

ALASKA AIR GROUP, INC.  
Form DEF 14A  
March 29, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant      Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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March 29, 2019

Dear Stockholders:

On behalf of the Board of Directors, we invite you to attend Alaska Air Group's 2019 Annual Meeting of Stockholders, which will be held on Thursday, May 9, 2019, beginning at 2 p.m. Pacific Daylight Time. This year's annual meeting will once again be a completely virtual meeting, which will be conducted via live webcast. You can attend via the Internet at [www.proxyvote.com](http://www.proxyvote.com), where you will be able to vote and submit questions electronically prior to and during the meeting. You will also be able to dial-in via telephone to ask questions during the meeting. Specific instructions for accessing the meeting are provided in the notice, proxy card or voting instruction form you received.

In addition to the EDGAR version of the 2019 Proxy Statement, we have produced an interactive proxy statement that is organized to make our governance provisions, executive compensation disclosures, proposals, and other key information easy to find and evaluate. The interactive proxy statement can be accessed at [www.alaskaair.com](http://www.alaskaair.com) under About Alaska/Investor Relations.

We hope you will join us on May 9 as we discuss Alaska Air Group's 2018 financial and operational performance and vote on issues of importance to our company and to you. Whether or not you choose to participate on meeting day, your vote is important, and we encourage you to cast your ballot in one of the ways

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outlined in this Proxy Statement.

Sincerely,

Patricia M. Bedient      Bradley D. Tilden  
Lead Independent Director   Chairman and Chief Executive Officer

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

The Board of Directors of Alaska Air Group, Inc. (Air Group or the Company) is soliciting proxies for the 2019 Annual Meeting of Stockholders (the Annual Meeting). This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

DATE: Thursday, May 9, 2019

TIME: 2 p.m. Pacific Daylight Time

VIRTUAL MEETING ACCESS: [www.proxyvote.com](http://www.proxyvote.com)

ACCESS:

MATTERS TO BE VOTED ON: 1. Election of the 11 nominees named in this Proxy Statement to the Board of Directors, each for a one-year term;

2. Approval (on an advisory basis) of the compensation of the Company's Named Executive Officers;

3. Ratification of the appointment of KPMG LLP as the Company's independent registered public accountants (the independent accountants) for fiscal year 2019;

4. Approval of the amendment of the Company's Employee Stock Purchase Plan;

5. A stockholder proposal regarding the Company's disclosure of political spending;

6. A stockholder proposal regarding changes to the Company's proxy access bylaw; and

7. Other business as may properly come before the meeting or any postponement or adjournment thereof.

The Board of Directors set Friday, March 15, 2019, as the record date for the Annual Meeting. This means that owners of Alaska Air Group common stock as of the close of business on that date are entitled to receive this notice, attend and vote during the Annual Meeting. There were 123,612,625 shares of Air Group common stock outstanding on the record date.

Internet Availability of Proxy Materials. On or about March 29, 2019, stockholders of record, beneficial owners and employee participants in the Company's 401(k) plans were mailed a Notice of Internet Availability of Proxy Materials (the Notice) directing them to a website where they can access the Company's 2019 Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2018 (the Annual Meeting Materials). The Company's 2018 Form 10-K was filed with the Securities and Exchange Commission (SEC) on February 15, 2019. If you prefer to receive a paper copy of the proxy materials, please follow the instructions on the notice and the material will be mailed to you.

Attending the Annual Meeting. We will host the 2019 Annual Meeting live via the Internet and telephone only. Any stockholder can listen to and participate in the Annual Meeting. Whether or not you attend the meeting, we encourage you to vote by Internet or phone or to complete, sign and mail your voting instruction form or proxy prior to the meeting.

Submit Your Questions. We invite you to submit any questions of general stockholder interest to the Assistant Corporate Secretary via email at [jennifer.thompson@alaskaair.com](mailto:jennifer.thompson@alaskaair.com), or via the Shareholder Forum at [www.proxyvote.com](http://www.proxyvote.com). We will include as many of your questions as possible during the Q&A session of the meeting

and will provide answers to all questions on [www.alaskaair.com](http://www.alaskaair.com) under About Alaska/Investor Information following the meeting.

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ALASKA AIR GROUP, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

TABLE OF CONTENTS

|                                                                                                                  |    |
|------------------------------------------------------------------------------------------------------------------|----|
| <u>2018 BUSINESS REVIEW</u>                                                                                      | 1  |
| <u>PROXY STATEMENT SUMMARY</u>                                                                                   | 6  |
| <u>CORPORATE GOVERNANCE</u>                                                                                      | 11 |
| <u>Board Leadership</u>                                                                                          | 11 |
| <u>Executive Sessions and Lead Independent Director</u>                                                          | 12 |
| <u>Risk Oversight</u>                                                                                            | 12 |
| <u>Code of Conduct and Ethics</u>                                                                                | 13 |
| <u>Environmental and Social Highlights</u>                                                                       | 13 |
| <u>Stockholder Communications</u>                                                                                | 14 |
| <u>Virtual Meeting Philosophy</u>                                                                                | 15 |
| <u>ELECTION OF DIRECTORS</u>                                                                                     | 16 |
| <u>Proposal 1: Election of Directors to One-Year Terms</u>                                                       | 16 |
| <u>Structure of the Board of Directors</u>                                                                       | 24 |
| <u>Director Independence</u>                                                                                     | 27 |
| <u>Director Nomination Policy</u>                                                                                | 28 |
| <u>Certain Relationships and Related Person Transactions</u>                                                     | 32 |
| <u>2018 Director Compensation</u>                                                                                | 33 |
| <u>Director Stock Ownership Policy</u>                                                                           | 34 |
| <u>NAMED EXECUTIVE OFFICER COMPENSATION</u>                                                                      | 35 |
| <u>Proposal 2: Advisory Vote to Approve the Compensation of the Company’s Named Executive Officers</u>           | 35 |
| <u>Compensation Discussion and Analysis</u>                                                                      | 37 |
| <u>Compensation and Leadership Development Committee Report</u>                                                  | 52 |
| <u>Compensation and Leadership Development Committee Interlocks and Insider Participation</u>                    | 52 |
| <u>2018 Summary Compensation Table</u>                                                                           | 53 |
| <u>2018 Grants of Plan-Based Awards</u>                                                                          | 55 |
| <u>Outstanding Equity Awards at 2018 Fiscal Year End</u>                                                         | 56 |
| <u>2018 Options Exercised and Stock Vested</u>                                                                   | 58 |
| <u>Pension and Other Retirement Plans</u>                                                                        | 59 |
| <u>2018 Nonqualified Deferred Compensation</u>                                                                   | 61 |
| <u>Potential Payments Upon Change of Control and Termination</u>                                                 | 62 |
| <u>CEO Pay Ratio</u>                                                                                             | 65 |
| <u>AUDIT COMMITTEE MATTERS</u>                                                                                   | 66 |
| <u>Proposal 3: Ratification of the Appointment of the Company’s Independent Accountants for Fiscal Year 2019</u> | 66 |
| <u>Independent Registered Public Accountants</u>                                                                 | 66 |

|                                                                                                     |    |
|-----------------------------------------------------------------------------------------------------|----|
| <u>Audit Committee Report</u>                                                                       | 68 |
| <u>AMEND THE COMPANY’S EMPLOYEE STOCK PURCHASE PLAN</u>                                             | 69 |
| <u>Proposal 4: Approve the Amendment of the Alaska Air Group, Inc. Employee Stock Purchase Plan</u> | 69 |
| <u>STOCKHOLDER PROPOSALS</u>                                                                        | 75 |
| <u>Proposal 5: Stockholder Proposal</u>                                                             | 75 |
| <u>Proposal 6: Stockholder Proposal</u>                                                             | 78 |
| <u>SECURITIES OWNERSHIP</u>                                                                         | 80 |
| <u>Securities Ownership of Management</u>                                                           | 80 |
| <u>5% or More Beneficial Owners</u>                                                                 | 81 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u>                                      | 81 |
| <u>QUESTIONS AND ANSWERS</u>                                                                        | 82 |
| <u>EXHIBIT A – ALASKA AIR GROUP, INC. EMPLOYEE STOCK PURCHASE PLAN</u>                              | 91 |

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2018 BUSINESS REVIEW

1

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Flight Path is a series of interactive sessions with leadership to engage and align all employees to our shared vision, values and strategy.

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## PROXY STATEMENT SUMMARY

## Matters to be Voted On

| Item for Business                                                                                                     | Board Recommendation      | Effect of Abstention |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------|
| 1. Elect 11 Directors                                                                                                 | FOR each Director Nominee | None                 |
| 2. Approve on an advisory basis the Compensation of the Company's Named Executive Officers                            | FOR                       | A Vote Against       |
| 3. Ratify the Appointment of KPMG LLP as the Company's Independent Registered Public Accountants for Fiscal Year 2019 | FOR                       | A Vote Against       |
| 4. Approve the Amendment of the Company's Employee Stock Purchase Plan                                                | FOR                       | A Vote Against       |
| 5. A Stockholder Proposal Regarding the Company's Disclosure of Political Spending                                    | AGAINST                   | A Vote Against       |
| 6. A Stockholder Proposal Regarding Changes to the Company's Proxy Access Bylaw                                       | AGAINST                   | A Vote Against       |

## Governance Highlights

As part of Alaska Air Group's commitment to high ethical standards, our Board follows sound governance practices. Many of these practices are described in more detail in our Corporate Governance Guidelines, which are available on the Company's website at [www.alaskaair.com](http://www.alaskaair.com) under About Alaska/Investor Relations.

| Topic                     | Practice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Independence              | <ul style="list-style-type: none"> <li>10 out of 11 nominees are independent.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Lead Independent Director | <ul style="list-style-type: none"> <li>Board committees are composed exclusively of independent directors.</li> <li>The Board has appointed a strong lead independent director who, among other things: <ul style="list-style-type: none"> <li>o acts as liaison between the independent directors and the board chairman;</li> <li>o presides at meetings where the board chairman is not present or could be perceived as having a conflict of interest;</li> <li>o approves board meeting agendas and meeting schedules;</li> <li>o leads the independent directors' annual evaluation of the CEO; and</li> </ul> </li> </ul> |

|                               |                                                                                                                                                                             |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | o interviews independent directors annually prior to nomination.                                                                                                            |
| Executive Sessions            | • Independent directors meet regularly without management.                                                                                                                  |
| Annual Election               | • All directors are elected annually to one-year terms.                                                                                                                     |
| Majority Voting               | • In uncontested elections, directors are elected by a majority of votes cast.                                                                                              |
| Director Evaluations          | • The Board and each committee conduct annual self-evaluations and may engage a third party as needed.                                                                      |
| Stock Ownership               | • Each director is expected to hold shares of Alaska Air Group stock equivalent to six times his or her annual cash retainer.                                               |
| Other Directorships           | • Directors are encouraged to serve on no more than four other public company boards.                                                                                       |
| Stockholder Communications    | • The Board has adopted a protocol to allow those stockholders with long-term significant holdings of our stock to meet directly with board members on appropriate matters. |
| Poison Pill                   | • The Company does not have a stockholder rights plan.                                                                                                                      |
| Proxy Access                  | • Stockholders who meet certain requirements may include director nominees in the Company's proxy statement.                                                                |
| Right to Call Special Meeting | • Stockholders holding 10 percent or more of the outstanding stock have the right to call a special meeting.                                                                |
| Confidential Voting           | • Records that identify the vote of a particular stockholder are kept confidential from the Company except in a proxy contest or as required by law.                        |
| Single Voting Class           | • Common stock is the only class of voting shares outstanding.                                                                                                              |
| Director Tenure               | • Directors are subject to term and age limits as described in our Corporate Governance Guidelines.                                                                         |

## Our Board

All nominees meet the New York Stock Exchange (NYSE) governance standards for director independence, except for Mr. Tilden, who is not independent due to his position as an executive officer.

| Nominee and Principal Occupation                                    | Age | Director Since | Committee Membership                                                    |
|---------------------------------------------------------------------|-----|----------------|-------------------------------------------------------------------------|
| Patricia M. Bedient                                                 |     |                | Lead Independent Director                                               |
| Former Executive Vice President and CFO<br>The Weyerhaeuser Company | 65  | 2004           | Audit                                                                   |
| James A. Beer                                                       |     |                | Governance and Nominating<br>Compensation and Leadership<br>Development |
| Chief Financial Officer<br>Atlassian Corporation                    | 58  | 2017           | Safety                                                                  |
| Marion C. Blakey                                                    |     |                | Compensation and Leadership<br>Development (Chair)                      |
| Former President and CEO<br>Rolls-Royce North America               | 71  | 2010           | Safety                                                                  |