Risk Factors Comparison 2024-02-14 to 2023-02-13 Form: 10-K

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If any of the following occurs, our business, financial condition, and results of operations could be harmed. The trading price of our common stock could also decline. We operate in a continually changing business environment. In this environment, new risks may emerge, and already identified risks may vary significantly in terms of impact and likelihood of occurrence. Management cannot predict such developments, nor can it assess the impact, if any, on our business of such new risk factors or of events described in any forward- looking statements. We have adopted an enterprise- wide risk analysis and oversight program designed to identify the various risks faced by the organization, assign responsibility for managing those risks to individual executives, and align these risks with Board oversight. These enterprise- wide risks align to the risk factors discussed below. SAFETY, COMPLIANCE, AND OPERATIONAL EXCELLENCE Our reputation and financial results could be harmed in the event of an airline accident or incident. An accident or incident involving one of our aircraft or an aircraft operated by one of our ~~codeshare~~ **commercial** partners or CPA carriers could involve loss of life and result in a loss of confidence in our Company by the flying public and / or aviation authorities. We could experience significant claims from injured passengers, bystanders and surviving relatives, as well as costs for the repair or replacement of a damaged aircraft and temporary or permanent loss from service. We maintain liability insurance in amounts and of the type generally consistent with industry practice, as do our ~~codeshare~~ **commercial** partners and CPA carriers. However, the amount of such coverage may not be adequate to fully cover all claims, and we may be forced to bear substantial economic losses from such an event. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our business and financial results. Moreover, any aircraft accident or incident, even if it is fully insured ~~and~~ **or** does not involve one of our aircraft, could cause a public perception that our airlines or the aircraft we or our partners fly are less safe or reliable than other transportation alternatives. This would harm our business. Our operations are often affected by factors beyond our control, including delays, cancellations, and other conditions, which could harm our business, financial condition, and results of operations. As is the case for all airlines, our operations often are affected by delays, cancellations and other conditions caused by factors largely beyond our control. Factors that might impact our operations include: ~~• contagious illness and fear of contagion;~~ • congestion, construction, space constraints at airports, and / or air traffic control problems, all of which many restrict flow; • lack of adequate staffing or other resources within critical third parties; • adverse weather conditions; • lack of operational approval (e. g. new routes, aircraft deliveries, etc.); • **contagious illness and fear of contagion; •** increased security measures or breaches in security; • changes in international treaties concerning air rights; • international or domestic conflicts or terrorist activity **; • random acts of violence on our aircraft or at airports** ; • interference by modernized telecommunications equipment with aircraft navigation technology; • disruption ~~or~~ **,** failure **, or inadequacy** of systems or infrastructure under the control of third parties, including government entities; and • other changes in business conditions. Due to the concentration of our flights in the Pacific Northwest and Alaska, we believe a large portion of our operation is more susceptible to adverse weather conditions than other carriers with networks that cover a larger geographic area. A general reduction in airline passenger traffic as a result of any of the above- mentioned factors could harm our business, financial condition **,** and results of operations. We rely on vendors and third parties for certain critical activities and sourcing, which could expose us to disruptions in our operation or unexpected cost increases. We rely on vendors for a variety of services and functions critical to our business, including airframe and engine maintenance, regional flying, ground handling, fueling, computer reservation system hosting, telecommunication systems, information technology infrastructure and services, and deicing, among others. We also rely on government- controlled systems such as air traffic control technology that could malfunction for reasons out of our control. **Our use of outside vendors increases our exposure to several risks.** Even though we strive to formalize agreements with these vendors that define expected service levels, ~~our use of outside~~ **we may not have the ability to influence change with all** vendors ~~increases our exposure to several risks~~. In the event that one or more vendors go into bankruptcy, ceases operation **,** or fails to perform as promised, for reasons such as supply chain delays, or workforce shortages, replacement services may not be readily available at competitive rates, or at all. If one of our vendors fails to perform adequately, we may experience increased costs, delays, maintenance issues, safety issues **,** or negative public perception of our airline. Vendor bankruptcies, unionization, regulatory compliance issues **,** or significant changes in the competitive marketplace among suppliers could adversely affect vendor services or force us to renegotiate existing agreements on less favorable terms. These events could result in disruptions in our operations or increases in our cost structure. Impacts of climate change, including ~~legal~~ **physical and transition risks** , ~~regulatory, or~~ **as well as** market responses, may have a material adverse result on our operations and financial position. Concerns regarding climate change, including the impacts of a gradual increase in global temperatures leading to more severe weather conditions, continue to rise. Increased frequency or duration of extreme weather conditions could cause significant and prolonged impacts to our operation, disrupt our supply chain, and influence consumer travel decisions. These disruptions may result in increased operating costs and lost revenue should we be unable to operate our published schedules. **Additionally** ~~Many aspects of our operation are subject to increasing regulation driven by environmental change. The federal government has proposed rules that would significantly expand required disclosures discussing the impact of environmental change. These regulations and requirements may be difficult to implement and the cost of compliance~~ , **we have made commitments to reduce** ~~or~~ **our** ~~failure to comply, could adversely impact our operations and financial position. Increased governmental regulation involving aircraft emissions and environmental investigation and remediation costs coupled with public expectations for reductions in~~ greenhouse gas emissions **which** may require us to make significant investments in emerging and yet unproven technologies. Should these technologies not prove ready, not gain approval, or not be sufficiently available for use in our operation, our results of operations may be adversely impacted, and we may be required to direct new investments to different technologies. Public interest in U. S. airlines' response to climate change has continued to grow. Failure to address the concerns of our guests and our shareholders may lead to a reduction in demand for our services **, including both leisure and business travel,** in favor of competitors that customers perceive to be more sustainable. This could adversely impact our financial position, our results of operations, or our stock price . Changes in government regulation imposing additional...... could result in additional fines and fees . The airline industry continues to face potential security concerns and related costs. Terrorist attacks, the fear of such attacks or other hostilities involving the U. S. could have a significant negative effect on the airline industry, including us, and could: • significantly reduce passenger traffic and yields as a result of a dramatic drop in demand for air travel; • significantly increase security and insurance costs; • make war risk or other insurance unavailable or extremely expensive; • increase fuel costs and the volatility of fuel prices; • increase costs from airport shutdowns, flight cancellations **,** and delays resulting from security breaches and perceived safety threats; and • result in a grounding of commercial air traffic by the FAA. The occurrence of any of these events would harm our business, financial condition **,** and results of operations. **COMPETITION AND** ~~The global pandemic caused by COVID- 19, and related measures implemented to combat its spread has had, and could continue to have, a material adverse effect on the Company' s operations, financial position and liquidity. Our financial condition and results of operations have been, and could continue to be, adversely affected by the COVID- 19 pandemic. Although our operation has largely recovered from the impacts of the COVID- 19 pandemic, the pace of recovery has varied. Our strategies for encouraging air travel or managing future pandemic- related issues, such as a resurgence of adverse health conditions or other factors, may evolve over time and will be responsive to new information or regulatory guidance. At this time, we are unable to predict how COVID- 19 will influence future customer behavior, and whether any changes in behavior are temporary or permanent. These new strategies may require further investment, and if not successful, may not generate related revenue to offset these costs.~~ STRATEGY The airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on our business. If we cannot successfully compete in the marketplace, our business, financial condition, and operating results will be materially adversely affected. The U. S. airline industry is characterized by substantial competition. Airlines compete for market share through ~~competitive~~ pricing, ~~increasing or decreasing their~~ capacity **(supply)** , route systems and markets served **, merchandising** , and products and services offered to guests. We have significant capacity overlap with ~~several of our~~ competitors ~~in locations we serve~~ , particularly in our key West Coast markets. This dynamic may be exacerbated by competition among airlines to attract passengers during periods of economic recovery. The resulting increased competition in both domestic and international markets may have a material adverse effect on our results of operations, financial condition, or liquidity if we are unable to attract and retain guests. We strive toward maintaining and improving our competitive cost structure by setting aggressive unit cost- reduction goals. This is an important part of our business strategy of offering the best value to our guests through low fares while achieving acceptable profit margins and return on capital. If we are unable to maintain our cost advantage over the long- term and achieve sustained targeted returns on invested capital, we will likely not be able to grow our business in the future or weather industry downturns. Therefore, our financial results may suffer. The airline industry may undergo further consolidation or restructuring. In addition, regulatory, policy, and legal developments could impact the extent to which airlines can merge, or form and maintain marketing alliances and joint ventures with other airlines, particularly U. S. carriers. These factors could have a material adverse effect on our business, financial conditions, and results of operations. We continue to face strong competition, mainly from other U. S. carriers. In many instances, our competitors have been able to grow and increase their competitive influence by merging with other airlines, as Alaska did with Virgin America in 2016. Some competitors have also benefited from the ability to reduce their cost structures through the U. S. bankruptcy process and restructuring laws. Competitors have also improved their competitive positions by entering marketing alliances and / or joint ventures with other airlines. Certain airline joint ventures promote competition by allowing airlines to coordinate routes, pool revenues and costs, and enjoy other mutual benefits that can be extended to consumers, achieving many of the benefits of consolidation. In recent years, the U. S. antitrust authorities have been increasingly reluctant to approve airline mergers, cooperative marketing arrangements, and joint ventures. The ~~proposed joint venture between American Airlines, with which Alaska has its own alliance, and JetBlue is subject to a pending legal challenge that could impact the landscape for other airline ventures. The~~ continuation of merger- adverse antitrust policy and / or the finality of legal rulings limiting airline mergers, joint marketing activities, and joint ventures could have a material adverse effect on our business, financial **condition** , and results of operations. Our concentration in certain markets could cause us to be disproportionately impacted by adverse changes in circumstances in those locations. Our strategy involves a high concentration of our business in key West Coast markets. A significant portion of our flights occur to and from our **stations in** Seattle, Portland, and **the** Bay Area ~~hubs~~ . In ~~2022~~ **2023** , passengers to and from ~~Seattle, Portland, and the~~ **these locations** ~~Bay Area~~ accounted for 82 % of our total guests. We believe that concentrating our service offerings in this way allows us to maximize our investment in personnel, aircraft and ground facilities, as well as to gain greater advantage from sales and marketing efforts in those regions. As a result, we remain highly dependent on our key markets. Our business could be harmed by any circumstances causing a reduction in demand for air transportation in our key markets. An increase in competition in our key markets could also cause us to reduce fares or take other competitive measures that, if sustained, could harm our business, financial condition **,** and results of operations. We are dependent on a limited number of suppliers for aircraft and parts. Alaska is dependent on Boeing as its sole supplier for **mainline** aircraft and many aircraft parts. Horizon is similarly dependent on Embraer. Additionally, each carrier is dependent on sole suppliers for aircraft engines for each aircraft type. As a result, we are vulnerable to issues associated with the supply of those aircraft and parts including design **or manufacturing** defects, mechanical problems, contractual performance by the manufacturers, or adverse perception by the public **about safety** that would result in customer avoidance or actions by the FAA. Should we be unable to resolve known issues with certain aircraft or engine suppliers, it may result in the inability to operate our aircraft for extended periods. Additionally, if effects of ~~the~~ ongoing supply chain ~~backlog~~ **constraints** ~~causes~~ - **cause** our limited vendors to have performance problems, reduced or ceased operations, bankruptcies, workforce shortages, or other events causing them to be unable to fulfill their commitments to us, our operations and business could be materially adversely affected. Should these suppliers be unable to manufacture, obtain certification for, and deliver new aircraft, we may not be able to grow our fleet at intended rates, which could impact our financial position. Boeing has significant production constraints and regulatory delays for the B737 family of aircraft, which may impact the timing of deliveries. If we are unable to receive these aircraft ~~and~~ **or** future aircraft in a timely manner, our growth plans could be negatively impacted. **Given Alaska' s size relative to its competitors, these challenges may have a disproportionate impact on Alaska.** Additionally, further consolidation ~~amongst~~ -- **among** aircraft and aircraft parts manufacturers could further limit the number of suppliers. This could result in production instability in the locations in which the aircraft and its parts are manufactured or an inability to operate our aircraft. We rely on partner airlines for codeshare and frequent flyer marketing arrangements. Our airlines are parties to marketing agreements with a number of domestic and international air carriers, or " partners," including an expanded relationship with American and other oneworld carriers. These agreements provide that certain flight segments operated by us are held out as partner " codeshare " flights and that certain partner flights are held out for sale as Alaska codeshare flights. Refer to Item 1 above for details regarding these codeshare agreements. In addition, the agreements generally provide that members of Alaska' s Mileage Plan program can earn credit on or redeem credit for partner flights and vice versa. We receive revenue from flights sold under codeshare and from interline arrangements. In addition, we believe that the frequent flyer arrangements are an important part of our loyalty program. The loss of a significant partner through bankruptcy, consolidation, or otherwise, could have a negative effect on our revenue or the attractiveness of our Mileage Plan program, which we believe is a source of competitive advantage. Our membership in the oneworld global alliance may limit options to bring non- oneworld carrier partners into our Mileage Plan program. Further, maintaining an alliance with another U. S. airline may expose us to additional regulatory scrutiny. Failure to appropriately manage these partnerships and alliances could negatively impact future growth plans and our financial position. We routinely engage in analysis and discussions regarding our own strategic position, including alliances, codeshare arrangements, interline arrangements, and frequent flyer program enhancements, and will continue to pursue these commercial activities. If other airlines participate in consolidation or reorganization, those airlines may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of ours and potentially impairing our ability to realize expected benefits from our own strategic relationships. **BRAND AND REPUTATION** As we evolve our brand we will engage in strategic initiatives that may not be favorably received by all of our guests.We continue to focus on strategic initiatives designed to increase our brand appeal to a diverse and evolving demographic of airline travelers.These efforts could include significant enhancements to our in-airport and on- board environments,increasing our direct customer relationships through improvements to our purchasing portals (digital and mobile) ~~,~~ and ~~management~~ **optimization** of our customer loyalty programs.In pursuit of these efforts we may negatively affect our reputation with some of our existing customer base.The Company' s **brand and** reputation could be harmed if it is exposed to significant negative publicity.We operate in a highly visible industry that has significant exposure to social media and other media channels.Negative publicity,including as a result of misconduct by our guests or employees, ~~failures by our suppliers and other vendors,~~ failure to address our environmental,social,and governance goals,or other circumstances,can spread rapidly through such channels.Should the Company not respond in a timely and appropriate manner to address negative publicity,the Company' s **brand and** reputation may be significantly harmed.Such harm could have a negative impact on our ~~operating~~ **financial results.** Economic uncertainty, including a recession, would likely impact demand for our product and could harm our financial condition and results of operations. The airline industry, which is subject to relatively high fixed costs and highly variable and unpredictable demand, is particularly sensitive to changes in economic conditions. We are dependent on U. S. consumer confidence and the health of the U. S. economy. Unfavorable U. S. economic conditions have historically resulted in reduced consumer spending and led to decreases in both leisure and business travel. For some consumers, leisure travel is a discretionary expense, and shorter distance travelers, in particular, have the option to replace air travel with surface travel. Businesses are able to forgo air travel by using communication alternatives such as video conferencing or may be more likely to purchase less expensive tickets to reduce costs, which can result in a decrease in average revenue per seat. Unfavorable economic conditions also hamper the ability of airlines to raise fares to counteract increased fuel, labor **,** and other costs. Additionally, reduced consumer spending would adversely impact revenue and cash flows from our co- branded credit card agreements. Unfavorable or even uncertain economic conditions could negatively affect our financial condition and results of operations . TECHNOLOGY We rely heavily on automated...... so, our business could be harmed . Our maintenance costs will increase as our fleet ages, and we will periodically incur substantial maintenance costs due to the timing of maintenance events of our aircraft. As of December 31, ~~2022~~ **2023** , the average age of our Boeing Next Gen passenger aircraft (B737- 700,- 800,- 900,- ~~900ERs~~ - **900ER**) was approximately ~~11~~ **12** . ~~9~~ **8** years, the average age of our **Boeing MAX aircraft (** B737- **8,-** 9 ~~aircraft~~ **)** was approximately ~~0~~ **1** . **2** ~~8 years, the average age of our A321neo aircraft was approximately 4. 7~~ years, and the average age of our owned E175 aircraft was approximately 4. ~~2~~ **3** years. Typically, our newer aircraft require less maintenance than they will in the future. Any significant increase in maintenance expenses could have a material adverse effect on our results of operations. ~~In addition,~~ **Our financial condition or results of operations may be negatively affected by increases in** expenses **related to the airports in which we operate. Almost all commercial service airports are owned and / or operated by units of local or state governments. Airlines are largely dependent on these governmental entities to provide adequate airport facilities and capacity at an affordable cost. Many airports have increased their rates and charges to air carriers to reflect higher costs of security, updates to infrastructure, and other expenses. Additional laws, regulations, taxes, airport rates, and airport charges may be occasionally proposed that could significantly increase the cost of airline operations or reduce the demand** for ~~aircraft coming off lease~~ **air travel. Although lawmakers may impose these**

additional fees and view them as " pass- through " costs, a higher total ticket price could **influence consumer purchase and travel decisions and may** result in ~~incremental maintenance expense as~~ **an overall decline in passenger traffic, which would harm our business. Additionally,** we ~~are~~ **have engaged in various redevelopment projects at the airports in which we operate to improve or add to existing infrastructure our company uses. While the airport authority may reimburse costs associated with these projects, we may be** required to ~~return leased planes in~~ **commit significant resources of our own to finance construction and design. Delays and cost overruns associated with these projects could have** a ~~contractually specified~~ **negative impact on our financial** condition **or results of operations** . The application of the acquisition method of accounting resulted in us recording goodwill, which could result in significant future impairment charges and negatively affect our financial results. In accordance with acquisition accounting rules, we recorded goodwill on our consolidated balance sheet to the extent the Virgin America acquisition purchase price exceeded the net fair value of Virgin America' s tangible and identifiable intangible assets and liabilities as of the acquisition date. Goodwill is not amortized, but is tested for impairment at least annually. We could record impairment charges in our results of operations as a result of, among other items, extreme fuel price volatility, a significant decline in the fair value of certain tangible or intangible assets, unfavorable trends in forecasted results of operations and cash flows, uncertain economic environment and other uncertainties. We can provide no assurance that a significant impairment charge will not occur in one or more future periods. Any such charges may materially affect our financial results. BRAND AND REPUTATION As we evolve our...... negative impact on our financial results. PEOPLE AND LABOR ~~STRATEGY~~ A significant increase in labor costs ~~,~~ **or** unsuccessful attempts to strengthen our relationships with union employees ~~, or loss of key personnel~~ could adversely affect our business and results of operations. Labor costs remain a significant component of our total expenses. In addition to costs associated with represented employee groups, labor costs could also increase for non- unionized employees and via vendor agreements as we work to compete for highly skilled and qualified employees against the major U. S. airlines and other businesses in a competitive job market. Labor costs have recently increased significantly driven by inflationary pressure on wages. Ongoing and periodic negotiations with labor unions could result in job actions, such as slow- downs, sick- outs, or other actions designed to disrupt normal operations and pressure the employer to acquiesce to bargaining demands during negotiations. Although unlawful until after lengthy mediation attempts, the operation could be significantly impacted. Although we have a long track record of fostering good communications, negotiating approaches, and developing other strategies to enhance workforce engagement in our long- term vision, unsuccessful attempts to strengthen relationships with union employees could divert management' s attention from other projects and issues and negatively impact the business. In addition, our bargained- for labor agreement terms for flight crew are increasingly coming into conflict with state and local laws purporting to govern benefits and duties. **.** The inability to attract,retain ~~,~~ and train qualified personnel,or maintain our culture,could result in guest impacts and adversely affect our business and results of operations.We compete against other major U.S.airlines for pilots,aircraft technicians and other labor.Recently,there have been shortages of pilots for hire in the regional market and more pilots in the industry are approaching mandatory retirement age.Attrition beyond normal levels,or the inability to attract new pilots,could negatively impact our results of operations.The shortage of pilots and opportunities at other carriers could mean that our captains and first officers leave our airlines more often than ~~forecasted~~ -- **forecast** .Additionally,the industry,including related vendor partners,has experienced and may continue to experience challenges in hiring and retaining other labor positions,such as aircraft technicians,ground handling and customer service agents,and flight attendants.The Company' s or our vendor partners' inability to attract and retain personnel for these positions could negatively impact our results of operations,which may harm our growth plans.Additionally,we may be required to increase our wage and benefit packages,or pay increased rates to our vendors,to retain these positions.This would result in increased overall costs and may adversely impact our guest experience and financial position Our executive officers and other senior management personnel are critical to the long- term success of our business. If we experience significant turnover and loss of key personnel, and fail to find suitable replacements with comparable skills, our performance could be adversely impacted . The inability to attract, retain...... impact our guest experience and financial position . Our success is also dependent on cultivating and maintaining a unified culture with cohesive values and goals. Much of our continued success is tied to our guest loyalty. Failure to maintain and grow the Alaska culture could strain our ability to maintain relationships with guests, suppliers, employees and other constituencies. As part of this process, we may continue to incur substantial costs for employee programs. ~~.~~ TECHNOLOGY We rely heavily on automated systems to operate our business,including expanded reliance on systems managed or hosted by third parties.Failure to invest in new technology or a disruption of our current systems or their operators could harm our business.We heavily depend on automated systems to operate our business.This includes our airline reservation system ~~,check- in kiosks~~ ,website,telecommunication systems,maintenance systems,airline operations control systems,flight deck / route optimization systems,planning and scheduling,mobile applications and devices,and many other systems.These systems require significant investment of employee time and cost for maintenance and upgrades.Some of these systems are operated by government authorities,which limits our ability to switch vendors if issues arise.Failure to appropriately maintain and upgrade these systems may result in service disruptions or system failures.Additionally,as part of our commitment to innovation and providing an attractive guest travel experience,we invest in new technology to ensure our critical systems are reliable,scalable,and secure.We continue to expand our reliance on third party providers for management or hosting of operational and financial systems.Should these providers fail to meet established service requirements or provide inadequate technical support,we could experience disruptions in our operation,ticketing or financial systems.All of our automated systems cannot be completely protected against events beyond our control,including natural disasters,computer viruses,cyberattacks,other security breaches,or telecommunications failures.Substantial or repeated failures or disruptions to any of these critical systems could reduce the attractiveness of our services or cause our guests to do business with another airline.Disruptions,failed implementations,untimely or incomplete recovery,or a breach of these systems or the data centers / cloud infrastructure they run on could result in the loss of important data,an increase in our expenses,loss of revenue,impacts to our operational performance,or a possible temporary cessation of our operations.Additionally,we rely on the FAA and its systems for critical aspects of flight operations.The failure of these systems could lead to increased delays and inefficiencies in flight operations,resulting in an adverse impact to our financial condition and results of operations.We continue to monitor emerging technologies,including technologies which may have disruptive impacts which are out of our control ~~,such as the introduction of 5G wireless service~~ .We will continue to work with regulatory agencies and other air carriers to mitigate potential impacts of these technologies on the safety and security of air travel.Failure to appropriately comply with evolving and expanding information security rules and regulations or to safeguard our employee or guest data could result in damage to our reputation and cause us to incur substantial legal and regulatory cost.As part of our core business,we are required to collect,process,store and share personal and financial information from our guests and employees.Under current or future privacy legislation,we are subject to significant legal risk should we not appropriately protect that data.Our membership in the oneworld alliance exposes us to incremental global regulation and therefore risk.In addition,we continue to expand our reliance on third- party software providers and data processors,including cloud providers.Unauthorized access of personal and financial data via fraud or other means of deception could result in data loss,theft,modification,or unauthorized disclosure.To the extent that either we or third parties with whom we share information experience a data breach,fail to appropriately safeguard personal data,or are found to be out of compliance with applicable laws,and regulations,we could be subject to additional litigation,regulatory risks and reputational harm.Further,as regulation of the collection and storage of personal and financial information continues to evolve and increase,we may incur significant costs to bring our systems and processes into compliance. ~~Cyber security~~ **Cybersecurity** threats have and will continue to impact our business.Failure to appropriately mitigate these risks could negatively impact our operations,onboard safety,reputation and financial condition.Our sensitive information is securely transmitted over public and private networks.Our systems are subject to increasing and evolving ~~cyber security~~ **cybersecurity** risks.Unauthorized parties have attempted and continue to attempt to gain access to our systems and information,including through fraudulent misrepresentation and other means of deception.Methods used by unauthorized parties are continually evolving and may be difficult to identify.Because of these ever- evolving risks and regular attacks,we continue to review policies and educate our people on various methods utilized in attempts to gain unauthorized access to bolster awareness and encourage cautionary practices.However,the nature of these attacks means that proper policies,technical controls,and education may not be enough to prevent all unauthorized access.Emerging cybercrime threats include the loss of functionality of critical systems through ransomware,denial of service,or other attacks.A compromise of our systems,the security of our infrastructure,or those of our vendors or other business partners that result in our information being accessed or stolen by unauthorized persons could result in substantial costs for response and remediation,adversely affect our operations and our reputation,and expose us to litigation,regulatory enforcement,or other legal action.A cybersecurity attack impacting our onboard or other operational systems may result in an accident or incident onboard or significant operational disruptions,which could adversely affect our reputation,operation and financial position. **The continued evolution and increased usage of artificial intelligence technologies may further increase our cybersecurity risks.** Further,a significant portion of our office employees have maintained remote work arrangements,which increases our exposure to cyberattacks,and could compromise our financial or operational systems. REGULATION ~~.~~ Changes in government regulation imposing additional requirements and restrictions on our operations **and business model** could ~~increase~~ **negatively impact** our **revenue and** operating costs and result in service delays and disruptions.Airlines are subject to extensive regulatory and legal requirements,both domestically and internationally,that involve substantial operational impacts and compliance costs.In recent years,U.S.regulators have issued regulations or mandates concerning airline operations or consumer rights that have increased the cost and complexity of our business and involve greater civil enforcement and legal liability exposure. **Regulators have also proposed legislation that could negatively impact revenue associated with our loyalty program.** Similarly,legislative and regulatory initiatives and reforms at the federal,state,and local levels include increasingly stringent environmental,governance,and workers' benefits laws.In some instances,it is impossible for us to comply with federal,state,and local laws simultaneously,exposing us to greater liability and operational complexity.These laws also affect our relationship with our workforce and the vendors that serve our airlines and cause our expenses to increase without an ability to pass through these costs.New employee health and welfare initiatives with employer- funded costs,specifically those impacting Washington state,could disproportionately increase our cost structure as compared to our competitors.In recent years,the airline industry has experienced an increase in litigation over the application of state and local employment laws,particularly in California.Application of these laws may result in operational disruption,increased litigation risk and expense,and undermining of negotiated labor agreements. **In recent years,the** ~~Almost all commercial service airports are owned and / or operated by units of local or~~ state **of California and the federal** ~~governments~~ - **government** ~~.Airlines are largely dependent on~~ **have enacted and proposed,respectively,rules that significantly expand required disclosures discussing** ~~these~~ -- **the impact of environmental change.Increased** governmental ~~entities to provide adequate airport facilities and capacity at an affordable cost.Many airports have increased their rates and charges to air carriers to reflect higher costs of security,updates to infrastructure,and other expenses.Additional laws,regulations~~ - **regulation involving aircraft emissions** ~~,taxes,airport rates,~~ and ~~airport charges~~ **environmental remediation costs** may be ~~occasionally proposed that~~ **difficult to implement and the cost of compliance,or failure to comply,** could ~~significantly increase the cost~~ **adversely impact our operations and financial position.** Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or other employees. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of our company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, or as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine. This exclusive forum provision is intended to apply to claims arising under Delaware state law and would not apply to claims brought pursuant to the Exchange Act or the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction. The exclusive forum provision in our certificate of incorporation will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. In addition, stockholders who do bring a claim in the Court of Chancery of the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. The Court of Chancery of the State of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder would otherwise choose to bring the action, and such judgments or results may be more favorable to our company than to our stockholders. **PENDING ACQUISITION OF HAWAIIAN HOLDINGS INC. The acquisition is subject to a number of conditions to our and Hawaiian' s obligations, which, if not fulfilled, may result in termination of the acquisition agreement. The acquisition agreement contains a number of customary conditions to complete the acquisition, including that certain representations and warranties be accurate, that certain covenants be fulfilled, that certain regulatory approvals have been obtained, that there are no legal prohibitions against completion of the acquisition, and that Hawaiian stockholders have adopted the agreement. Many of the conditions to complete the acquisition are not within either Hawaiian' s or our control and neither of us can predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to June 2, 2025, which may be extended to December 2, 2025 in certain circumstances, it is possible that the acquisition will not be completed in the expected time frame or that the agreement may be terminated. The regulatory approvals required in connection with our pending acquisition of Hawaiian may not be obtained or may contain materially burdensome conditions. The pending acquisition may also be subject to litigation that could negatively impact our ability to complete the acquisition. Our ability to close the pending acquisition of Hawaiian is conditioned upon the receipt of certain regulatory approvals, and we cannot provide assurance that these approvals will be obtained. If any conditions or changes to the proposed structure of the acquisition are required to obtain these regulatory approvals, they may have the effect of jeopardizing or delaying completion of the pending acquisition or reducing the anticipated benefits of the pending acquisition. If we agree to any material conditions in order to obtain any approvals required to complete the pending acquisition, the business and results of operations of our company following the closing may be adversely affected. Our ability to secure regulatory approval may be subject to litigation, the results of which we cannot guarantee. The pending acquisition may also be subject to litigation from state attorneys generals or other private challengers, which could jeopardize or delay completion of the pending acquisition. As a result, we may not be able to fully achieve the anticipated benefits of the pending acquisition, and our results of operations and financial position may be negatively impacted. Failure to complete the acquisition could negatively impact our stock price and our future business and financial results. As described above, our and Hawaiian' s obligations to consummate our pending acquisition of Hawaiian are subject to the satisfaction or waiver of certain customary conditions. We cannot provide assurance that the conditions to the completion of the pending acquisition of Hawaiian will be satisfied in a timely manner or at all. If our pending acquisition of Hawaiian is not completed, our share price could fall to the extent that our current price reflects an assumption that we will complete the pending acquisition. Furthermore, if the acquisition is not completed, our ongoing business may be adversely affected, and we will be subject to several risks, including the following: • we will be required to pay certain costs relating to the acquisition, whether or not it is completed, such as legal, accounting, and financial advisers, which could be substantial; • in certain circumstances as described in the agreement, we may be required to pay a termination fee to Hawaiian Holdings Inc. of $ 100 million if regulatory approval of the acquisition is not obtained; • our management will have focused its attention on negotiating and preparing for the acquisition instead of on pursuing other opportunities that could have been beneficial to us; • the failure to consummate the acquisition may result in negative publicity and a negative impression of us in the investment community; and • any disruptions to our business resulting from the announcement of the acquisition, including any adverse changes in our relationships with our customers, partners, and employees, may continue or intensify in the event the acquisition is not consummated. We may be unable to integrate Hawaiian' s business with ours successfully and realize the anticipated benefits of the acquisition, which could negatively impact our stock price and our future business and financial results. The anticipated benefits we expect from the pending acquisition are, necessarily, based on projections and assumptions about the combined businesses of our company and Hawaiian, which may not materialize as expected or which may prove to be inaccurate. Our stock price could be negatively impacted after the proposed acquisition is completed if we are unable to realize the anticipated benefits of the acquisition on a timely basis or at all. Achieving the benefits of the pending acquisition of Hawaiian will depend, in part, on our ability to integrate the business and operations of Hawaiian successfully and efficiently with our business. The challenges involved in this integration, which will be complex and time- consuming, include the following: • successfully managing relationships with our combined customer base and retaining Hawaiian' s customers; • the ability to successfully integrate Hawaiian' s business with ours in a manner that permits us to achieve the synergies and other benefits anticipated to result from the acquisition; • integrating complex systems, operating procedures, regulatory compliance programs, technology, aircraft fleets, networks, and other assets of the two companies in a manner that minimizes any adverse impact on customers, suppliers, employees, and other constituencies; • managing Alaska Airlines and Hawaiian Airlines as two distinct brands under one operating certificate, a strategy that**

has not been implemented in the U. S. commercial airline industry; • diversion of the attention of our and Hawaiian' s management and other key employees; • integrating the workforces of the two companies while maintaining focus on providing consistent, high quality customer service and running a safe and efficient operation; • disruption of, or the loss of momentum in, our ongoing business; • liabilities that are significantly larger than we currently anticipate and unforeseen increased expenses or delays associated with the acquisition, including transition costs to integrate the two businesses that may exceed the costs that we currently anticipate; • maintaining productive and effective employee relationships and, in particular, successfully and promptly integrating seniority lists and achieving cost- competitive collective bargaining agreements that cover the combined union- represented work groups; • limitations prior to the completion of the acquisition on the ability of management of our company and of Hawaiian to conduct planning regarding the integration of the two companies; • the increased scale of our operations resulting from the acquisition; • retaining key employees of our company and Hawaiian; and • obligations that we will have to counterparties of Hawaiian that arise as a result of the change in control of Hawaiian. If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business the size of Hawaiian, then we may not achieve the anticipated benefits of the acquisition of Hawaiian and our revenue, expenses, operating results and financial condition could be materially adversely affected. Each of our and Hawaiian' s indebtedness and other obligations are, and our indebtedness and other obligations following the completion of the acquisition will continue to be, substantial and could adversely affect our business and liquidity. We and Hawaiian have, and we expect to continue to have following the completion of the acquisition, significant amounts of indebtedness and other obligations, including pension obligations, obligations to make future payments on aircraft equipment and leases, and obligations under aircraft purchase agreements. We expect to incur substantial additional debt in the future specifically as it relates to our payment of the approximately $ 1 billion aggregate consideration and to our assumption of Hawaiian' s indebtedness. Substantial indebtedness and other obligations could have important consequences. For example, they may: • limit our ability to obtain additional funding for capital expenditures, investments, integration costs, and general corporate purposes, and adversely affect the terms on which such funding can be obtained; • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes; • make us more vulnerable to economic downturns and catastrophic external events; • contain restrictive covenants that could: ◦ limit our ability to merge, consolidate, sell assets, incur additional indebtedness, make investments and pay dividends; and ◦ significantly constrain our ability to respond, or respond quickly, to unexpected disruptions in our operations, the U. S. or global economy, or the businesses in which we operate, or to take advantage of opportunities that would improve our business, operations, or competitive position versus other airlines; and • limit our ability to withstand competitive pressures and reduce its flexibility in responding to changing business and economic conditions. In addition, increases in the cost of financing could adversely affect our liquidity, business, financial condition, and results of operations.