between multiple candidates, as that shareholder sees fit. Under cumulative voting shareholders can withhold votes from certain nominees in order to cast multiple votes for others.

Proposalist Terry Dayton, a Horizon Air communications agent, has notified the Alaska Air Group, Inc. ("AAG") that he intends to present the following proposal at the 2009 Annual Meeting.

### **SUPPORTING STATEMENT**

At our company in 2008, cumulative voting won 52% of the vote, and in 2005 it won 56% of the vote. Cumulative voting also received 55%-support at General Motors in 2006 and 54% at Aetna. The Council of Institutional Investors [www.cii.org](http://www.cii.org) has recommended adoption of this proposal topic. CalPERS has also recommend a yes-vote for proposals on this topic.

Cumulative voting allows a significant group of shareholders to elect a director of its choice – safeguarding minority shareholder interests and bringing independent perspectives to Board decisions. Most importantly cumulative voting encourages management to optimize shareholder value by making it easier for minority stockholder groups (such as workers) to gain board representation. It represents a powerful incentive for improved management of our company.

This proposal is particularly important because our company has underperformed its peers over one-year, three-year and five-year periods. Additionally we still have plurality voting, no shareholder right to call a special meeting or act by written consent, and our board lacks representation by the strategic stakeholders of workers and customers.

### **Vote Yes on Proposal No. 3 for Cumulative Voting**

(For more information on this proposal, please visit [www.votepal.com/](http://www.votepal.com/))

Notes:

Terry Dayton of 10510 E. 6th Ave., Spokane Valley, WA 99206 submitted this proposal.

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