



Connectivity Beyond the Pacific North West

Alaska Air Group





Creating an airline people love

We have a track record of successful growth



2001



2015

...And we are taking it to a bigger platform in California



**39 million
people**



**#1 state
GDP**

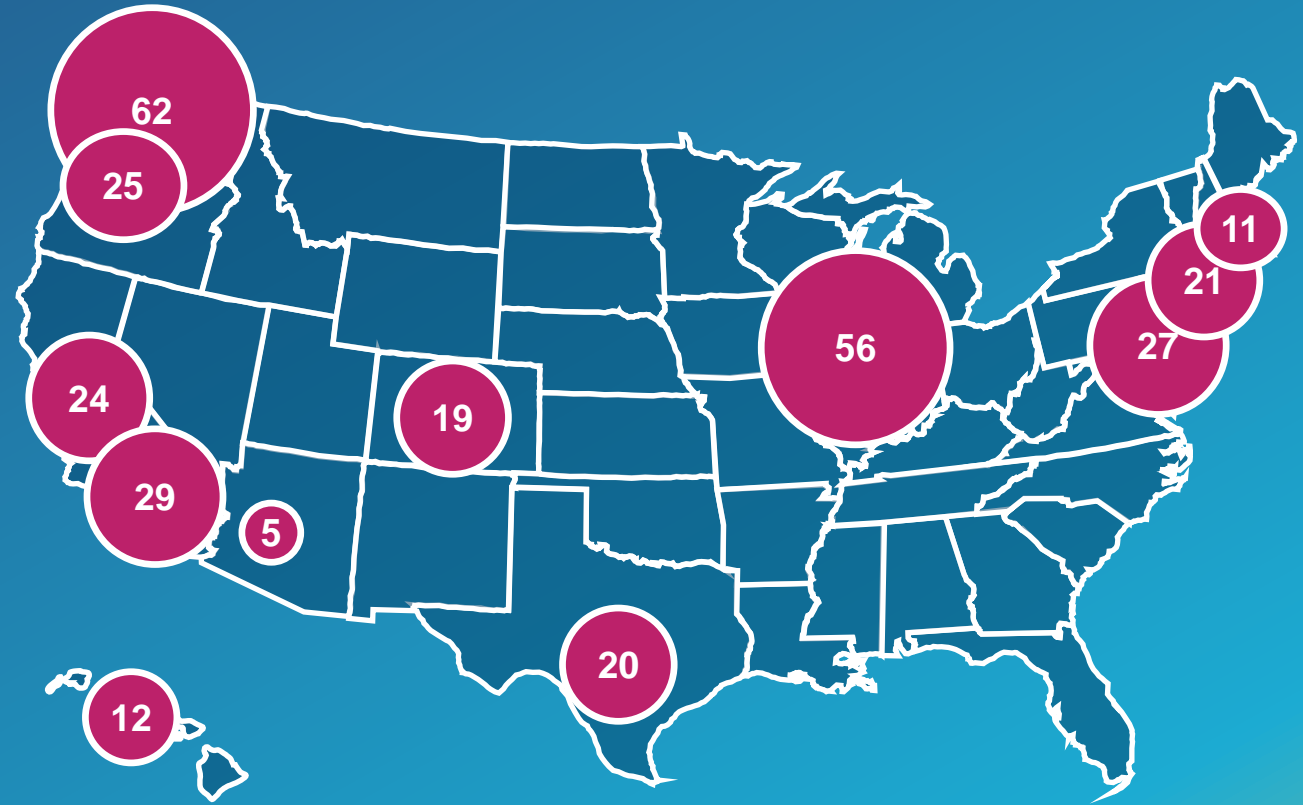


**Opportunity
3x PNW**



The "Crane Index"

West Coast **2.5x** bigger



140 cranes
on the West Coast

59 cranes
on the East Coast

Why merge?

Why Virgin America?



Growth in
California



Complement strong
presence in Seattle



Outstanding
guest service



Access to constrained
real estate

We're building on our track record of successful growth



2001



2015



Today

Building on our history



2014



Loyalty

2013



Schedule breadth & depth

2012



Align employees

2009



Reliable operations

2005



Low costs, low fares

Baseline



Genuine & caring service

A low-angle shot of an airplane tail fin, viewed through a circular opening in a dark surface. The tail fin is dark blue with a stylized white graphic of a man's face. The background is a bright blue sky with scattered white clouds. The circular opening is framed by dark, out-of-focus fingers or a similar structure.

Our Purpose: Creating an airline people love

Our values



Own
safety



Do the
right thing



Be
kind hearted



Deliver
performance



Be
remarkable

Our strategy

Five focus areas



Be safe and
On Time



Focus on People



Build a deep,
emotional
connection
with our brand



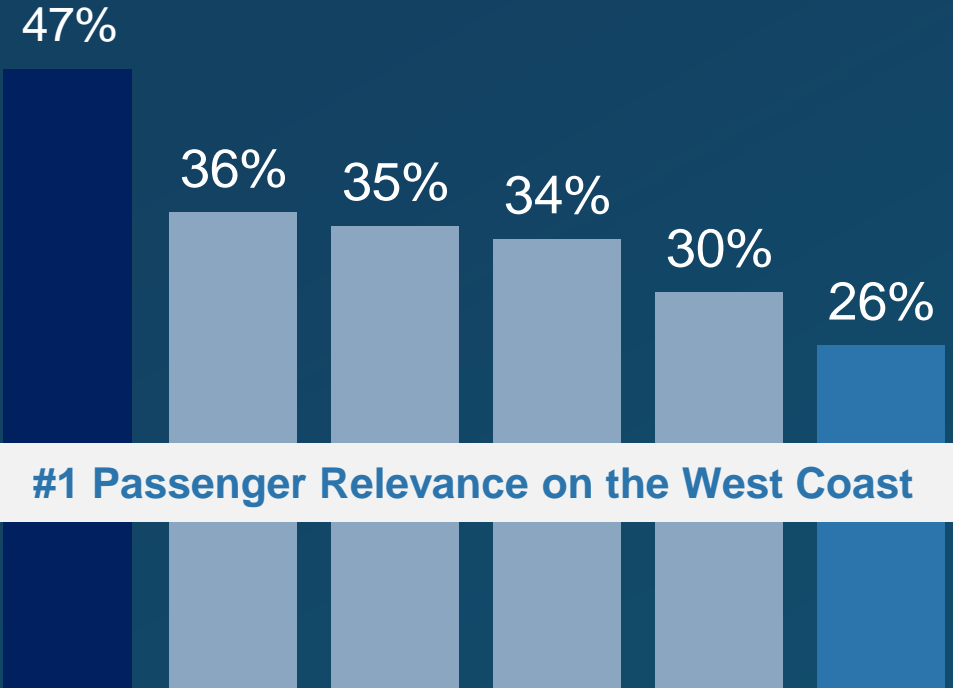
Defend and grow
our customer base



Win with
low costs
and low fares

The new markets in California substantially increase our relevance for guests on the West Coast

Relevance on the West Coast
2017



#1 Passenger Relevance on the West Coast

San Francisco

13 New Destinations

San Jose

3 New Destinations

LA Basin

4 New Destinations

San Diego

7 New Destinations

27 New California Markets



Relevance is percent of North American O&D passengers in markets that each carrier serves with nonstop service

Alaska
AIRLINES



Supply Chain Overview



Mission Statement:

The mission of Supply Chain Management is to partner with our Customers to define strategy, identify solutions and secure the best deal for the business and the company.



Vision:

Supply Chain Management will be our Customer's trusted business advisor connecting strategy with execution by using focused supplier strategies, managing risk, improving transparency and enhancing value.

Alaska Supply Chain

Suppliers Active Suppliers:

18,500

Requisitions processed per Year:

10,500

Spend Under Management:

\$3.5B

People, Process & Solutions



What should SCM be known for:

- Great execution – on-time, helpful process, a partner in developing strategy, achieving project objectives
- Leading the sourcing/procurement project; adding value
- Knows the data (not just the price); understands the business
- Credible, trusted, and helpful people working in the best interest of the company
- Curious. Rigorously questions the business to understand the project and challenge assumptions
- Delivering the “best” deal...

Attributes of a Successful SCM Team

Trusted advisor-consistent expectations, process, timely, accurate, knowledgeable, thoughtful, Objective “big picture” approach

Connect strategy to execution-curious, challenge status quo, offer solutions, understand business objectives

Develop supplier strategies-documented strategy, clearly demonstrate use of data and development of new approaches

Manage risk-good contractual language to ensure supplier performance commitments

Improve visibility-sourcing work, financial and vendor mgmt.

Key Themes for a Successful Supply Chain:

1. Focus on providing “Value” – combination of quality, cost and vision
2. Focus on Flexibility; ability to quickly scale to meet business demands
3. Look for “Win-Win” Scenario’s; build partnerships focused on exceeding customer expectations
4. Enhanced focus on “Lifetime” TCO not short term cost containment
5. Be the “Coach” not the “Cop” for your customers
6. Fiscal, Social and Environmentally balanced solutions