

**Agreement Regarding Merger
Between Alaska Air Group, Inc. and Hawaiian Holdings, Inc.**

I. Purpose

Pursuant to an Agreement and Plan of Merger, dated as of December 2, 2023, Alaska Air Group, Inc. (“AAG”), the parent company of Alaska Airlines, Inc. (“Alaska”), will acquire Hawaiian Holdings, Inc. (“Hawaiian Holdings”), the parent company of Hawaiian Airlines, Inc. (“Hawaiian”) (forming the “Combined Carrier”). The closing of the foregoing transaction, defined as the point at which the Delaware Secretary of State accepts the Certificate of Merger filed by AAG and Hawaiian Holdings, is referred to in this Agreement as the “Closing”.

On July 15, 2024, Alaska and Hawaiian filed applications with the U.S. Department of Transportation (“DOT”) for an exemption and approval of the transfer of international route authorities. DOT must ensure that any exemption or transfer of international route authorities is consistent with the public interest, as required by 49 U.S.C. § 40109 and 49 U.S.C. § 41105. In response to public interest concerns raised by DOT, AAG and Hawaiian Holdings agree to the Commitments set forth in Section III below in accordance with the terms set out in this Agreement.

II. Parties

The parties to this Agreement are DOT, AAG, and Hawaiian Holdings.

III. AAG and Hawaiian Holdings' Commitments

AAG and Hawaiian Holdings agree that if DOT grants the requested exemption, it will make the following binding and enforceable commitments ("Commitments"). The Commitments will remain binding and enforceable for a term of six (6) years beginning at the Closing (the "Term"), except that the Commitments shall have no effect if DOT denies the requested transfer of international route authorities.

- A. To continue to provide high-value service on each nonstop overlap route where Alaska and Hawaiian are the only nonstop competitors, or two of the three nonstop competitors, as of the date of this Agreement, by maintaining or exceeding average Minimum Level of Capacity operated by the Combined Carrier on such routes over the course of an annual period until the earliest to occur of (i) the expiration of the Term, (ii) a competitor entering or expanding service on the route at a similar or greater level of service, as measured in the scheduled number of monthly seats, offered by Hawaiian as of December 2023, (iii) DOT affirming, following notification from the Combined Carrier, that changed market or other circumstances, including but not limited to industry downturn, changed consumer preferences, unprofitable flying, low load factors, unavoidable and unanticipated shortages of aircraft or aircraft parts, or extraordinary restrictions on operations at an airport or use of airspace that have a material and adverse impact on continued operations of the Combined Carrier on a nonstop overlap route that necessitate adjustments, or (iv) the Combined Carrier, after taking reasonable efforts to mitigate the effects of a Force Majeure Event, promptly notifying DOT of a Force Majeure Event. A Force Majeure Event is defined for the purposes of Section III.A as an event beyond the reasonable control of the Combined Carrier, and includes acts of God, war, terrorism, sabotage, natural disaster, epidemic, pandemic, fires, strike, lockout, quarantine restriction, or extreme weather event that would have an adverse and ongoing impact on the Combined Carrier. Minimum Level of Capacity is defined for the purposes of Section III.A as scheduling with the intent to operate at least 90 percent of the number of flights or 90 percent of the number of seats operated on such route by the Combined Carrier in the year-to-date period through August 31, 2024.
- B. To maintain existing interline agreements with other U.S. carriers on terms and conditions no less favorable to the other carrier than the terms contained in Hawaiian's interline agreements as of the date of this Agreement. It is understood that termination of any interline agreement by the counterparty to such agreement will not be considered a breach of Section III.B.

- C. To ensure reasonable access to airport infrastructure at Daniel K. Inouye International Airport (“HNL”) to the extent within reasonable control of the Combined Carrier by not including, as part of any new infrastructure investment agreement or new, renewed, or updated contract between the Combined Carrier and the HNL airport authority, any terms or conditions that would directly or indirectly exclude or unjustly discriminate against a carrier that is a new entrant or smaller competitor. Notwithstanding the foregoing, Section III.C does not apply to areas of the HNL airport that would be exclusive to passengers and/or employees of the Combined Carrier, such as airport lounges, customer service areas that cannot be reasonably shared, and office or private work areas.
- D. To amend Hawaiian’s “Customer Service Plan” to align with Alaska’s “Customer Service Commitment” in order to obtain the same green check marks as Alaska on the DOT Customer Service Dashboards (based on the standards for obtaining such check marks as of the date of this Agreement), including by:
 - 1. Guaranteeing adjacent seats for children 13 or under and an accompanying adult at no additional costs for all fare types.
 - 2. Providing the choice of a travel credit or frequent flier miles when, due to circumstances within the control of Hawaiian, a passenger’s flight is delayed by three hours or more from the scheduled departure time.
 - 3. Providing the choice of a travel credit or frequent flier miles when, due to circumstances within the control of Hawaiian, a passenger’s flight is canceled and the passenger must wait three hours or more for a new flight.
 - 4. Rebooking passengers on a partner airline or another airline with which the Combined Carrier has an agreement at no additional cost in the event of a controllable significant delay.
- E. To amend Hawaiian’s “Customer Service Plan” and Alaska’s “Customer Service Commitment” in order to obtain green check marks on the DOT “Support Our Troops” Customer Service Dashboard (based on the standards for obtaining such check marks as of the date of this Agreement) for:
 - 1. Providing at least one free standard carry-on and at least two free standard checked bags for service members and their accompanying spouse and children with appropriate identification such as a valid military ID.

2. Waiving change fees for service members and accompanying family members who reschedule flights due to a military order or directive.
- F. To continue serving rural and underserved communities, specifically:
1. Maintaining robust passenger service and air cargo capacity among the Hawaiian Islands at a baseline level similar to that provided by Hawaiian Airlines as of December 2, 2023.
 2. Continuing Alaska's longstanding commitment to and support for the Essential Air Service ("EAS") program, in which Alaska has participated for decades.
 3. Maintaining an interline agreement with Southern Airways Express LLC d/b/a Mokulele Airlines ("Mokulele") or any successor EAS carrier operating the same EAS routes as Mokulele on terms and conditions no less favorable to Mokulele than contained in Hawaiian's interline agreement with Mokulele as of the date of this Agreement and enabling passengers to connect between Mokulele flights and the Combined Carrier's broader network. Section III.F.3 is subject to Mokulele and any EAS successor carrier meeting the Combined Carrier's stringent and applicable federal safety and operational standards and having the capability to meet the technical requirements to interline with the Combined Carrier.
 4. Making commercially reasonable efforts to enter into an interline agreement between the Combined Carrier, inclusive of any wholly-owned subsidiary of AAG, and carriers providing EAS on EAS routes upon request of such a carrier provided that the requesting carrier meets the Combined Carrier's safety and operational standards and technical requirements. To the extent an interline request with an EAS carrier is refused, the Combined Carrier will report to the DOT Office of Aviation Analysis within two weeks of declining such request, including an explanation of the reasons for declining the request.
- G. To protect HawaiianMiles and Alaska Mileage Plan program members, specifically:
1. During the period between Closing and the launch of a new combined loyalty program, the Combined Carrier will:
 - a. allow members to transfer HawaiianMiles miles to and from Alaska Mileage Plan miles at a 1:1 ratio, meaning HawaiianMiles members will receive one mile under the

Alaska Mileage Plan for every one mile transferred to and from HawaiianMiles.

- b. ensure that HawaiianMiles members will not experience a loss of or devaluation in HawaiianMiles, including devaluation due to expiration of miles, or account deactivation as a result of inactivity, and that the Combined Carrier will not take any actions that would devalue HawaiianMiles miles, including those that would decrease the dollar value, eliminate, reduce, suspend, forfeit, invalidate, impose new limits on access, use, redemption, or validity, or impose new requirements or expense for the redemption or use of a mile on Hawaiian-operated flights.
 - c. maintain the value of each unredeemed HawaiianMiles mile at the value earned prior to Closing.
 - d. continue to award HawaiianMiles miles at the same or greater value.
 - e. honor all active HawaiianMiles promotions for which HawaiianMiles members registered prior to Closing.
2. The Combined Carrier will launch a new combined loyalty program that will build on the benefits of Alaska and Hawaiian's existing loyalty programs, and in order to provide even greater value to consumers, the Combined Carrier will:
- a. convert each outstanding HawaiianMiles and Alaska Mileage Plan mile into a mile in the new combined loyalty program at a 1:1 ratio, resulting in all members having the same number of miles before and after conversion.
 - b. ensure that all HawaiianMiles miles and Alaska Mileage Plan miles earned prior to conversion into the new loyalty program remain valid without expiration.
 - c. for the remainder of the applicable program year, match and maintain the equivalent status levels that HawaiianMiles members hold under the HawaiianMiles program at the time of launch.
 - d. for the remainder of the applicable program year, match and maintain status levels and conferred benefits in the new combined loyalty program that are equivalent to status levels and conferred benefits in Alaska's Mileage Plan program at the time of launch.

- e. match or increase status and benefits relayed by status as necessary to ensure members of each existing loyalty program are treated no less favorably relative to status, including by matching or increasing members' elite status in the new combined loyalty program for the remainder of the applicable program year.
3. The Combined Carrier will ensure that all miles in the new combined loyalty program can be redeemed on fully refundable award tickets at no less than [REDACTED] per mile on flights operated by the Combined Carrier (the "guest-facing value").

The guest-facing value will be measured by comparing the price in miles (exclusive of taxes and fees) of a First Class or Main Cabin fully refundable award ticket to the price in dollars of a fully refundable revenue ticket in the same fare class. [REDACTED]

[REDACTED]

Section III.G.3 does not apply to:

- a. redemptions on Saver fare or any other fare products that are not available to Alaska Mileage Plan or HawaiianMiles members for miles redemption at time of Closing but become available after Closing.
- b. redemptions on partner airlines.
- c. purchases of any non-fare products (such as hotel stays, extra checked bags, lounge passes or Premium or First Class upgrades).

If the rate paid by the credit card cobrand partner to the Combined Carrier drops by more than [REDACTED] per mile, the guest-facing value may be decreased by the corresponding amount.

- 4. The Combined Carrier will not impose change or cancellation fees on redemption tickets (other than Saver fare tickets) for travel on Combined Carrier-operated flights.
- 5. The Combined Carrier will update its policies, practices, terms, and conditions and apply them on any existing miles or status to incorporate and reflect all of the commitments in this agreement.
- 6. In order to preserve the Combined Carrier's ability to compete, if the DOT adopts final rules related to airline loyalty programs during

the term of this Agreement that pertain to the subjects covered in Section III.G, the Combined Carrier may elect to instead follow the requirements of such rules if they are more permissive than the requirements of this Section, subject to providing reasonable advance notice of such changes to customers and updating its customer-facing disclosures accordingly. The Combined Carrier will meet and confer with DOT before making any such changes.

- H. To ensure that appropriate policies and procedures are in place to provide automatic refunds as required by law, including the FAA Reauthorization Act of 2024, and to adhere to DOT's Final Rule (as amended) on "Refunds and Other Consumer Protections."
- I. To implement appropriate policies and procedures to adhere to future applicable DOT rules regarding "Ensuring Safe Accommodations for Air Travelers with Disabilities Using Wheelchairs" and "Family Seating in Air Transportation" upon their effective dates.
- J. To adhere to applicable data privacy and cybersecurity laws and regulations. Alaska has adopted the NIST Cybersecurity Framework ("NIST CSF") as a guiding principle, ensuring that the Combined Carrier's approach to cybersecurity is both robust and adaptive to the ever-evolving threat landscape.

IV. Reporting

Not later than 90 days after the Closing, and continuing annually for the Term, AAG will submit a written report to DOT outlining its compliance with each of the Commitments. DOT agrees that it will afford each such report confidential treatment to the full extent available under applicable law.



V. Notice of Noncompliance

If at any time DOT believes that AAG may not be in compliance with one or more of the Commitments or with the reporting obligations set forth in Section IV, it will notify AAG accordingly. AAG may respond by providing DOT with information that shows that AAG is in compliance and/or has cured any noncompliance. DOT agrees that it will afford all such correspondence confidential treatment to the full extent available under applicable law.

Notice will be in writing and will be deemed to have been duly given (i) when delivered or sent if delivered in person or sent by email transmission (provided, that (x) confirmation of email transmission is obtained (which confirmation shall be provided by the recipient if so requested) and (y) any notice received by email transmission or otherwise at the addressee's location on any business day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next business day) or (ii) on the next business day if transmitted by national overnight courier service, in each case as follows:

To AAG:

General Counsel
Alaska Air Group, Inc.
19300 International Blvd
Seattle, WA 98188

To DOT:

Director, Office of Aviation Analysis
U.S. Department of Transportation
Office W86-312
1200 New Jersey Ave., S.E.
Washington, DC 20590

VI. Enforcement

AAG agrees that the Commitments outlined above will be binding and enforceable contractual promises. Accordingly, AAG agrees that if DOT grants the requested exemption:

- A. At any time 14 or more days after DOT gives notice to AAG pursuant to Section V, DOT may notify AAG that AAG continues to be in noncompliance with one or more Commitments. AAG acknowledges that in the event of noncompliance, DOT will assert that such continuing noncompliance will constitute a violation of 49 U.S.C. § 41712, and that a separate violation will be deemed to have occurred for each day that noncompliance continues.
- B. DOT may enforce the Commitments by bringing a civil action against AAG in federal district court in any judicial district in which the Combined Carrier does business or where the alleged violation occurred, in addition to or instead of taking enforcement action pursuant to its authority under the Federal Aviation Act.
- C. Nothing in this Agreement shall restrict DOT's existing statutory and regulatory authorities, or at any time prohibit or limit DOT from exercising those authorities, including but not limited to potentially unfair or deceptive practices or unfair methods of competition.
- D. Nothing herein shall be construed as a waiver by AAG of its right to contest any enforcement action taken by DOT based upon any alleged noncompliance by AAG with the Commitments, including without limitation any civil penalty that DOT may seek to impose. Notwithstanding the preceding sentence, AAG agrees that if DOT brings a civil action as described in Section VI.B, AAG will not (i) contest the Court's jurisdiction or (ii) dispute that the Commitments in this Agreement are binding, and enforceable contractual terms. DOT acknowledges that AAG may argue in any such action that it is not in noncompliance with the Commitments and that DOT will bear the burden of proving that AAG is not in compliance.

VII. Complete Agreement


This Agreement constitutes the entire agreement between DOT, Hawaiian Holdings, and AAG with respect to Alaska and Hawaiian's applications for an exemption and approval of the transfer of international route authorities and supersedes all prior agreements and undertakings, both written and oral, among DOT, Hawaiian, and AAG, or any of them, with respect to the subject matter hereof.

VIII. Effective Date


This Agreement shall take effect upon execution by the signatories; provided, however, the Commitments of AAG and Hawaiian Holdings in this Agreement are conditioned upon the Closing and DOT approval of the requested exemption. The Commitments shall have no effect if DOT denies the requested transfer of international route authorities.

IX. Signatures

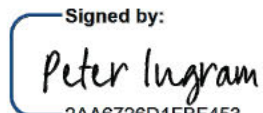
On behalf of the U.S. Department of Transportation

 Date: September 15, 2024
Polly Trottenberg
U.S. Deputy Secretary of Transportation

On behalf of Alaska Air Group, Inc.

 Date: September 14, 2024
Ben Minicucci
President & CEO

On behalf of Hawaiian Holdings, Inc.

Signed by:

2AA6726D1F8F453... Date: September 14, 2024
Peter Ingram
President & CEO