ALK
Investor Day
2018

2018 Investor Day Agenda

11:30am – 12:40pm	**Brad Tilden, CEO** *Introduction: Who We Are & Where We're Going*
	Ben Minicucci, President & COO *Merger Update & Our Roadmap For Margin Improvement*
	Andy Schneider, VP People *Investing In Culture*
	Shane Tackett, EVP Planning & Strategy *Executing Our Roadmap & Driving Financial Performance*
12:40pm – 12:50pm	**Break**
12:50pm – 1:30pm	**Andrew Harrison, CCO** *Building For Brand Strength & Revenue Growth*
	Brandon Pedersen, CFO *Financial Outlook*
1:30pm – 2:15pm	**Question & Answer Session**

Safe Harbor

This presentation may contain forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by our forward-looking statements, assumptions or beliefs. For a comprehensive discussion of potential risk factors, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Some of these risks include competition, labor costs and relations, general economic conditions, increases in operating costs including fuel, inability to meet cost reduction goals, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations and risks inherent in the achievement of anticipated synergies and the timing thereof in connection with the acquisition of Virgin America. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed in our most recent Form 10-K and in our subsequent SEC filings. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We expressly disclaim any obligation to publicly update or revise any forward-looking statements made today to conform them to actual results. Over time, our actual results, performance or achievements may differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, assumptions or beliefs and such differences might be significant and materially adverse.

Who We Are & Where We're Going

Brad Tilden, CEO

Our Business Model

Profitable growth creates value for all of our stakeholders.

We have a great team

Ben Minicucci
President

Brandon Pedersen
CFO

Andrew Harrison
CCO

Gary Beck
Horizon Air CEO

Shane Tackett
EVP Planning & Strategy

Andy Schneider
VP People

Diana Birkett Rakow
VP External Relations

Kyle Levine
General Counsel

Brad Tilden
CEO

16 Years

Average Tenure

We have a great team

Wayne Newton
VP Airports

John Ladner
MD Flight Ops

Sangita Woerner
VP Marketing

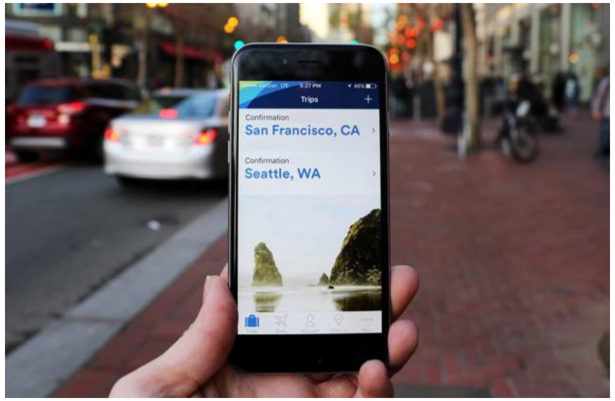
David Oppenheim
VP Sales

Chris Berry
Controller

Mark Eliasen
Treasurer

Matt Grady
Investor Relations

We have durable competitive advantage



Low Costs, Low Fares

Excellent Operations

Award-Winning Service

Best Loyalty Program

“One Team” Culture

We have a long track record of successful growth...

2001

63 destinations
North-South orientation along West Coast

We have a long track record of successful growth...

2018

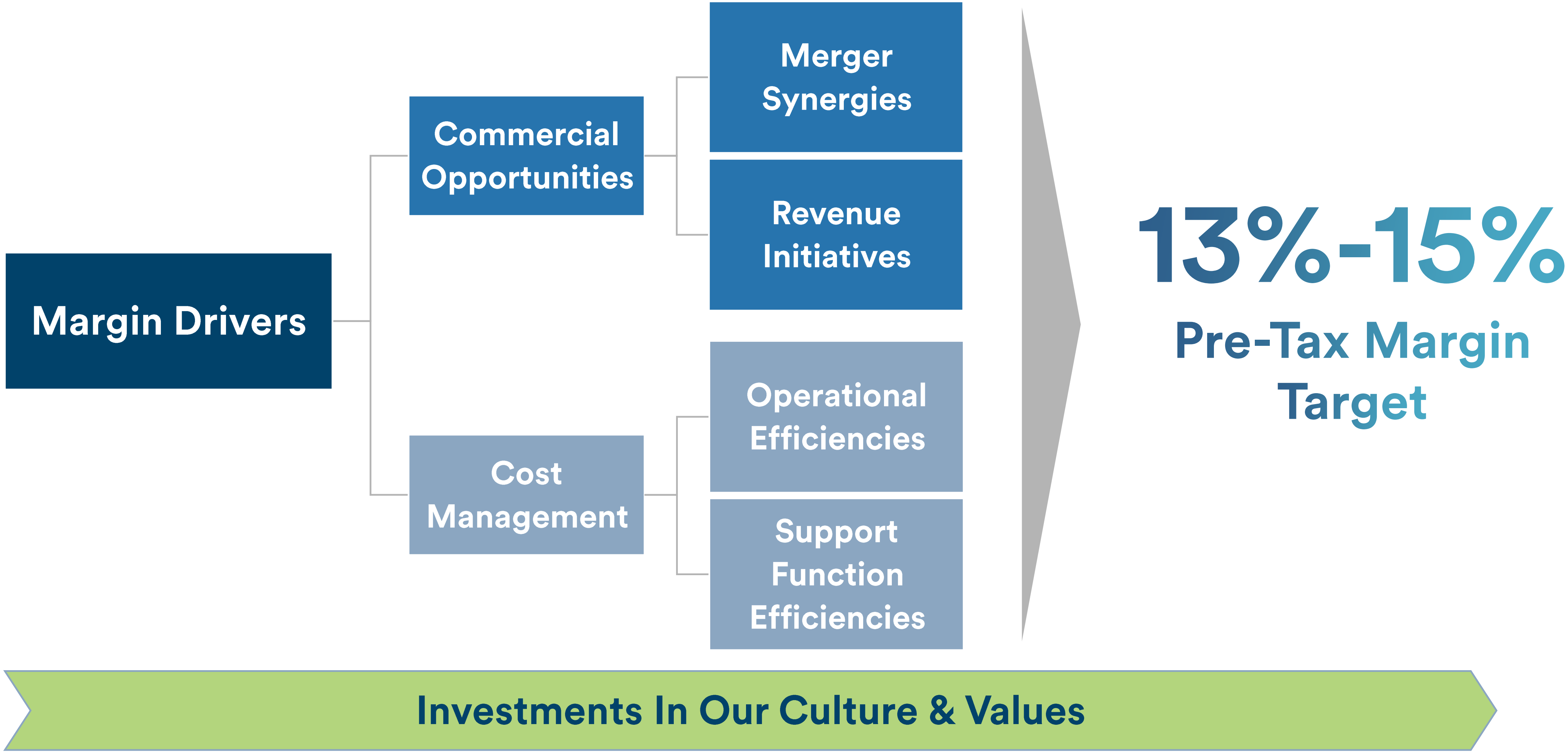
115+ destinations
National orientation with West Coast focus

...and a long track record of outperformance

2010-2018	Airlines	High-Quality Industrials	Alaska
Pre-Tax Margin	10.4%	13.0%	**15.1%**
Free Cash Flow Margin	2.1%	7.7%	**7.8%**
ROIC	13.6%	14.8%	**16.7%**
Adj. Net Debt / EBITDAR	1.8x	1.6x	**0.9x**
P/E Multiple	13.9x	18.6x	**10.7x**

Source: Wells Fargo Securities; "Airlines" includes DAL, AAL, UAL, LUV, JBLU, SAVE, ALGT, WJA, AC; "High-Quality Industrials" includes CNR, CP, NSC, UNP, KSU, JBHT, UPS, FDX, MMM, CAT, BA, UTX, R

Our Roadmap for Margin Improvement



Merger Update & Our Roadmap

Ben Minicucci, President & COO

We achieved a lot before the merger

50%+
Market Share in PNW

#1
On-Time Performance

#1
Customer Satisfaction

11%
Annual Loyalty Program Growth

6 Years
CASMx Reductions

27%
Debt-to-Total-Capitalization

2010-2016

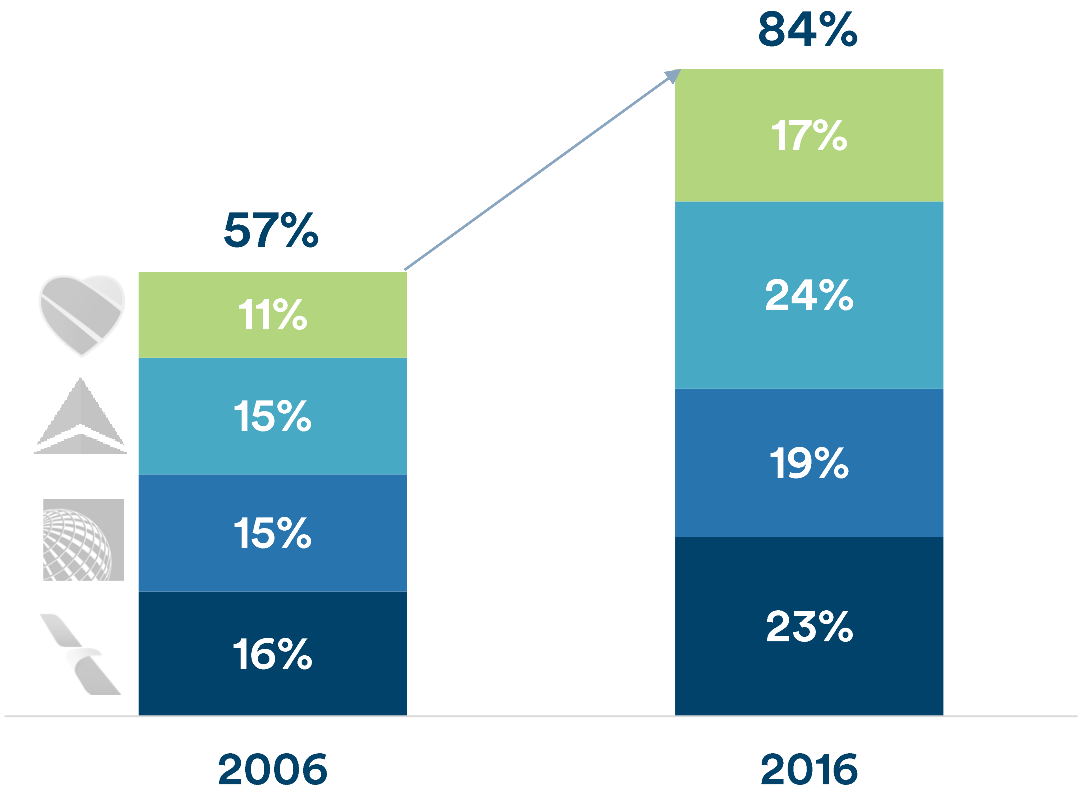
27%
Annual EPS Growth

$1.9B
Capital returned to shareholders

But, we needed a bigger platform to remain competitive and to keep growing

A series of mergers gave the largest carriers much more market power

*U.S. Market Share of Four Largest Carriers**



By 2016, we could still grow in the PNW, but we could see our runway shortening after years of rapid growth

	New Markets Launched
2010	14
2011	6
2012	19
2013	15
2014	16
2015	20
2016	14
Total	**104**

65%

Relevance in PNW

vs.

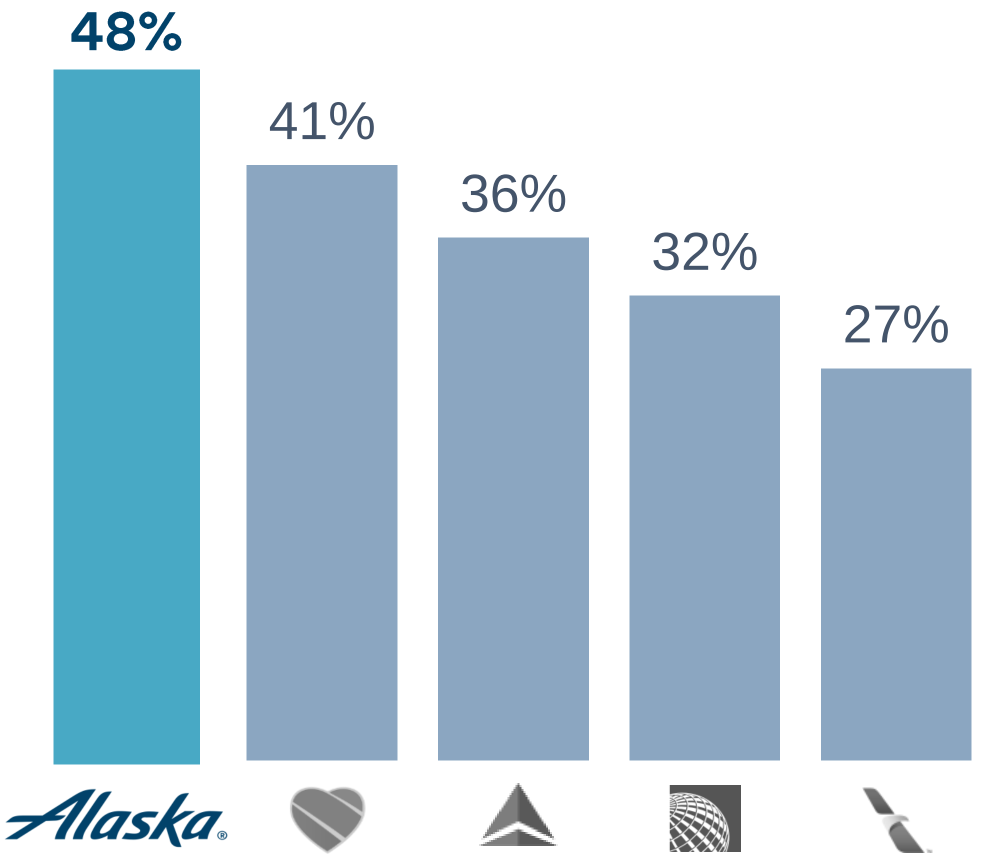
19%

Relevance in California

**Total domestic revenue from Form 41. Airlines included in sample set: American, Aloha, Alaska, Jetblue, Continental, Delta, Frontier, Airtran, Hawaiian, America West, Midway, Spirit, Northwest, Pan American, Sun Country, TWA, ATA, United, US Airways, Virgin America, Southwest and Midwest Express*

Today, we have a highly relevant West Coast network…

We offer the highest guest relevance of any carrier from West Coast points of origin

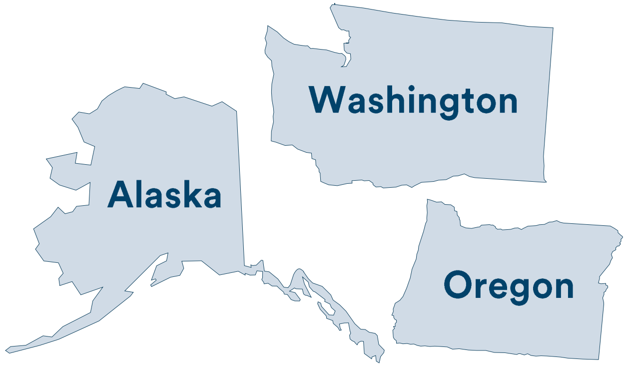


Relevance = percent of West Coast to North America passengers able to be served on a nonstop basis

Our departures per day have increased significantly in our California focus cities

Rank		2018	vs. 2016
1.	Seattle	298	+15
2.	Portland	129	+7
3.	Los Angeles	115	+52
4.	San Francisco	86	+69
5.	San Diego	46	+20
6.	San Jose	38	+14
7.	NY Metro	30	+27
8.	Hawaii	29	+7

...with significant long-term growth potential

	Population	3-Yr GDP CAGR	Seat Share	Network Relevance	Guest Loyalty
	~12M	5.3%	50%	70%	44% penetration
	~40M	4.5%	12%	40%	6.5% penetration

We’ve completed more than 90% of our integration milestones over the past two years…

= most critical

		Status			*Status*
1	Aligned Revenue Management	✓	7	Co-located System Operations	✓
2	Integrated Payroll & Benefits	✓	8	Cross-Trained Flight Attendants	✓
3	Single Operating Certificate	✓	9	Initiated Cross-Fleeting	✓
4	Integrated Loyalty Programs	✓	10	Integrated Seniority Lists for all but one workgroup	✓
5	Single Passenger Service System	✓	11	JCBAs or TAs for 100% of Unionized Workforce	✓
6	Co-located 31 Airport Stations	✓	12	Initiated Airbus Modifications	✓

13 Ongoing Investments In Culture

Our labor integration has progressed at a rapid clip...

We've signed Joint CBAs or TAs with our entire unionized workforce in under two years

		Agreement Status	*Time to Completion*
1	Airports	✓	2 months
2	Pilots	✓	10 months
3	Flight Attendants	✓	16 months
4	Dispatchers	✓	19 months
5	Maintenance (TA)	✓	23 months

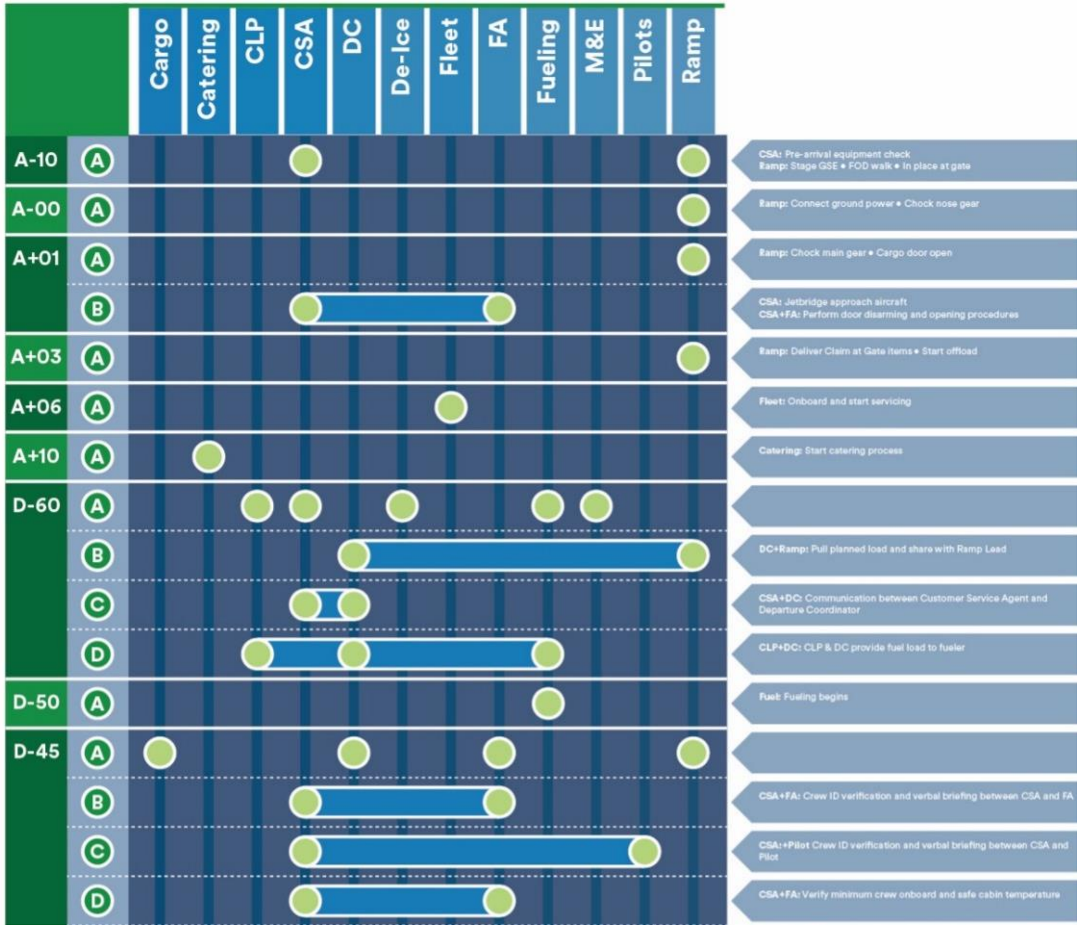
...and achieved Integrated Seniority Lists for Pilots & FAs more rapidly than comparable airline mergers

ISLs for Pilots & FAs	*Time to Completion*
Alaska + Virgin America	<2 years
Other Airline Mergers	3-6 years

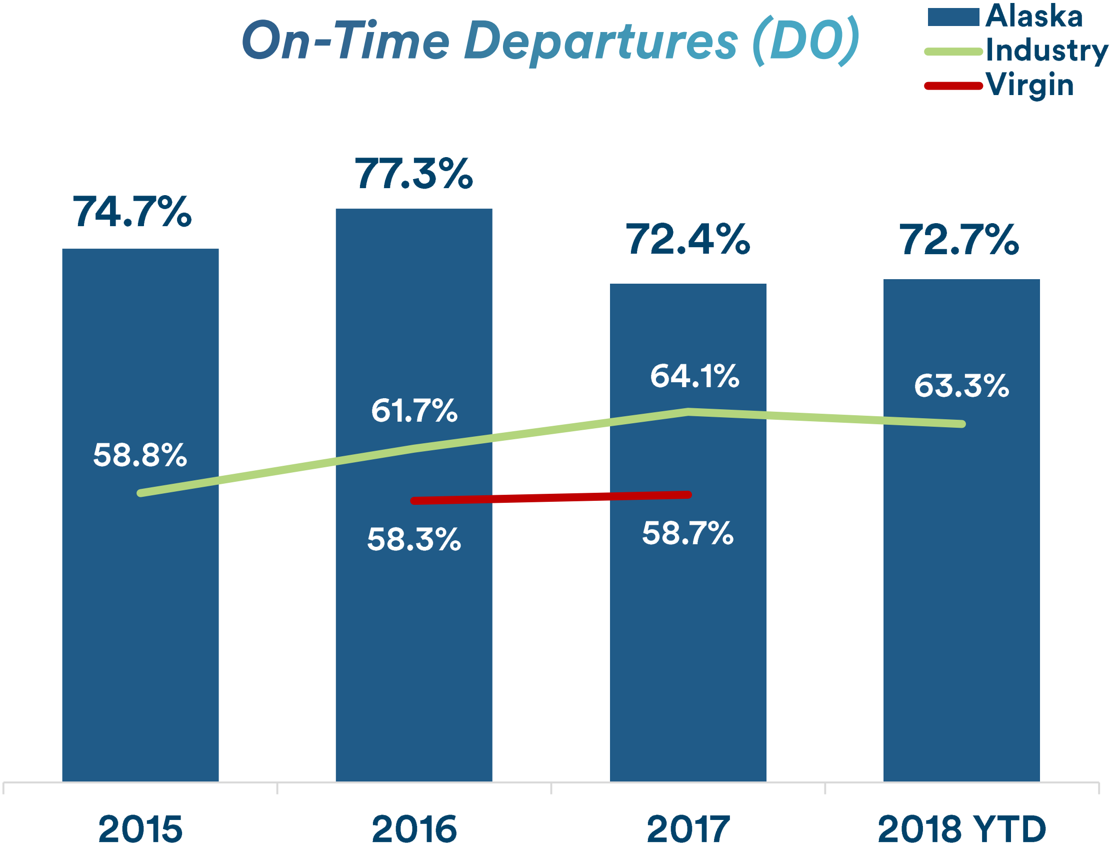
...and today, we are becoming One Team

Our robust processes enable us to deliver industry-leading operational reliability…

Consistent deployment of our best-in-class operating process and timelines…



…has led to years of industry-leading performance

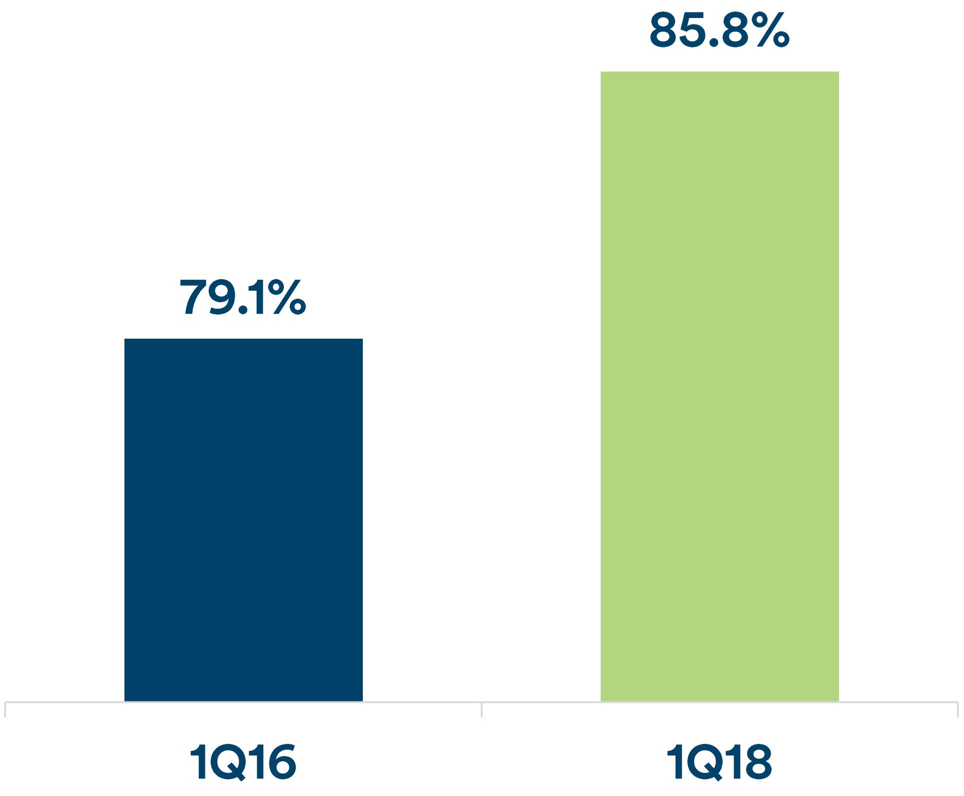


1. Industry data includes AAL, DAL, UAL, LUV, JBLU, SAVE

…and Virgin operations have improved significantly as we've implemented our processes

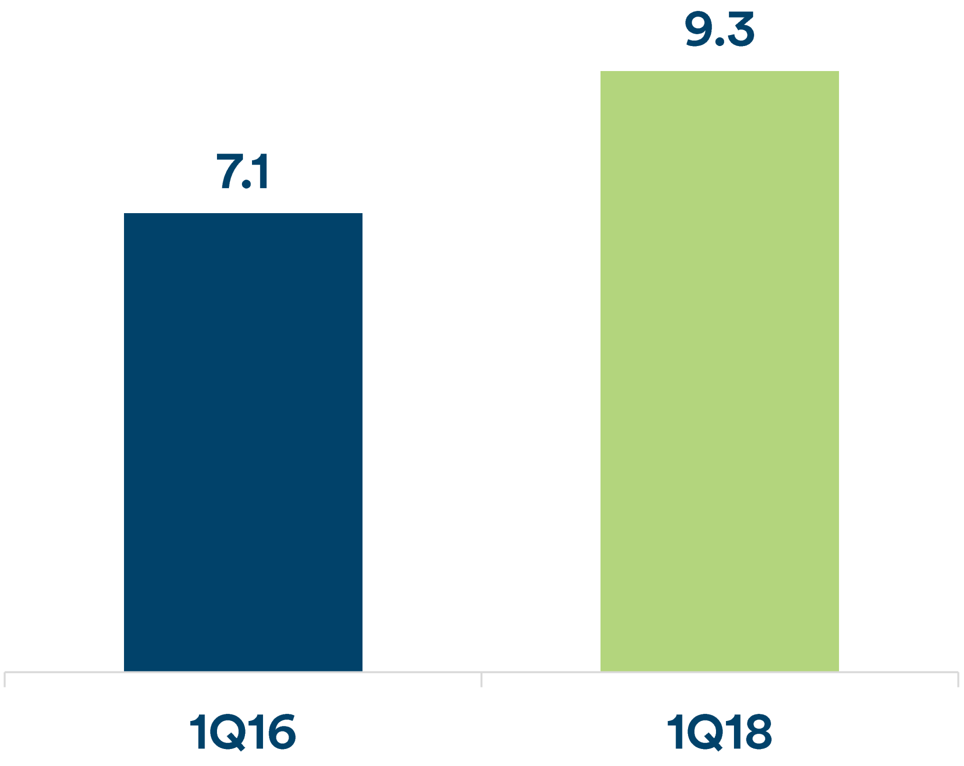
Virgin's Controllable Departures Within Zero Minutes has jumped substantially in the past two years

Virgin America Controllable Departures on Zero



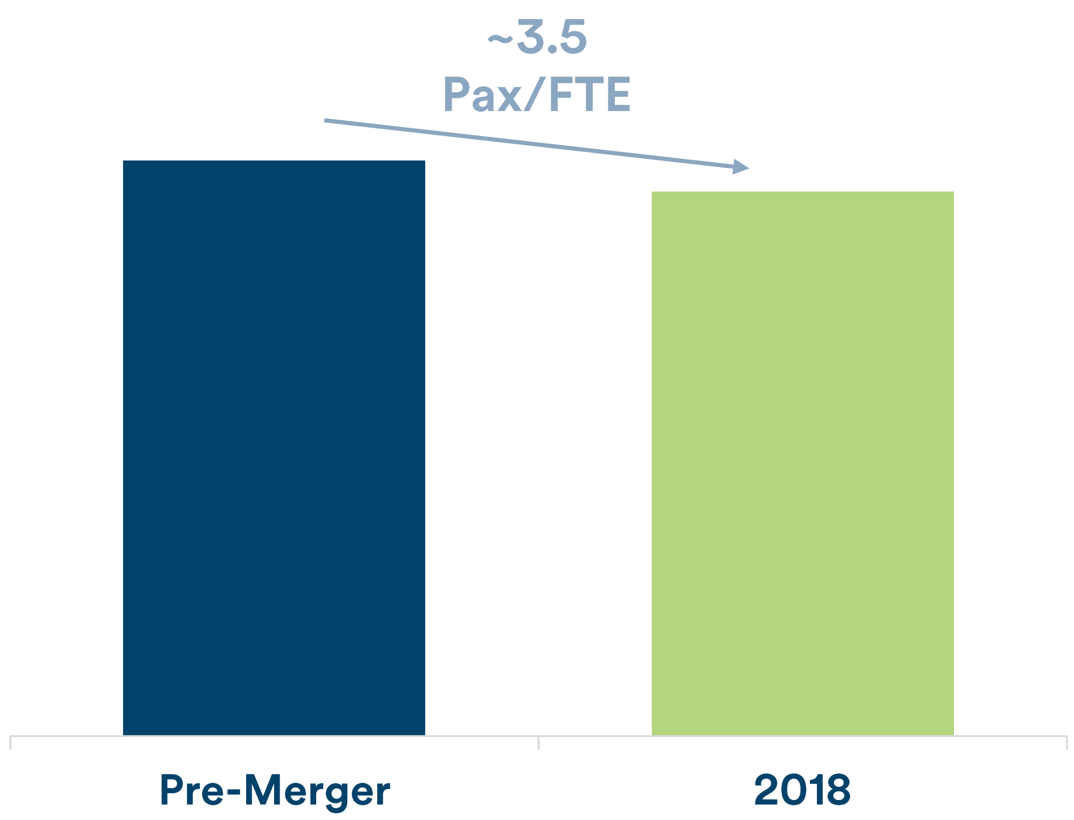
We have also solidly improved Aircraft Utilization

Virgin America Block Hours per Aircraft per Day



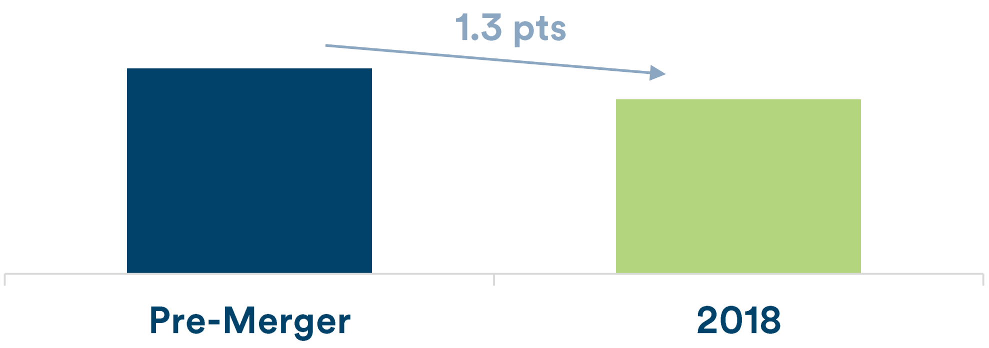
We have room to improve productivity across our system going forward

We carry ~3.5 fewer passengers per FTE today than we did prior to the merger…

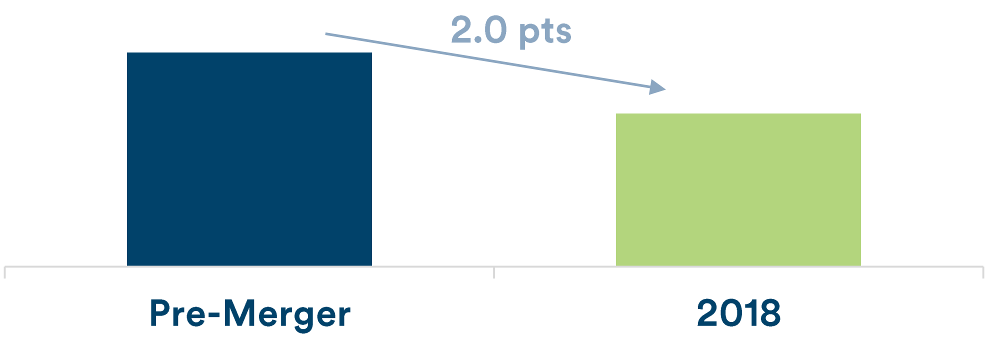


…and though division-level productivity remains strong, it is also below pre-merger levels

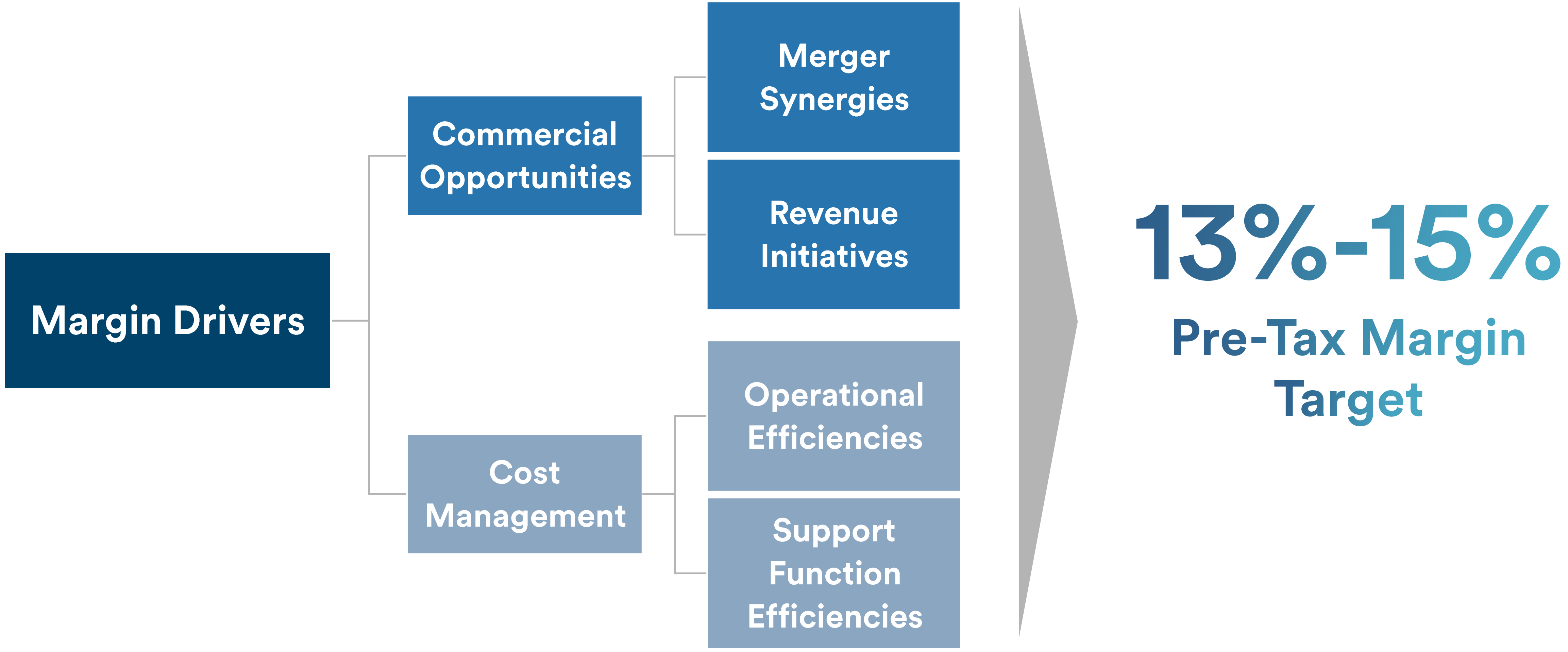
Pilot Productivity



Flight Attendant Productivity



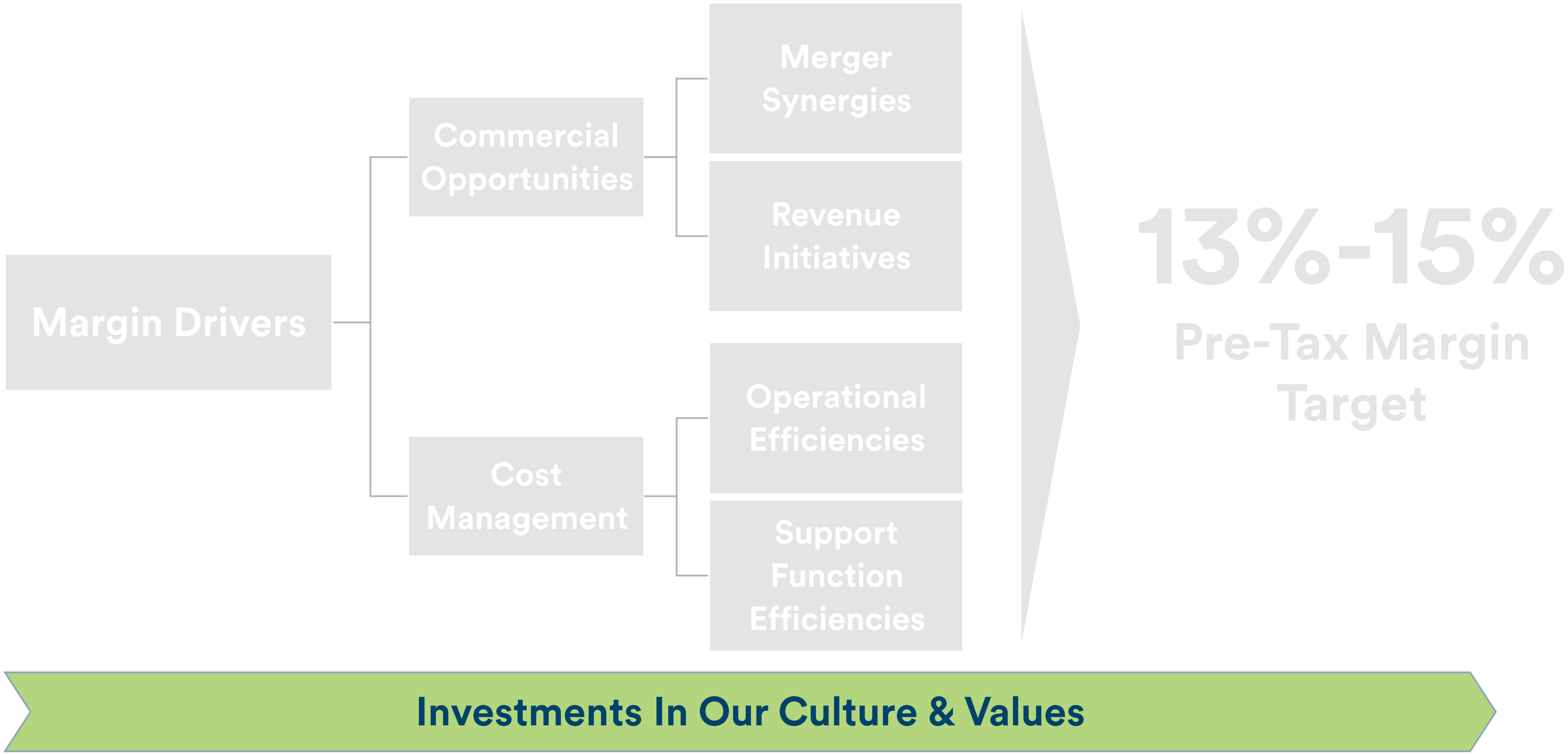
We will realize the full value of the merger by optimizing our operation and executing key initiatives



Investments In Our Culture & Values

Investing in Culture
Andy Schneider, VP People

Investing in our culture is foundational to our success



Our vision and values guide our thinking, and our actions

Our Vision: The West Coast Favorite

Our Values

Own Safety

Deliver performance

Do the right thing

Be remarkable

Be kindhearted

Our culture enables our award-winning service, which builds guest loyalty and ultimately drives financial results

Genuine, Caring Guest Service

Supportive, Engaged Employees

"One Team" Culture

AQR

Condé Nast Traveler

TRAVEL+ LEISURE

#1

Customer Satisfaction

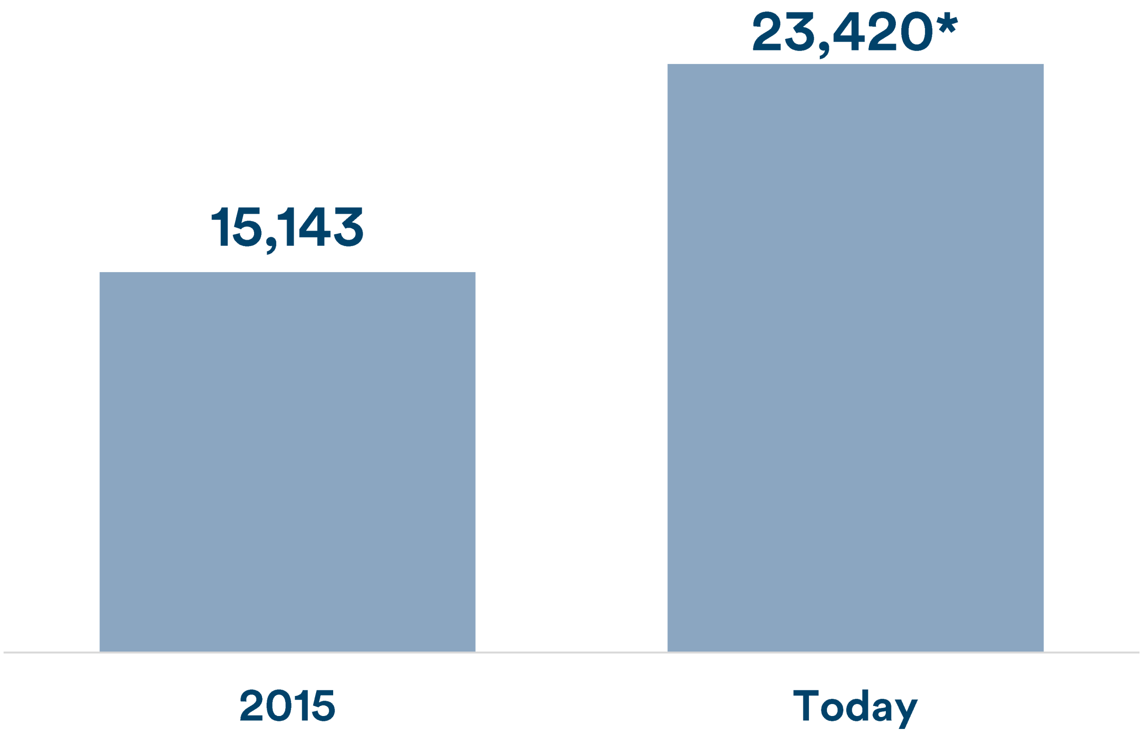
Loyal Customers

Consistent Demand

Higher Margins

As we grow, our proven people management philosophy remains the same

Employee Count

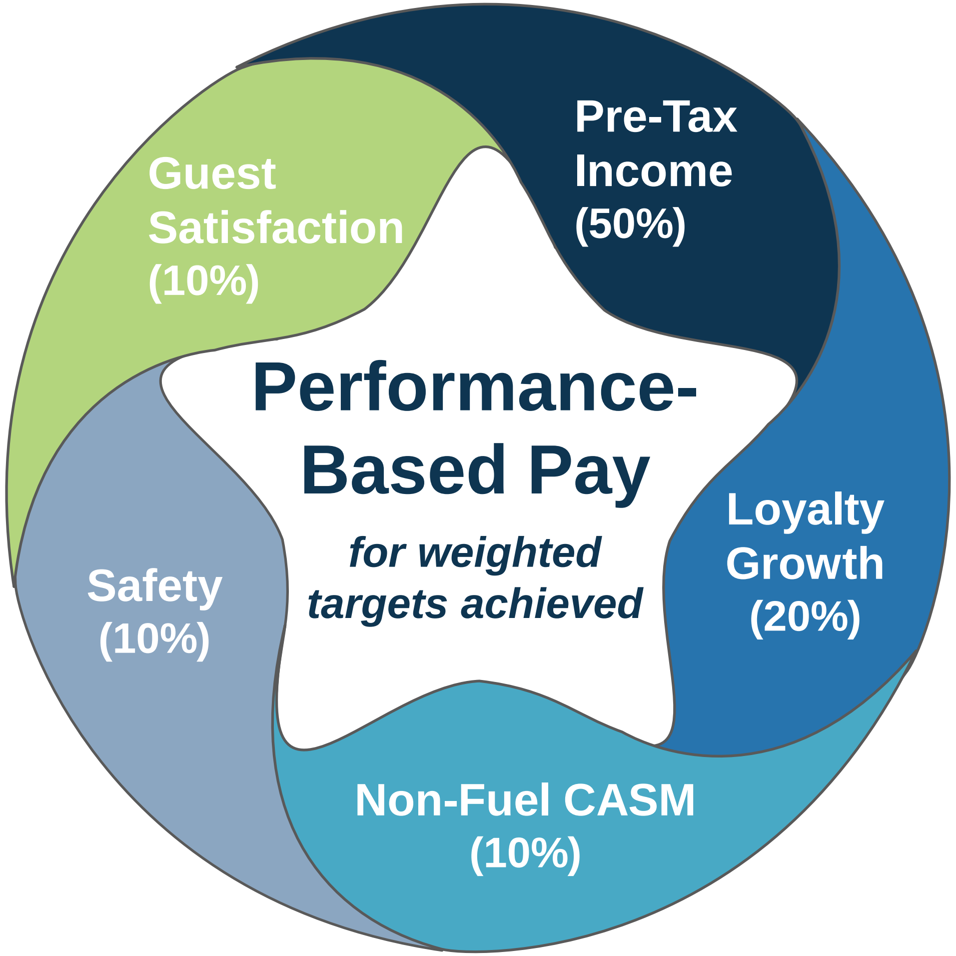


* Includes 1,800 employees at our ground operations subsidiary, McGee Air Services

Our Approach to Managing People

- Pay Well
- Aligned Rewards
- High Productivity
- High Engagement

Our Shared Rewards align employees to our strategic and financial objectives



+

Operational Performance Rewards

Calculated Monthly

On-Time | Guest Sat.

$50 / Metric / Month for targets achieved

Employees at all levels receive incentive pay based on this methodology

Flight Path

Flight Path –
A series of interactive sessions with leadership to engage and align all of us to our shared vision, values and go-forward strategy

As we invest in our culture, we are becoming One Team

Executing Our Roadmap & Driving Financial Performance

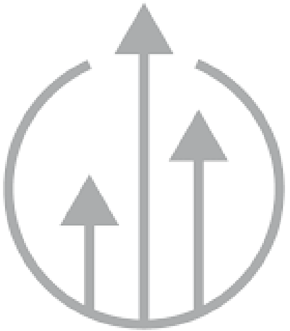
Shane Tackett, EVP Planning & Strategy

We’ve faced multiple headwinds since the merger closed

85% increase over the past 12 quarters

Rising Fuel Prices

Elevated competitive capacity growth



Competitive Intensity

44 New Markets in 2017

CA Network Investments

Market-rate JCBAs signed with 93% of unionized workforce

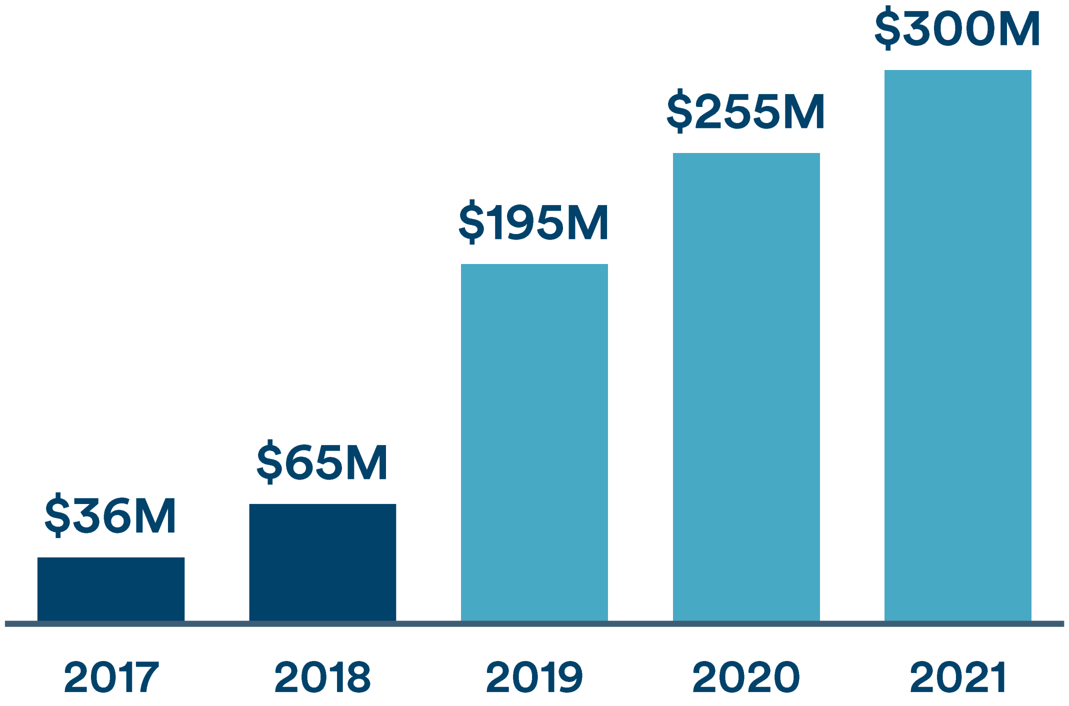
New Labor Agreements

~10 margin points | ~2 margin points | ~2 margin points | ~3 margin points

Synergy capture is on track, but we need to do more to reach our pre-tax margin target

Merger synergy expectations have not changed since our last Investor Day

Annual synergies (revenue & cost) expected from Virgin America integration



In light of recent headwinds, we need to do more than capture synergies to reach an adequate margin

2018 Consensus Pre-Tax Margin = ~8.5%

+

Remaining Merger Synergies — **~2.5 points**

Gap to Margin Target — **2-4 points**

The initiatives on our Roadmap put us on the path to achieving our target

- **Margin Drivers**
  - **Commercial Opportunities**
    - **Merger Synergies**
      - Loyalty Growth
      - Cross-Fleeting
      - Airbus Modifications
      - Global Partner Growth
    - **Revenue Initiatives**
      - Saver Fare
      - Bag Fees & Other Ancillaries
      - Corporate Sales
  - **Cost Management**
    - **Operational Efficiencies**
      - Productivity
      - Schedule Optimization
      - Guest Self-Service
    - **Support Function Efficiencies**
      - Constraining Overhead
      - Vendor Management
      - Selling & Distribution

Investments In Our Culture & Values

Commercial opportunities are well underway, and are a significant contributor to our plan

Margin Drivers

- **Commercial Opportunities**
  - **Merger Synergies**
    - Loyalty Growth
    - Cross-Fleeting
    - Airbus Modifications
    - Global Partner Growth

    $235M Revenue
  - **Revenue Initiatives**
    - Saver Fare
    - Bag Fees & Other Ancillaries
    - Corporate Sales

    $240M+ Revenue
- **Cost Management**
  - **Operational Efficiencies**
    - Productivity
    - Schedule Optimization
    - Guest Self-Service
  - **Support Function Efficiencies**
    - Constraining Overhead
    - Vendor Management
    - Selling & Distribution

Investments In Our Culture & Values

~80% of merger synergy value has yet to be realized

Cross-Fleeting

Loyalty Growth

Airbus Retrofits

Alaska
GLOBAL PARTNERS

Global Partners

Revenue initiatives will produce more upsell and ancillary revenue without changing our generous brand position

	2016	Going Forward	...vs. Industry
Cabin Segments	2	**4**	*Parity*
First Class Fare (Avg.)	$416	**~$400**	*Lower*
Main Cabin Fare (Avg.)	$144	**~$150**	*Lower*
First / Second Bag Fee	$25 / $25	**$30 / $40**	*Parity*
Change Fee Revenue Per Passenger	$2.59	**~$2.90**	*Lower*
Mileage Accrual	Mileage-Based	**Mileage-Based**	*More Generous*

Disciplined cost management remains central to our strategy, as it has been historically

Margin Drivers

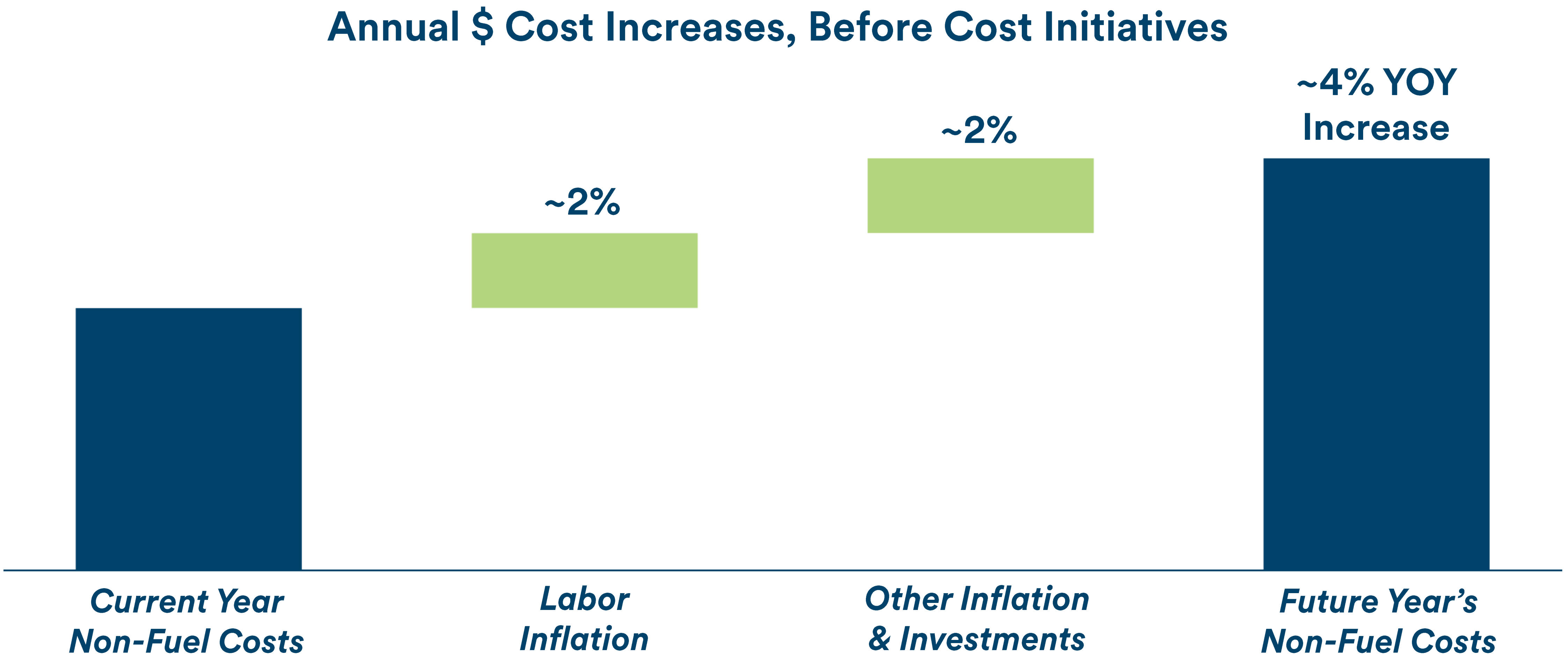
- **Commercial Opportunities**
  - **Merger Synergies**
    - Loyalty Growth
    - Cross-Fleeting
    - Airbus Modifications
    - Global Partner Growth
  - **Revenue Initiatives**
    - Saver Fare
    - Bag Fees & Other Ancillaries
    - Corporate Sales
- **Cost Management**
  - **Operational Efficiencies**
    - Productivity
    - Schedule Optimization
    - Guest Self-Service

    $75M+ Savings
  - **Support Function Efficiencies**
    - Constraining Overhead
    - Vendor Management
    - Selling & Distribution

    $85M+ Savings

Investments In Our Culture & Values

Without cost initiatives, we need to grow ASMs 4%-5% to achieve flat CASMx



Our robust planning process has identified savings opportunities to offset cost pressures

Targets & Stretch Goals For All Divisions	Zero-Based Budgets	Execution Plans Accompany Budgets	Regular Execution Review Forums
Aggressive Targets help surface trade-offs and push our thinking	Focus on "Should Costs," not prior year spend	Divisions provide clear path to Targets and detailed Execution Plans	Frequent Execution Reviews Enhanced Forecasting & Reporting

We are doubling down on all of our cost management disciplines

We see multiple opportunities to mitigate non-fuel cost increases going forward

Labor & Asset Productivity

Constraining Overhead

Vendor Management

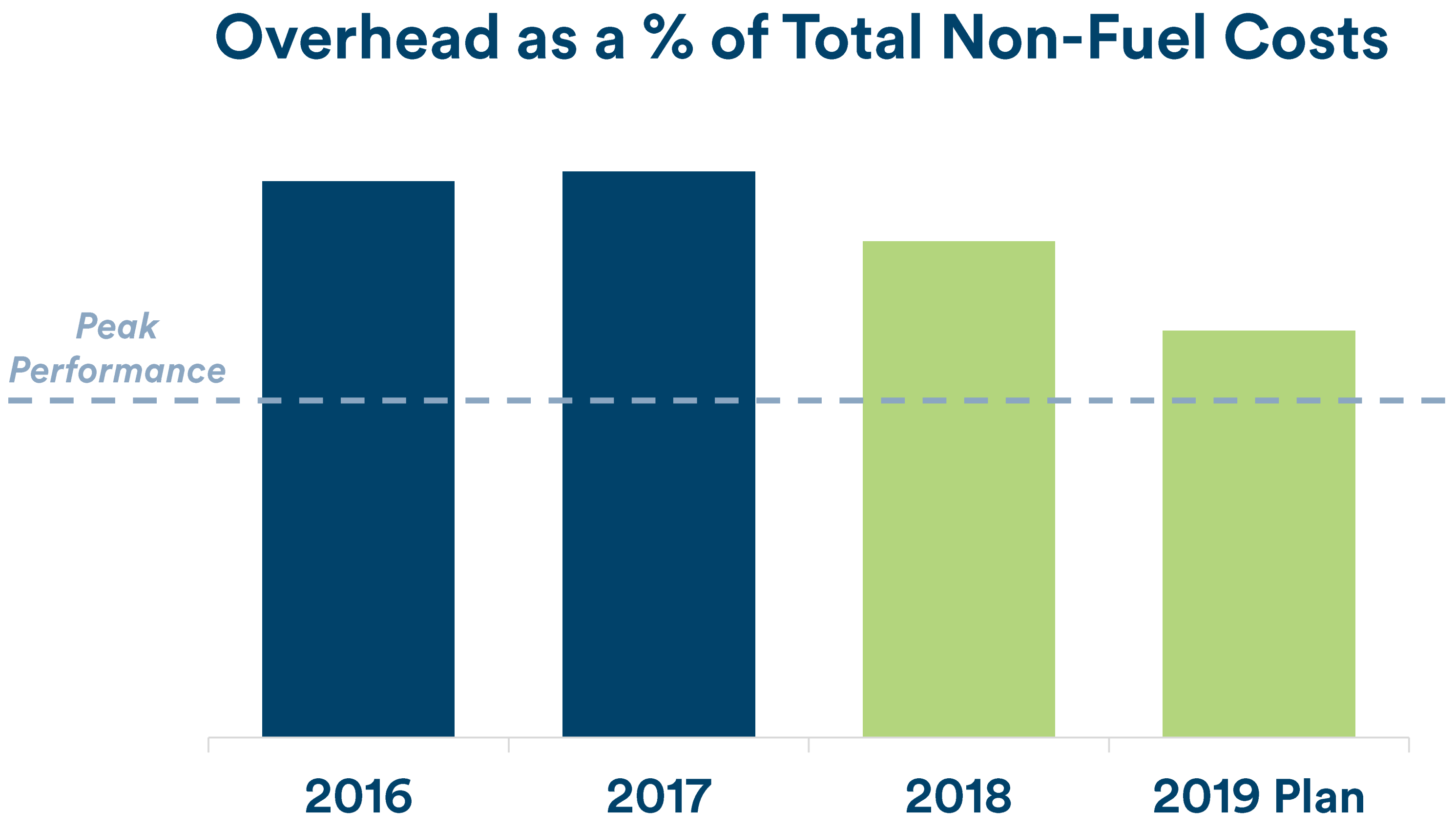
Selling & Distribution

We will close productivity gaps in our operation

	By Year	
	2019	Future
1. Labor Productivity - Mainline Flight Attendants	↑	→
- Mainline Pilots	↓	↑
- Regional Crews & Fleet	↑	→
2. Airport Ops Optimization	↑	↑
3. Schedule Optimization	→	↑
4. Guest Self-Service	↑	↑

$75M+
Opportunity

We will continue to constrain overhead cost growth



- Zero-based Budgeting
- Prudent deployment of technology / automation
- Insource vs. Outsource

$55M+ Opportunity

Vendor Management presents a sizeable opportunity

Benchmarking Vendor Rates

Renegotiating Opportunity Contracts

Consolidating Spend

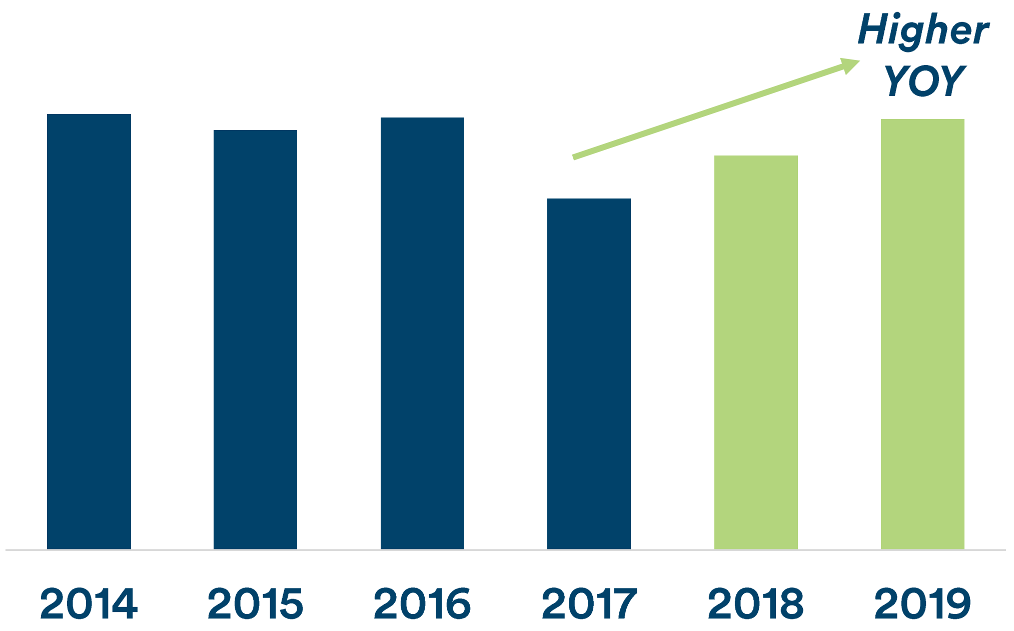
- We benchmarked our contracts to identify rate reduction opportunities
- We will leverage our larger size to renegotiate existing contract rates lower
- We will negotiate larger deals with fewer vendors

$20M+ Opportunity

Selling and distribution will continue to be a tailwind

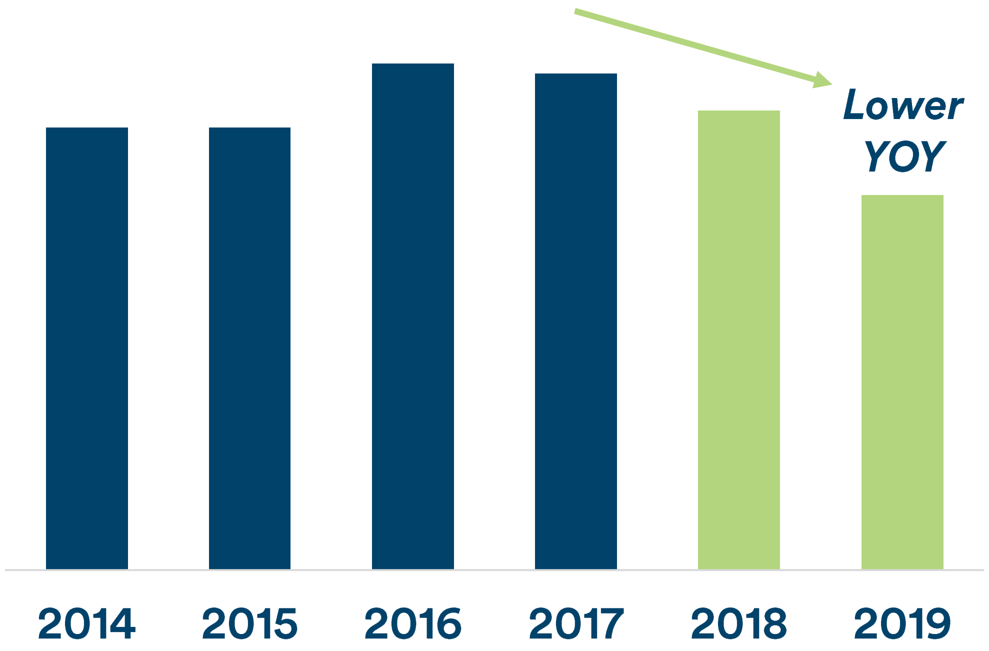
Affinity Card sales mix is rebounding to pre-merger levels as we rapidly grow our loyalty program…

% of sales on Alaska Affinity Card



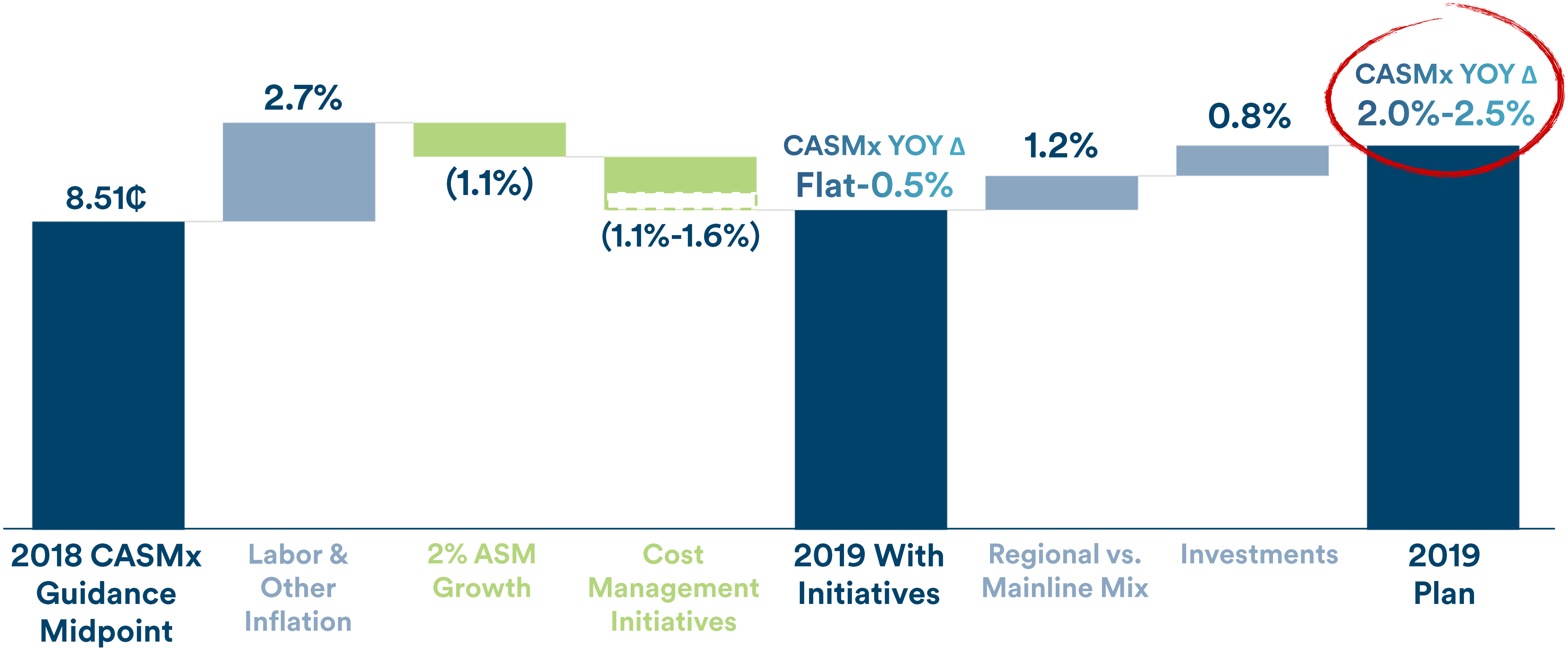
…which, in turn, is having a favorable impact on our credit card commission expenses

Blended Credit Card Commission Rate



$10M-$25M Opportunity

2019 Cost Outlook



In 2019, identified savings will be partially offset by continued investments in our culture and product

~$20 million

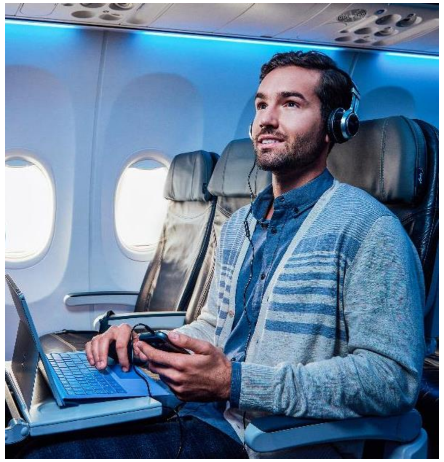
Higher Variable Pay

~$15 million

Flight Path

Culture Investments

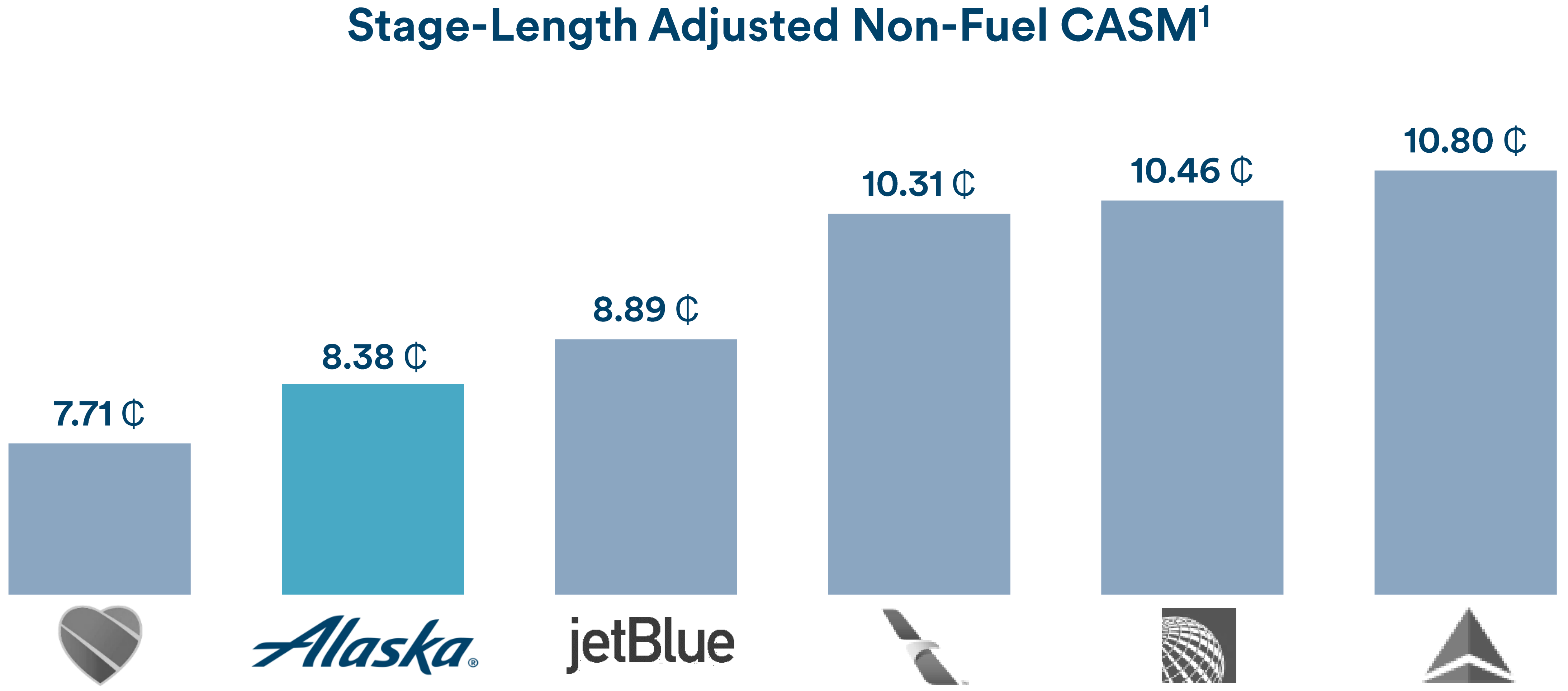
~$10 million



Satellite WiFi

$45M Investment in 2019

We are committed to protecting our unit cost advantage as we slow capacity growth



1. Trailing 12-Months Ended 6/30/18

Building For Brand Strength & Revenue Growth

Andrew Harrison, CCO

We are positioned to unlock significant revenue growth in the years ahead

Network Relevance

Airport Infrastructure

Value Proposition

Revenue Growth

Network Relevance

#MostWestCoast

After two years of significant investment, we have built a leading network position on the West Coast…

	Pre-Merger	Today	Rank
Nonstop Markets	233	285	#1
Daily Flights	756	931*	#1
Seat Share	20%	24%	#1
Utility	33%	48%	#1

* from WC origins only; we have ~1,300 daily flights network-wide

Source: DOT/Published Schedules West Coast to North America for 2018 vs. 2016

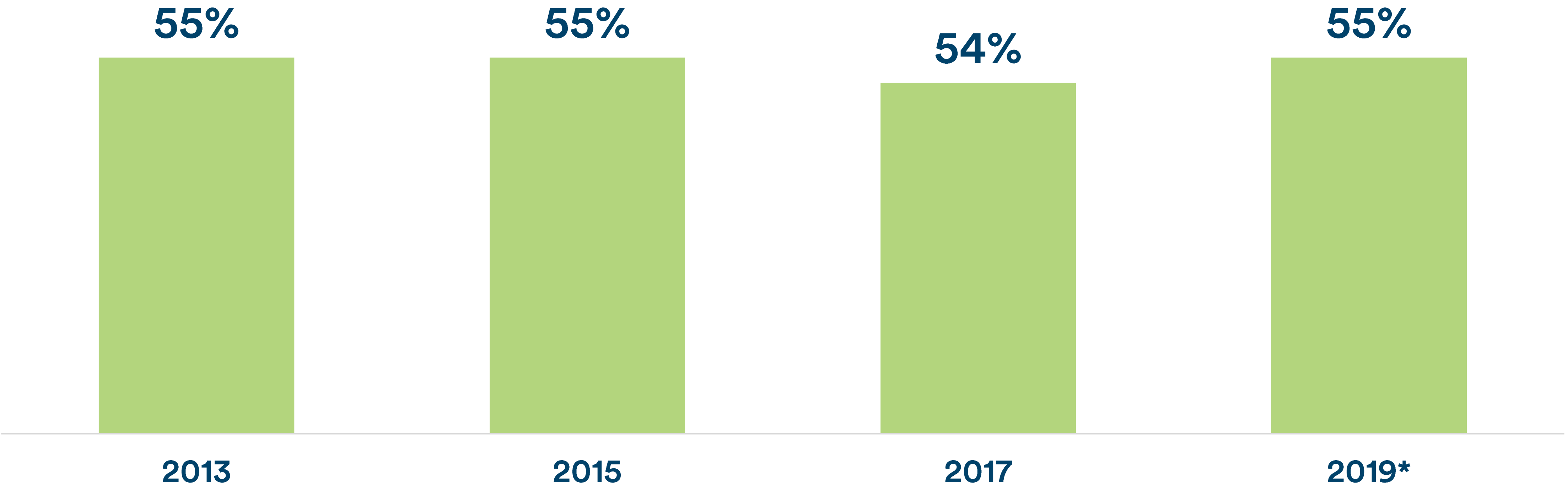
...and a strong foundation in California

California Pre-Merger vs. Today	
Nonstop Markets	+53%
Daily Flights	+93%
Seat Share	+71%
Utility	+111%

Source: DOT/Published Schedules California to North America for 2018 vs. 2016

We have not taken our eye off of our primary Seattle hub…

Seattle-to-North America Seat Share



Daily Departures	*236*	*257*	*291*	*304*

*2019 based on currently published schedules

...where utility and loyalty will strengthen with service from Paine Field beginning in 1Q 2019

2019 Destinations	Frequencies / Day
1. Portland	4x
2. Los Angeles	4x
3. San Francisco	2x
4. San Jose	2x
5. Las Vegas	2x
6. San Diego	2x
7. Phoenix	1x
8. Orange County	1x
TOTAL	**18x**

We have built a strong regional network using 95 aircraft...

that feeds our expansive mainline network...

that connects to our Global Partner gateways...

...and beyond to allow our guests to travel to 900+ destinations globally.

Alaska Global Partners represent a diverse portfolio of international flagship carriers...

ALASKA GLOBAL PARTNERS

ICELANDAIR

Emirates

FIJI AIRWAYS

SINGAPORE AIRLINES

海南航空
HAINAN AIRLINES

Aer Lingus

JAPAN AIRLINES

FINNAIR

BRITISH AIRWAYS

KOREAN AIR

Condor

QANTAS

LATAM AIRLINES

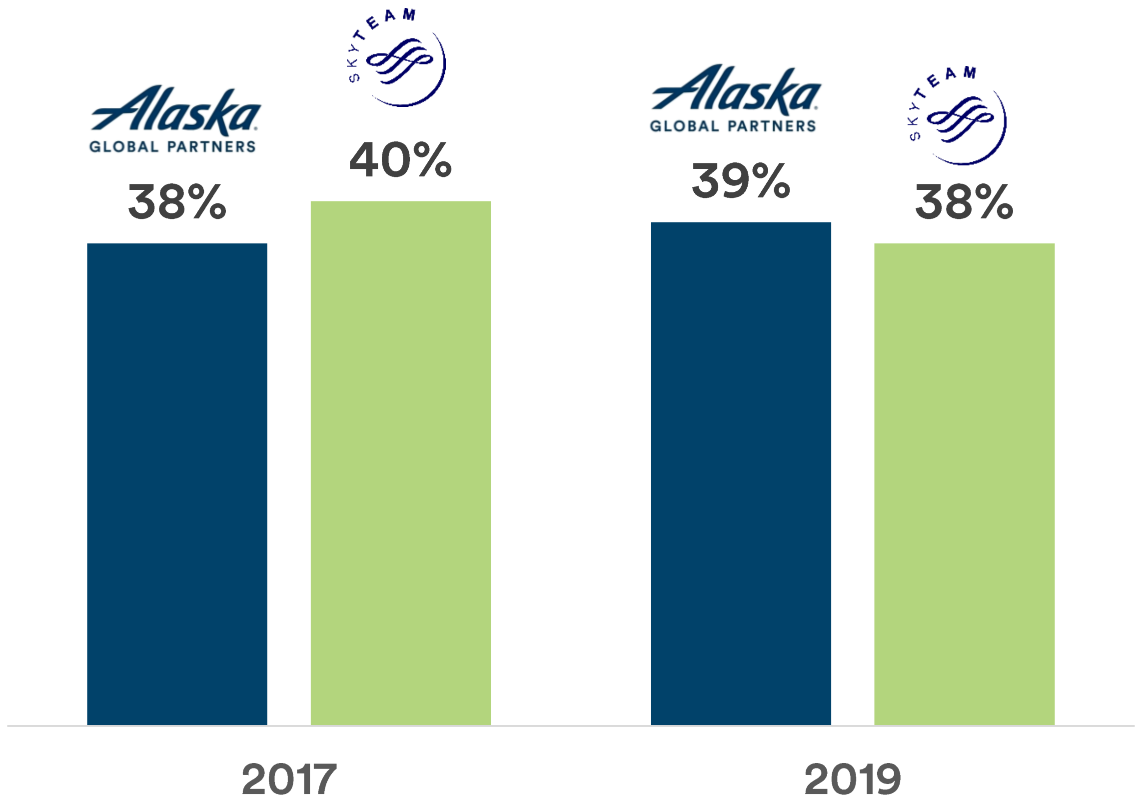
American Airlines

CATHAY PACIFIC

…enabling us to provide robust global utility and connectivity for our guests

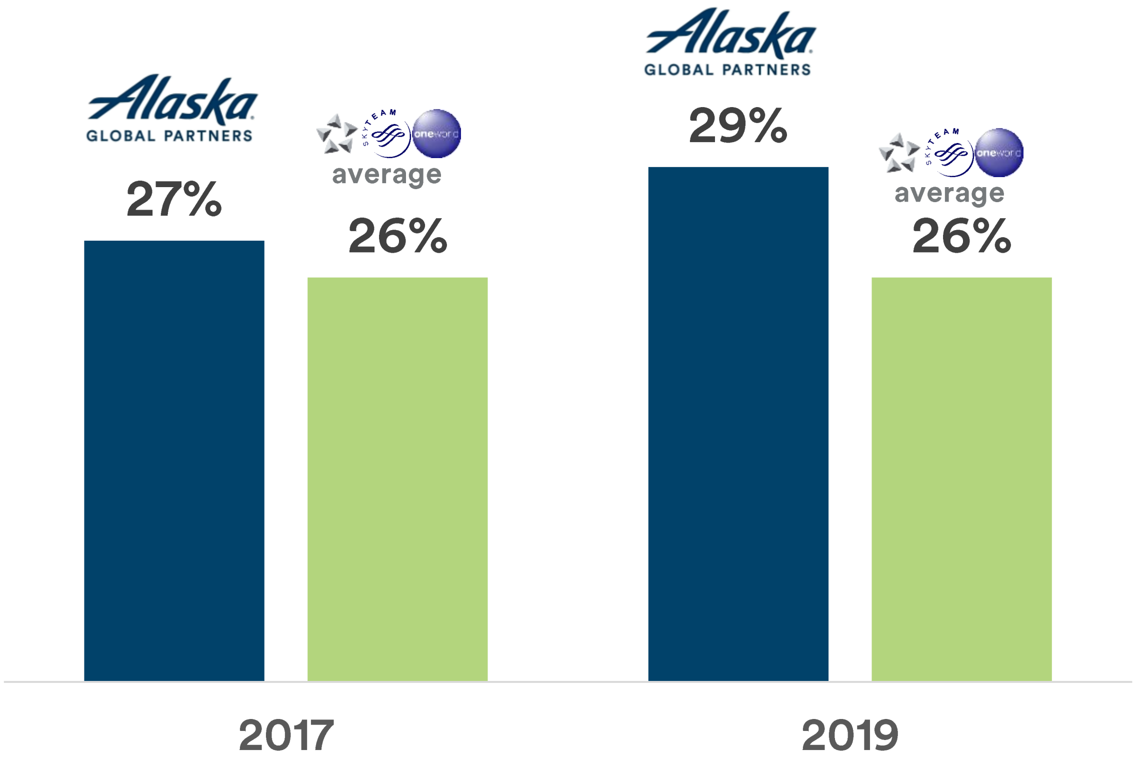
Seattle to non-North America Seat Share

YE September each time period



West Coast to non-North America Seat Share

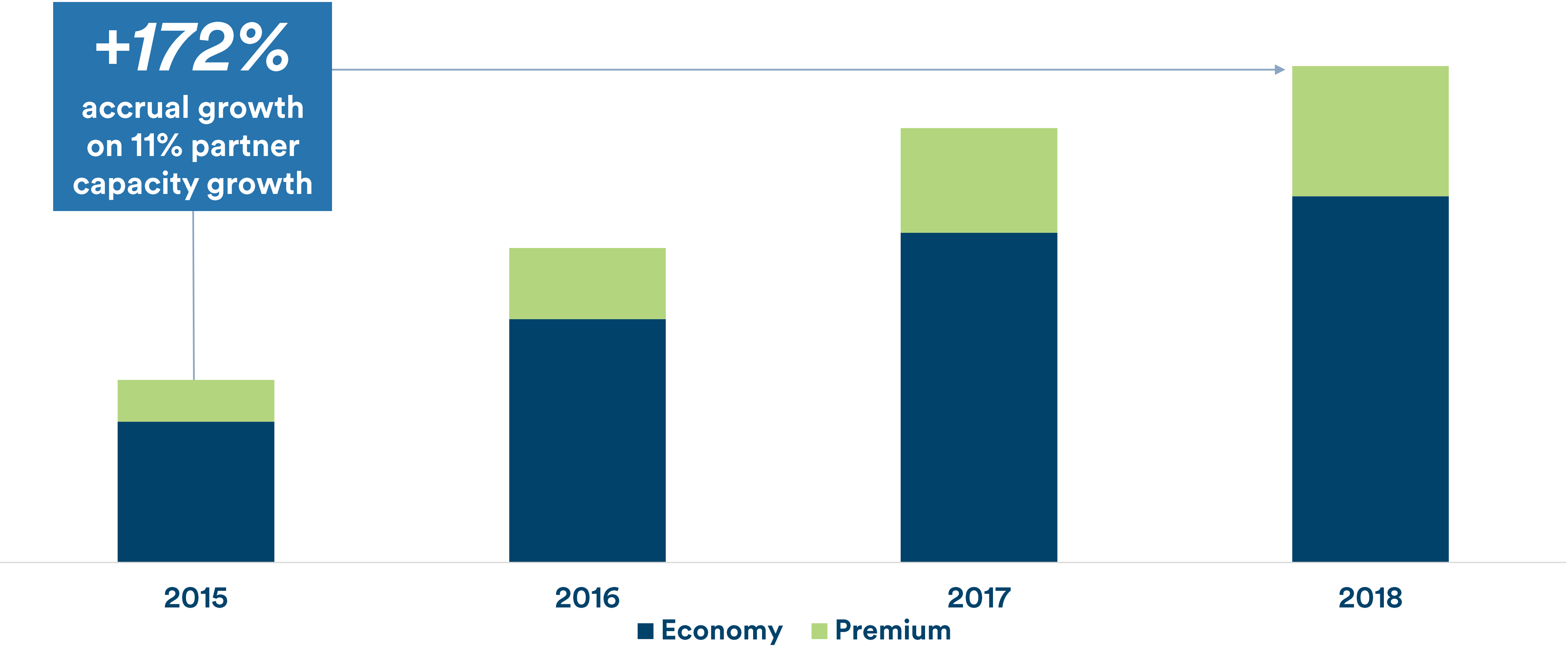
YE September each time period



Destinations: 8 9 11 8 32 29 30 30

*Source: OAG filed schedules. Destination counts only include destinations with more than 10 operations per time period.

Mileage Plan member accruals on Global Partners have nearly tripled over the past three years



*Accrual data is YE September for each stated year. Capacity growth is for current International Global Partners from the US West Coast to all non-North American destinations.

Airport Infrastructure

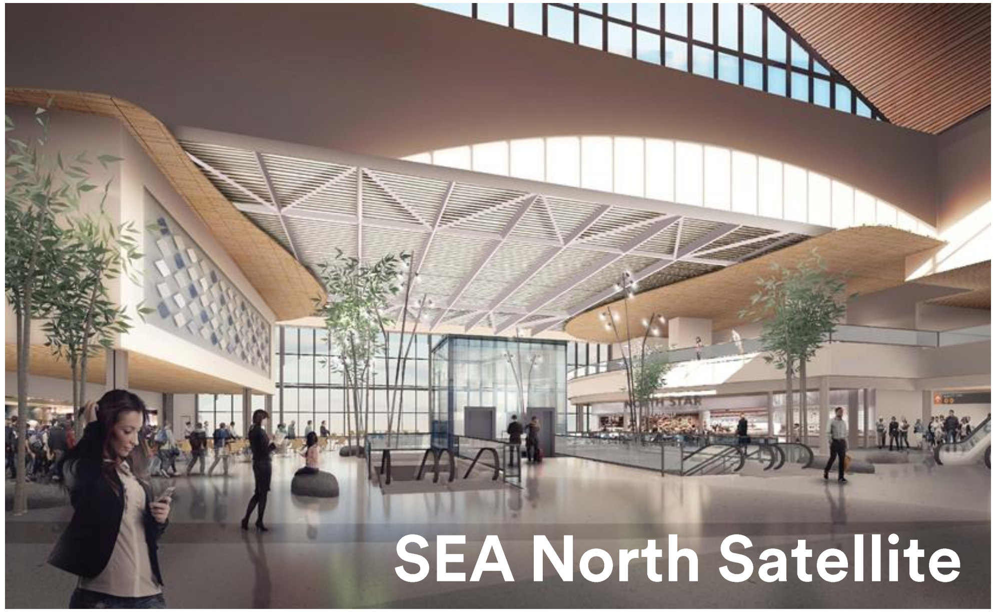
PNW Airports

SEA

- Grow with 33 preferential gates
- 20 gates consolidated at the new North Satellite concourse by summer 2021
- New 15,000 sq ft flagship lounge in 2Q19

PDX

- New gates coming in North Terminal
- Room to expand across South Terminal
- $100M redevelopment of Concourse A&B will provide consolidated & efficient infrastructure



California Airports

LAX

- Competitive position with 10 gates in T6
- Working with LAWA on a $200M program to grow capacity, expand our lounge and improve security throughput for guests.

SFO

- 10 preferential gates in Terminal 2, with additional T2 gates expected in 2020
- In discussions to construct a new lounge on mezzanine level

Value Proposition

Low Fares

High Value

We own a unique position in the industry by offering both Low Fares and High Value

ULCC

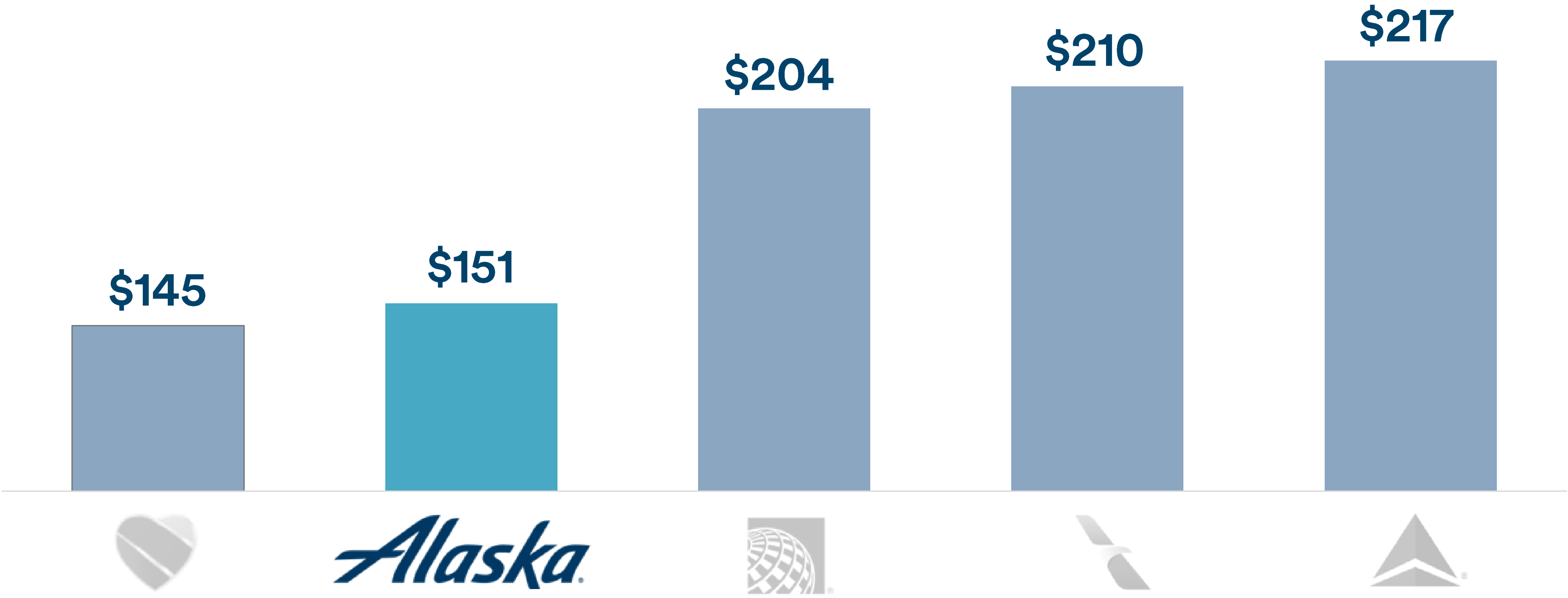
Fares

Legacy

Alaska's Value Proposition:

- Low Fares +
- High Value:
  - ✓ Award-Winning Service
  - ✓ Generous Rewards
  - ✓ Premium Product

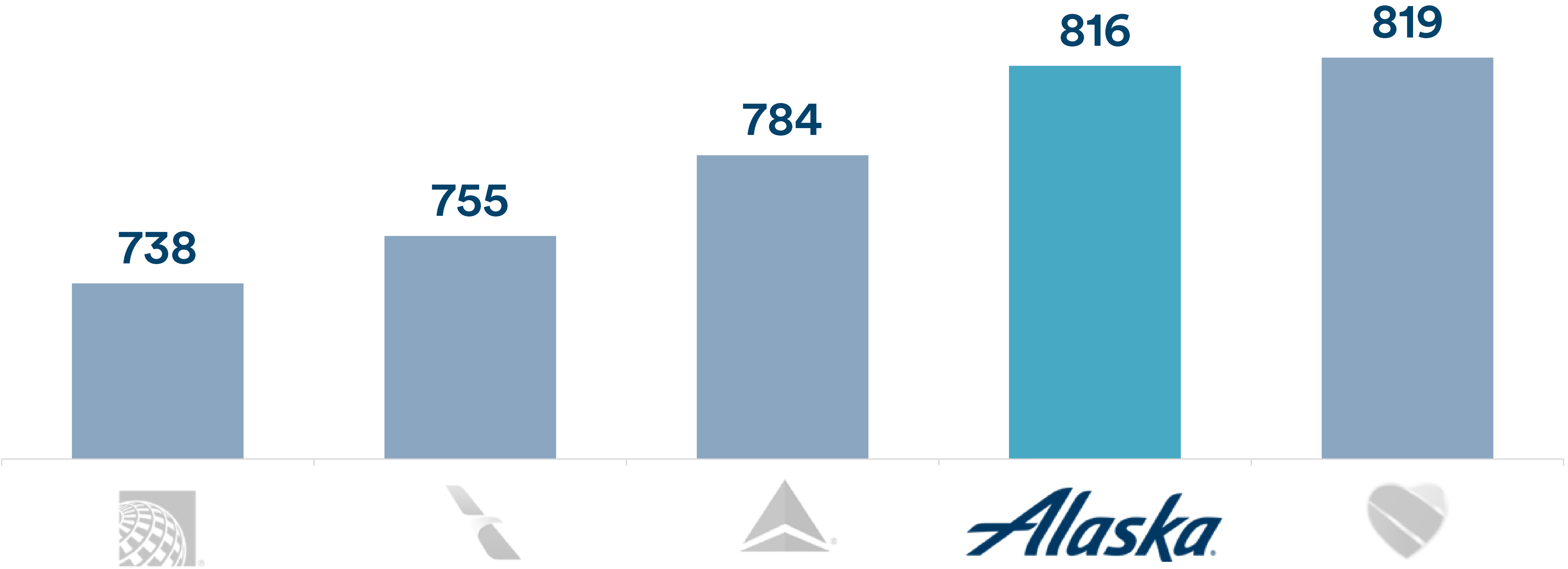
We offer low fares…



Source: US Department of Transportation YE1Q18 Stage length adjusted average O&D Fare

...and high value, leading to high customer satisfaction

JD Power Customer Satisfaction Ratings[1]



1. 2019 Mid-Year Results

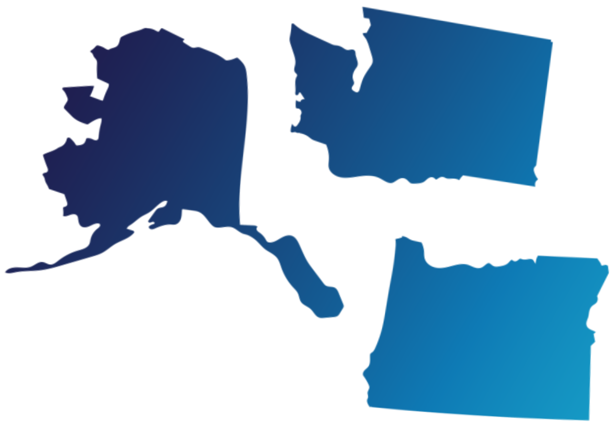
Our award-winning loyalty program is the most generous in the industry

Mileage Plan™	
Miles for Miles	LAX-JFK = 2,475 miles (~1,300 miles with competitors)
Low redemption prices	Starting at 5K
Fastest path to elite	20K = MVP
Global Partner access	Earn and Redeem to over 900 destinations
Complimentary Upgrades	42% First Class Upgrade Rate*

*excludes Airbus fleet until retrofits are completed

Credit Card	Alaska Airlines	Delta / American Airlines / United
Annual Fee	$75	$99
Companion Certificate	$99	×
Miles on Airline Spend	3X	2X
Free Checked Bags	Up to 7	Up to 6

Since the merger, we've achieved strong loyalty growth with revenues increasing ~$280M to ~$1B annually



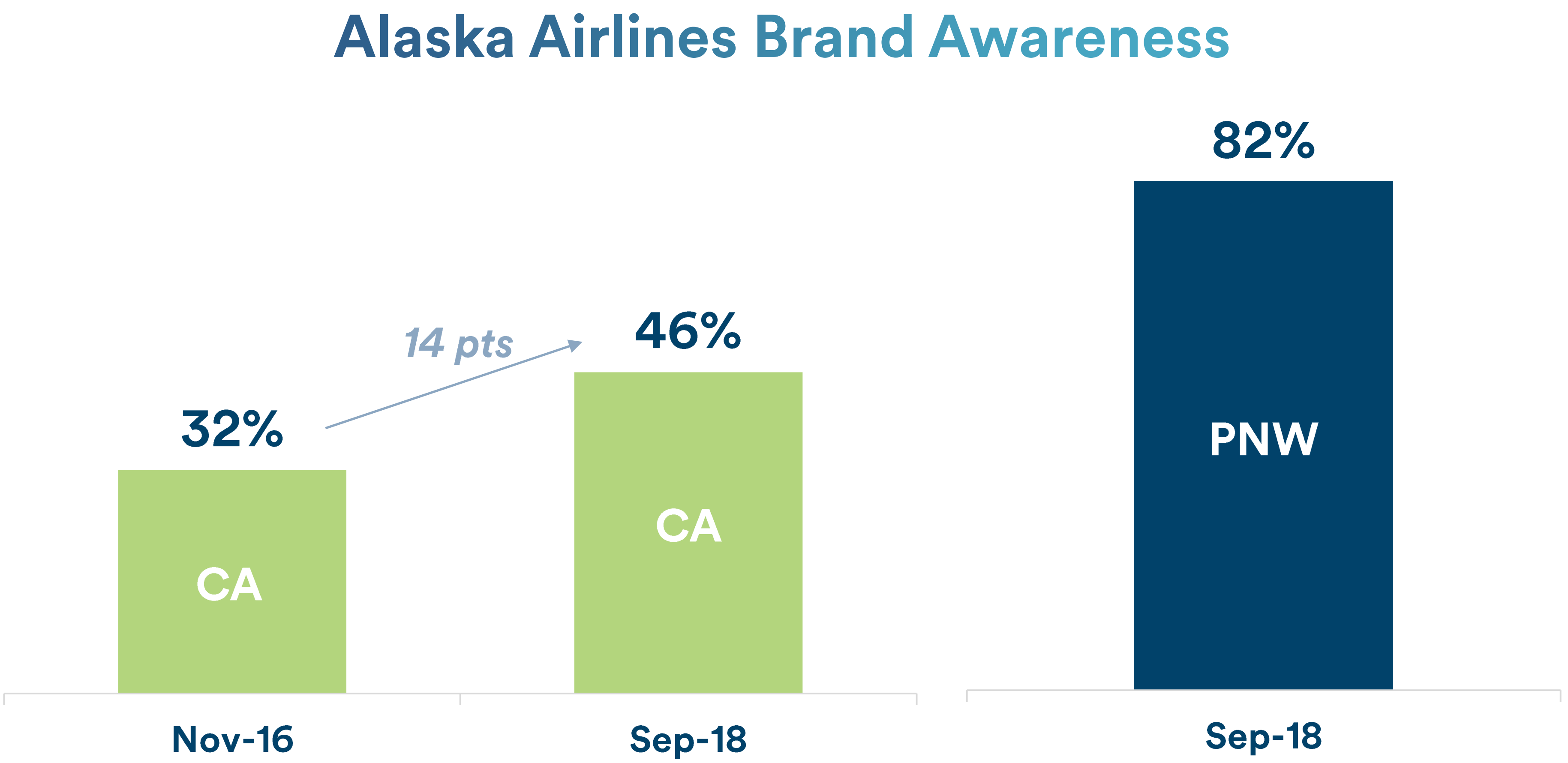
Alaska® Mileage Plan

+38% +19% +51%

+17% +10% +34%

Jan 2017 through October 2018

We've made great progress on brand awareness, especially in California where guests are still getting to know us



Source: Qualtrics / TNS Brand Tracker (2018). Hall & Partners Brand Tracker (2016, 2017). PNW defined as Seattle + Portland.

Premium Product

Revenue Growth

Over the next few years, we are poised to capture $235M in additional revenue synergies

Cross-Fleeting

Loyalty Growth

Airbus Retrofits

Global Partners

~80% of merger synergy value has yet to be realized

Cross-Fleeting synergies will benefit 2019, while Airbus Retrofit benefits reach run-rate in 2020

Cross-Fleeting

Example: JFK-LAX from A320 to 737-900ER

Incremental Seats	32
Incremental Revenue	~$3,600
Airbus Redeployment Offset	~($1,100)
Net revenue per flight	**~$2,500**

~6.5 margin points per flight

Airbus Retrofits

Example: LAX-SEA A320 146 seats to 150

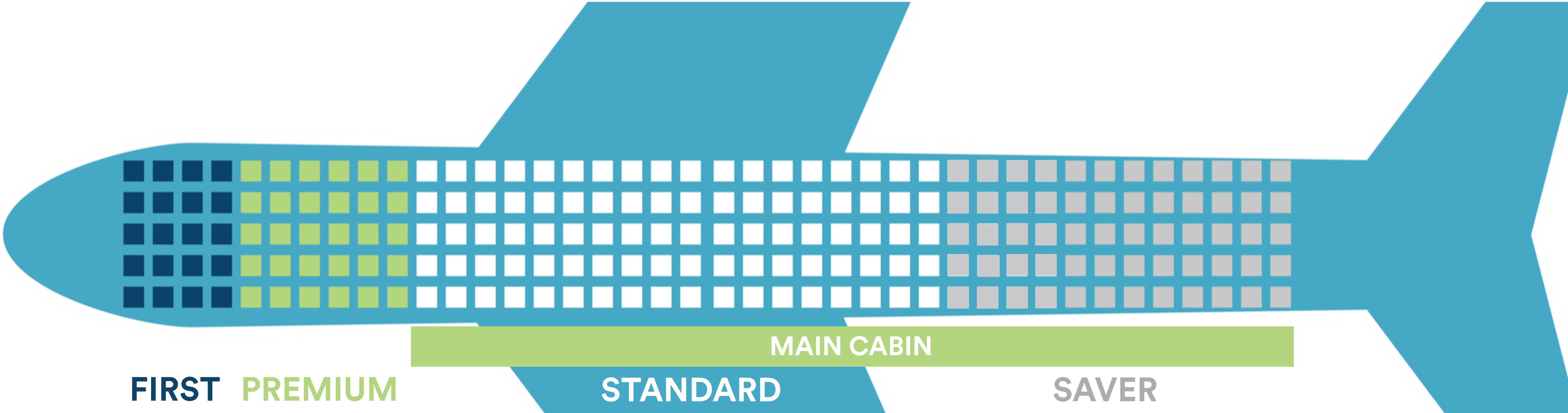
Incremental Seats	4
Incremental Revenue from new seats	~$300
Incremental Revenue from improved FC/PC mix	~$250
Net revenue per flight	**~$550**

~4 margin points per flight

We also expect an additional $240M+ from initiatives

$100 million	$50 million	$50 million	$40 million+
Saver Fare	Increased Bag Fees	Other Ancillary Initiatives	Corporate Sales

We're adding new cabin segmentation with the launch of our Saver Fare product



$100M Revenue Opportunity

- Competitive pricing tool to drive load factors while limiting yield dilution
- $20-40 buy up opportunity per ticket
- System-wide launch by end of 2018

We will reduce our gap to industry on ancillary revenues

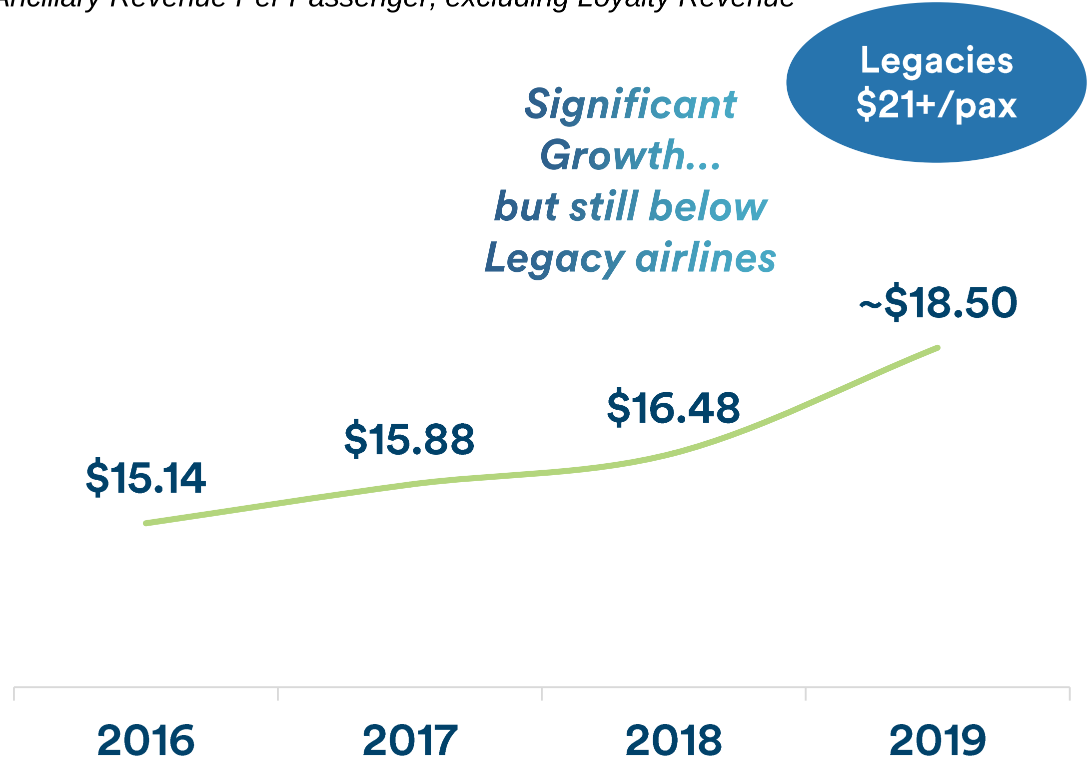
Going forward, we will accelerate our ancillary revenue growth …

- Demand-Based Premium Class Fares
- Upgraded Food & Beverage Platform
- Exit Row Sales
- Higher Bag Fees
- Tighter Change Fee Policy

Higher Ancillary Revenues

…while also protecting our generosity-based positioning vis-à-vis competitors

Ancillary Revenue Per Passenger, excluding Loyalty Revenue

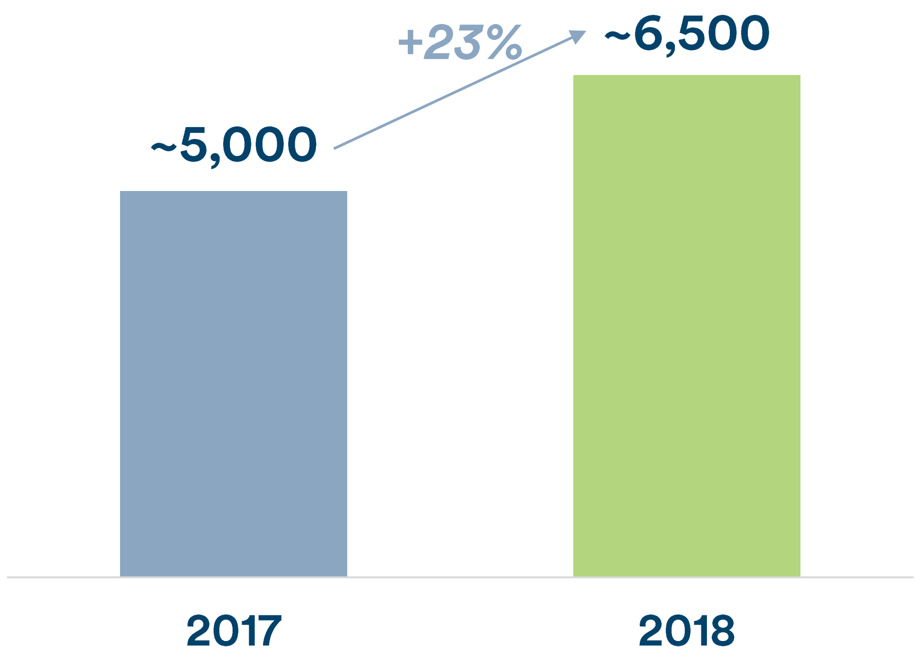


$100M Revenue Opportunity

We will grow corporate traffic given our larger network and higher relevance in California business travel markets

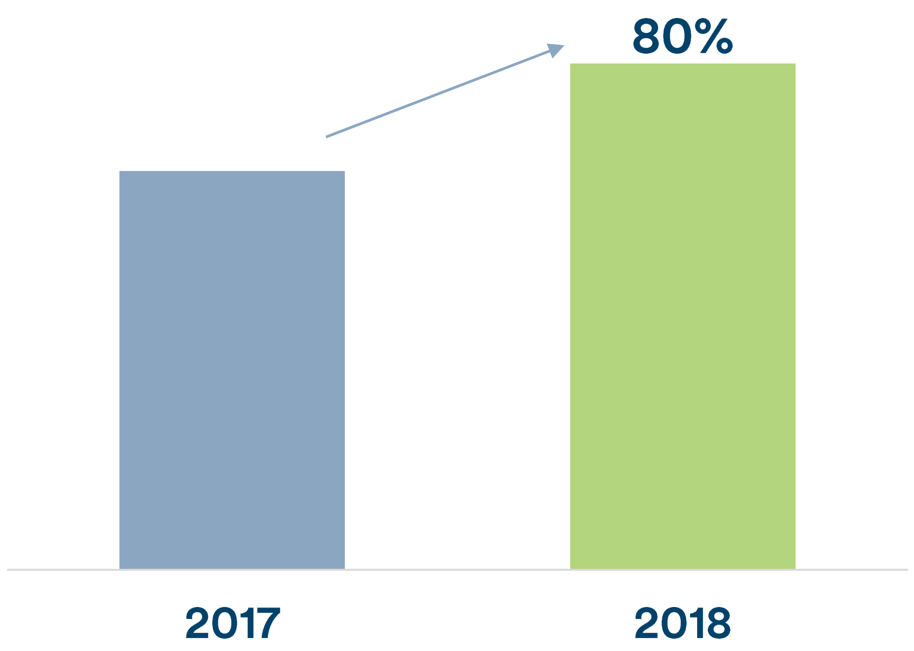
In 2018, we added ~1,500 new corporate customers…

ALK Corporate Customers



…and we initiated contracts with more Travel Management Companies

% of TMC revenue under contract



$40M+ Revenue Opportunity as corporate demand continues to build

We have substantial revenue momentum heading into 2019

Network Relevance

Airport Infrastructure

Value Proposition

→ Revenue Growth

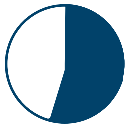
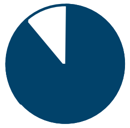
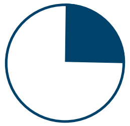
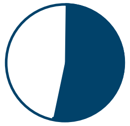
...and we are raising our 4Q 2018 RASM Guidance to +3%-5%

Financial Outlook

Brandon Pedersen, CFO

Roadmap For Improving Margins

- Margin Drivers
  - Commercial Opportunities
    - Merger Synergies
    - Revenue Initiatives
  - Cost Containment
    - Operational Efficiencies
    - Support Function Efficiencies

	Multi-Year Opportunity	Targeted for 2019
Merger Synergies	$235M	
Revenue Initiatives	$240M+	
Operational Efficiencies	$75M+	
Support Function Efficiencies	$85M+	

We expect favorable results on key metrics in 2019-2020

2%-4%
Annual Capacity Growth

Improving
RASM-CASMx Spread

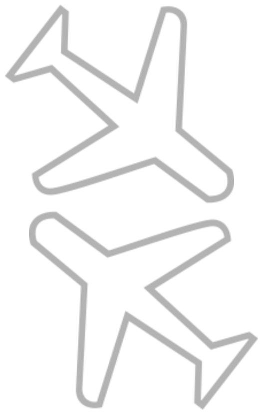
Stable
ASMs / Gallon of Fuel Consumed

~$750M
Annual Capex Investment

$500M+
Annual Free Cash Flow

We have a favorable setup for 2019 Revenue Growth…

$130 million



Merger Synergies

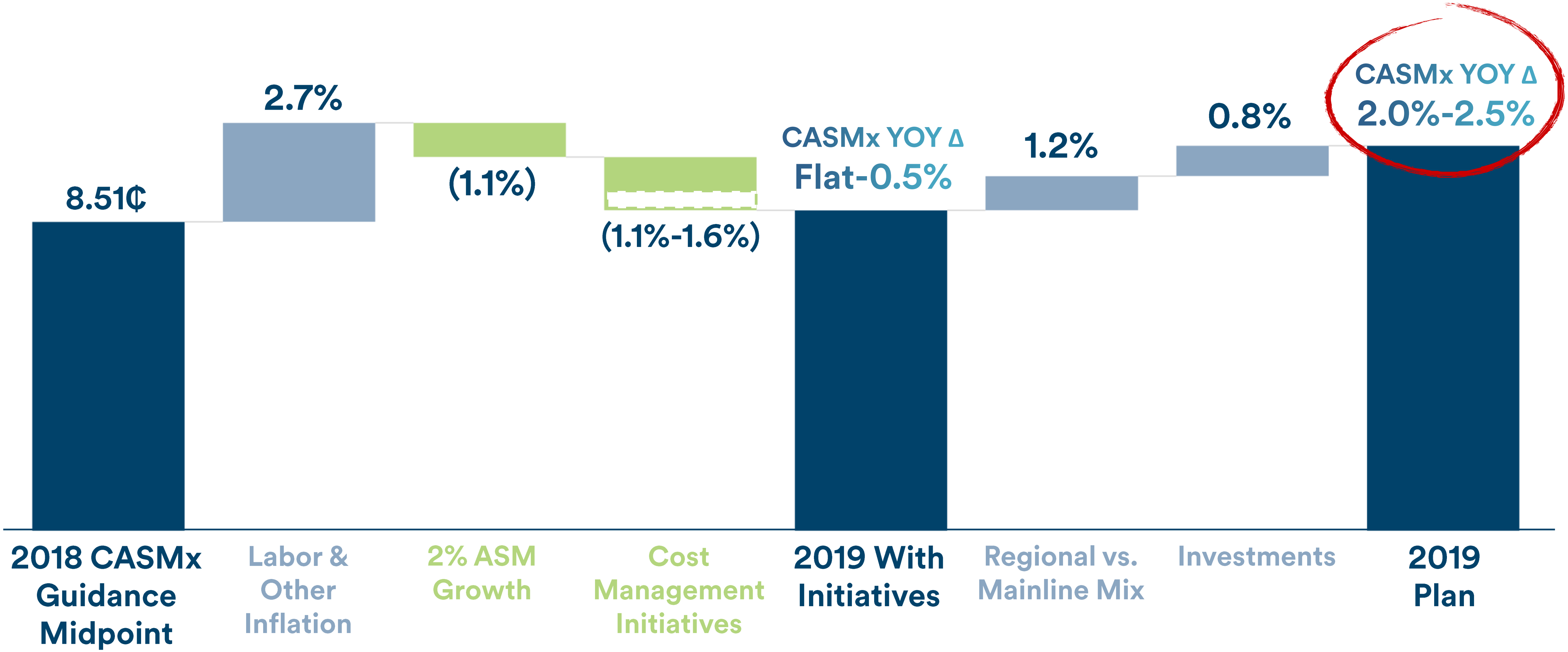
$200 million

Revenue Initiatives

Slower Growth

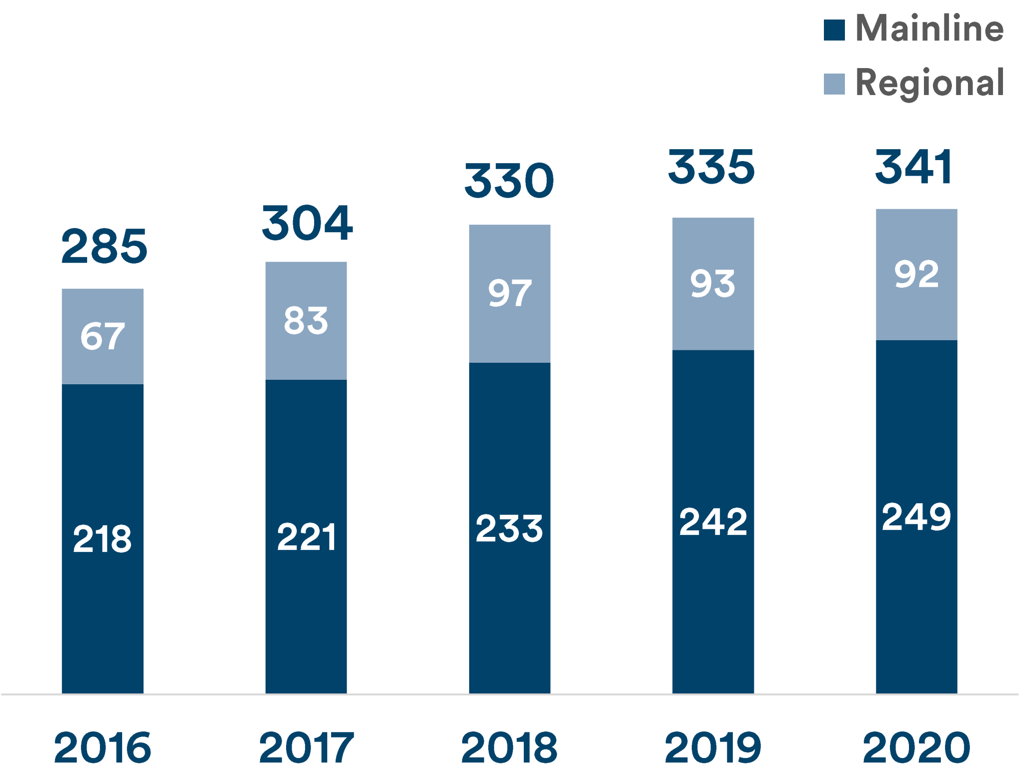
Few New Markets

…and we will tightly manage costs next year on ~2% capacity growth

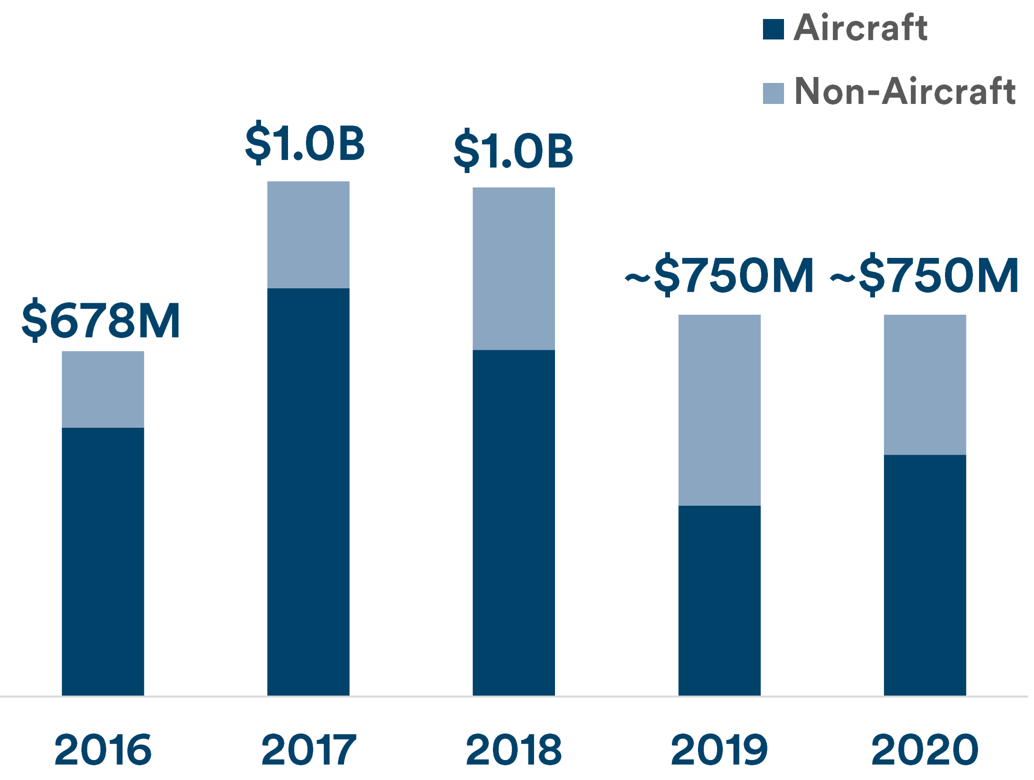


Our fleet growth is slowing in line with our lower capex, which will decline to $750M in 2019 and 2020

Fleet History & Plan

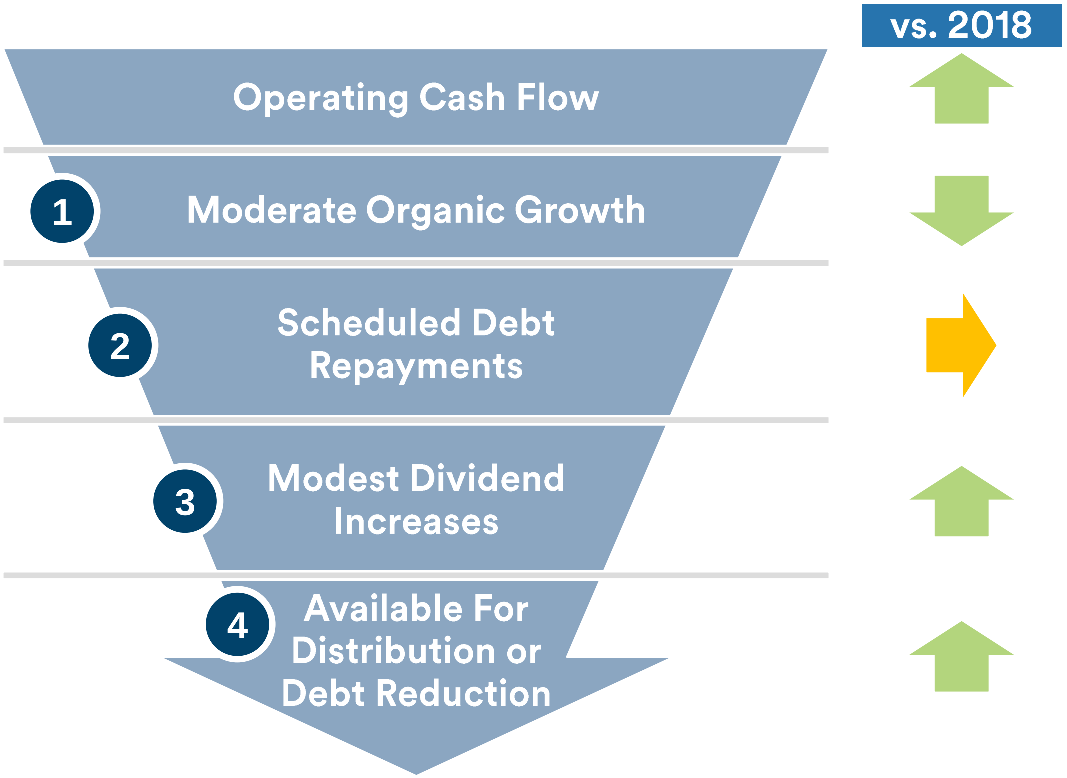


Capex History & Plan



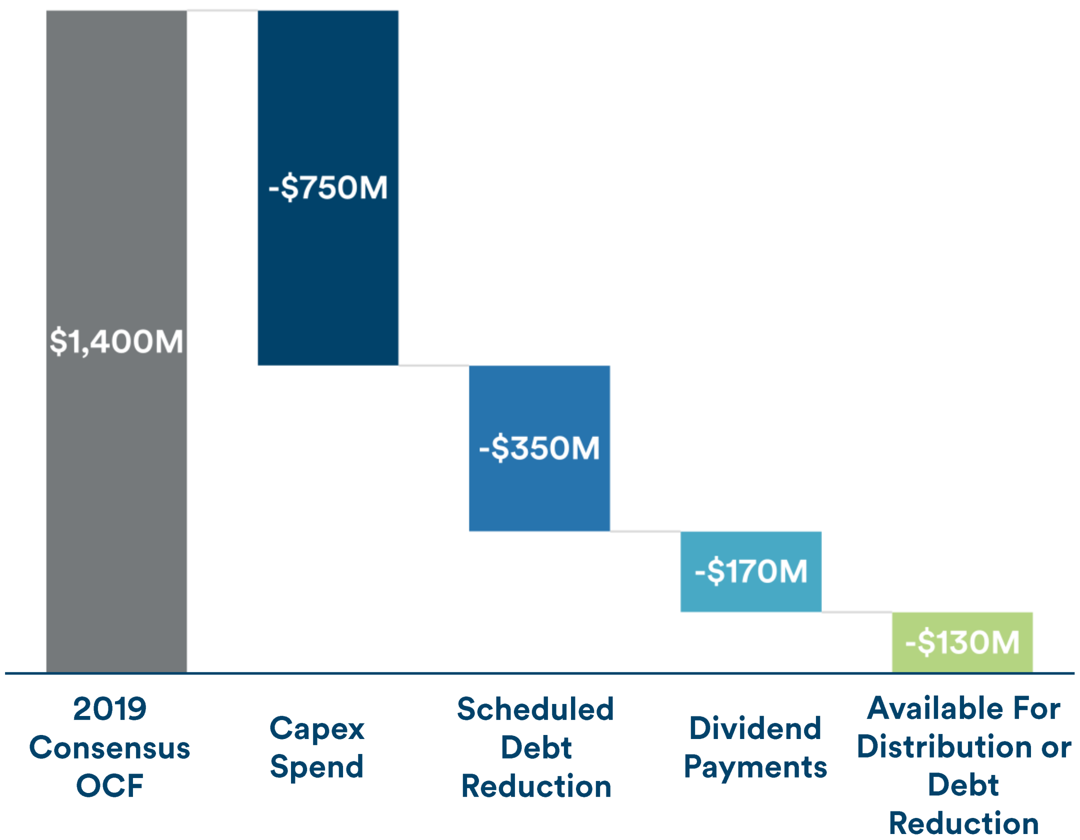
Our capital allocation will remain balanced, with continued focus on debt repayment in 2019

2019-2020 Capital Allocation Priorities



Balanced Allocation Favoring Conservatism

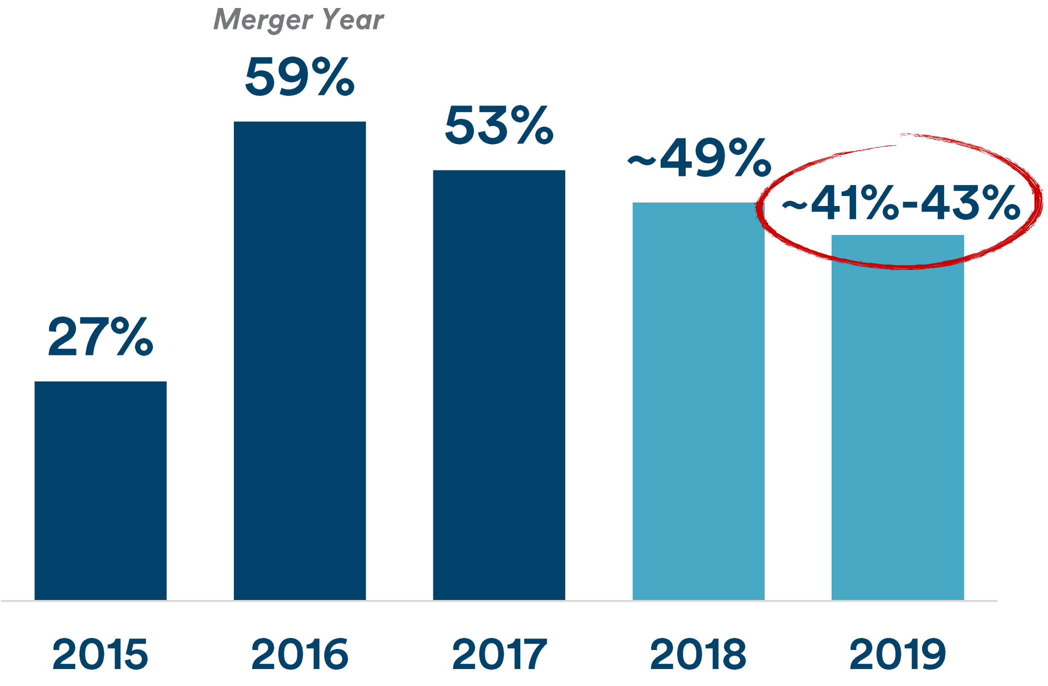
2019 Capital Deployment Plan



We continue to make substantial progress repaying our merger-related debt...

Long-Term Debt-to-Total Capitalization %

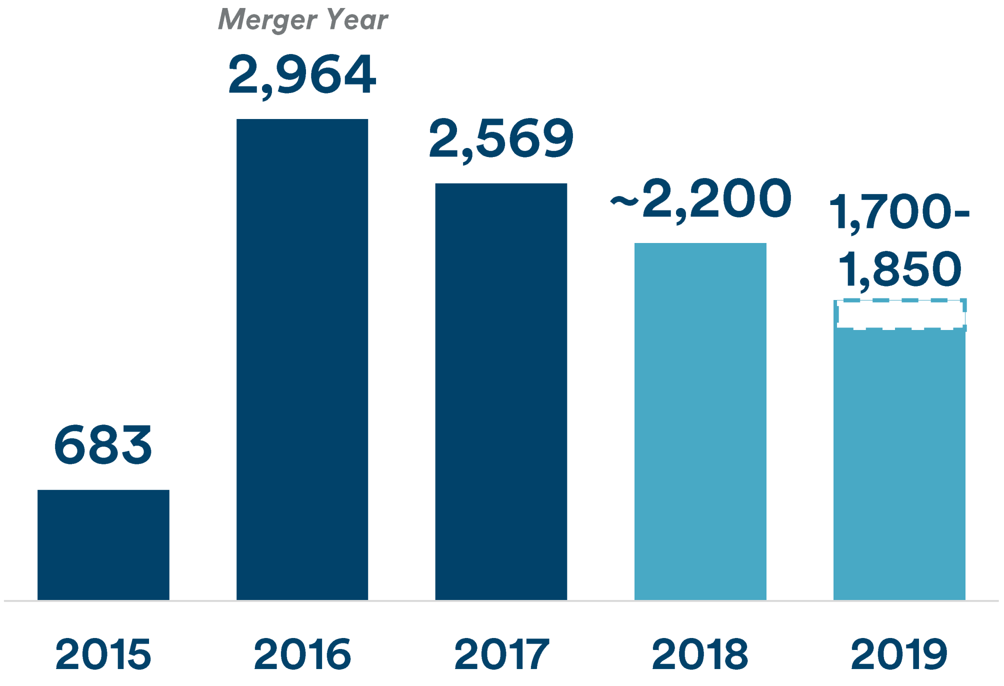
Adjusted for net present value of future operating lease commitments



We expect to achieve our leverage target roughly one year ahead of schedule...

Total On-Balance Sheet Debt

$ millions



...and plan to repay >55% of our merger-related debt by YE 2019

Longer-term, once we achieve our margin target, our focus will return to steady, profitable growth

4%-6%
Annual Capacity Growth

13%-15%
Pre-Tax Margin

Investment Grade
Balance Sheet

Growing
Free Cash Flow & Shareholder Returns

Our Business Model

Profitable growth creates value for all of our stakeholders.