



P.O. Box 2600, M39
Valley Forge, PA 19482-2600

April 9, 2009

Mr. Steve Nieman, President
The Ownership Union
15204 NE 181st Loop
Brush Prairie, WA 98606

Re: Alaska Air Group, Inc. 401(k) Plan proxy

Dear Mr. Nieman:

By your letter dated March 23, 2009, you have asked that we provide clarification around the ownership and proxy voting for stock shares held within the Horizon Air Savings Investment Plan, the Alaska Airlines Inc., Alaskasaver Plan, and the Alaska Airlines, Inc. COPS, MRP & Dispatch 401(k) Plan (collectively the "Plans"). The information within this letter relates to how these issues are viewed under the Employee Retirement Income Security Act ("ERISA") and under the trust agreements governing the Plans. Obviously, we defer to the Securities Exchange Commission ("SEC") on their interpretations of their own regulations and nothing herein is intended to conflict with or contradict any position of the SEC.

As you are aware, Vanguard Fiduciary Trust Company ("VFTC") is the directed trustee of the Plans. The Plans hold Alaska Air Group, Inc. ("Alaska Air") common stock in the Alaska Air Company Stock Fund. The trust agreements between VFTC and Alaska Air for the Plans require the pass-through of voting and other similar rights relating to shares of the Company Stock Fund allocated to the Plans' participants.

Any proxy rights in connection with these shares are held by VFTC as the registered owner of the shares. The Plans' participants do not directly own the shares of Alaska Air stock, but rather they own shares of the Plans' Company Stock Fund. As such, participants do not receive an actual proxy. Instead, participants receive a voting instruction form on which they can provide their voting instructions to VFTC as the trustee (and registered shareholder) of the Alaska Air stock. Thus, any ability to assign a proxy that might be available to a registered holder would be available to VFTC, not to an individual plan participant. Likewise, other rights attributable to the security may be passed through to a plan participant, but are not "rights" of the plan participant. This approach is consistently applied to all of our client plans that hold employer securities.

In your letter, you once again outline your belief that VFTC somehow violates ERISA's fiduciary duties by agreeing to trust agreements for the Plans that do not require proportional voting in connection with proxies for the Alaska Air stock. As we have previously discussed, this approach is permitted by ERISA and is consistent with the trust agreements of many of our other clients. Proportional voting is often used by plans as a means of ensuring that a plan's entire position in an employer security are voted in a proxy (due to the typically low response rate of plan participants who receive proxy materials) to ensure that quorum is reached. However, many plans that are not concerned with achieving quorum opt to only have the trustee vote those shares for which direction is received from plan participants who vote, as is the case with the Alaska Air plans.

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Finally, as we discussed previously, we have been advised by Alaska Air that you did not meet the requirements in the Alaska Air bylaw's for nomination to the Company's Board of Directors and that you have not submitted a valid challenge to the 2009 annual meeting of shareholders for Alaska Air. Vanguard will not pass through any challenger proxy information to plan participants in the absence of a valid challenge.

If you have any additional questions about the contents of this letter, please feel free to contact me at (610) 669-4011. If you have any questions about the operation of the Alaska Air Plans or their voting provisions, please contact your Alaska Air Group Benefits department.

Sincerely,

/s/John E. Schadl

John E. Schadl
Senior Counsel
Legal Department