



J.P. Morgan
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Safe Harbor

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- **Addressing uncertainty in 2020**

An overview of COVID19 impacts and Alaska's response

- **Our strong financial position**

Details that demonstrate how Alaska is prepared to weather the economic stress of the COVID19 crisis

- **Our long-term perspective**

Insights on how our long-term strategic vision remains an important factor in how we run the business

Addressing uncertainty in 2020 – Safety first

Near-term actions Alaska has taken in response to COVID19

- Information has evolved rapidly in the past ~2 weeks and we have responded in real-time to adapt, including:
 - Maintaining regular communication with infectious disease experts, health officials and political leaders as well as our front-line employees.
 - Adding enhanced cleaning procedures
 - Providing additional resources and support to our teams
 - Implementing enhanced direct guest communications

Safety of guests and employees is our #1 priority

✈ Addressing uncertainty in 2020 – Our Business

Near-term bookings experience and capacity considerations

Demand

- Material declines in bookings and increased cancellations began in late February.
- Trends have not stabilized, making demand and revenue predictions difficult.
- Leisure demand has been responsive to sales stimulation.

Capacity

- We began 2020 with a low (relative to industry) growth rate of 3 – 4%
- No material close-in capacity cuts are planned for March & April
- We are analyzing the need to consolidate frequencies or trim flights that would operate at a cash loss in May & beyond



We are better positioned than others to weather these disruptions

As of February 2019

Cash and marketable securities	\$1.6 billion
Undrawn lines of credit	\$400 million
Unencumbered asset value¹	\$2.5 billion
Unit cost advantage over legacy carriers²	20%
Capital commitments that can be deferred, if deemed necessary	50% +



Our financial model is designed to withstand challenges

2019	Industry¹	<i>Alaska</i> Result
Pre-tax margins	10%	12%
FCF Conversion	66%	133%
Debt-to-Capitalization	62%	41%
Adj. Net Debt to EBITDAR	2.1x	0.9x
Liquidity as a % of Rev	16%	23%

✈️ We have enduring competitive advantages

Low fares enabled by Excellent operations.
low costs.



Best loyalty
program.



Award-winning
service.



One-team
culture.



Our strategic plan has three pillars....

- Growth
- People
- Business Model

✈ Partnering with American and oneworld®



Alaska
AIRLINES



American
Airlines

Supports Alaska's focus on delivering value for guests over the long-term

Unlocks global network utility for all Alaska guests

Increases ability to sell connections with further reach

Enriches Alaska Mileage Plan program and the Alaska Airlines Visa offering

Positions Alaska competitively for corporate sales opportunities

In closing

- We're keeping **safety** a top priority
- We're prepared to make changes to our **capacity** if warranted
- Our **fortress balance sheet** and financial model position us well to compete in this challenging environment
- Our **competitive advantages** remain as important as ever
- And, our **Strategic Plan** remains important as we look to invest in growth, people and our business model for the future