ALASKA AIRLINES AND HAWAIIAN AIRLINES TO COMBINE, EXPANDING BENEFITS & CHOICE FOR TRAVELERS THROUGHOUT HAWAI'I AND WEST COAST

News / Airlines

Alaska Airlines will acquire Hawaiian Airlines for a transaction value of approximately $1.9 billion. The combined company will unlock more destinations for consumers and expand choice of critical air service options and access throughout the Pacific region, Continental United States and globally. The transaction is expected to enable a stronger platform for growth and competition in the U.S., as well as long-term job opportunities for employees, continued investment in local communities and environmental stewardship. This combination will build on the 90+ year legacies and cultures of these two service-oriented airlines, preserve both beloved brands on a single operating platform, and protect and grow union-represented jobs and economic development opportunities in Hawai'i, with a combined network that will provide more options and added international connectivity for travelers through airline partners including, the oneworld Alliance.

Ben Minicucci, Alaska Airlines CEO, commented: "This combination is an exciting next step in our collective journey to provide a better travel experience for our guests and expand options for West Coast and Hawai'i travelers. We have a longstanding and deep respect for Hawaiian Airlines, for their role as a top employer in Hawai'i, and for how their brand and people carry the warm culture

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of aloha around the globe. Our two airlines are powered by incredible employees, with 90+ year legacies and values grounded in caring for the special places and people that we serve. I am grateful to the more than 23,000 Alaska Airlines employees who are proud to have served Hawai'i for over 16 years, and we are fully committed to investing in the communities of Hawai'i and maintaining robust Neighbor Island service that Hawaiian Airlines travelers have come to expect. We look forward to deepening this stewardship as our airlines come together, while providing unmatched value to customers, employees, communities and owners."

Peter Ingram, Hawaiian Airlines President and CEO, said: "Since 1929, Hawaiian Airlines has been an integral part of life in Hawai'i, and together with Alaska Airlines we will be able to deliver more for our guests, employees and the communities that we serve. In Alaska Airlines, we are joining an airline that has long served Hawai'i, and has a complementary network and a shared culture of service. With the additional scale and resources that this transaction with Alaska Airlines brings, we will be able to accelerate investments in our guest experience and technology, while maintaining the Hawaiian Airlines brand. We are also pleased to deliver significant, immediate and compelling value to our shareholders through this all-cash transaction. Together, Hawaiian Airlines and Alaska Airlines can bring our authentic brands of hospitality to more of the world while continuing to serve our valued local communities."

Complementary networks and greater choice for Alaska Airlines and Hawaiian Airlines' combined 54.7 million annual passengers

The combination of complementary domestic, international, and cargo networks is positioned to enhance competition and expand choice for consumers on the West Coast and throughout the Hawaiian Islands through:

- ***Preserving outstanding brands:*** The combined airline will maintain both industry-leading Alaska Airlines and Hawaiian Airlines brands while integrating into a single operating platform, enabling the remarkable service and hospitality of each to be enjoyed by passengers with continued excellence in operational reliability, trust and guest satisfaction for which both companies have been consistently recognized.
- ***An enhanced product offering for a wide range of consumers:*** The combination preserves and expands high-quality, best-in-class product offerings with price points to make air travel accessible to a wide range of consumers across a range of cabin classes, including greater choice between Alaska Airlines' high-value, low-fare options and Hawaiian Airlines' international and long-haul product on par with network carriers.
- ***Complementary networks expand travel options:*** Passengers traveling throughout the Continental U.S., U.S. West Coast and across the Pacific will benefit from more choice and increased connectivity across both airlines' networks, with service to 138 destinations including non-stop service to 29 top international destinations in the Americas, Asia, Australia and the South Pacific, and combined access to over 1,200 destinations through the **one**world Alliance.
- ***Expanded service for Hawai'i:*** For Hawai'i residents, the combination will expand service and convenience by tripling the number of destinations throughout North America that can be reached nonstop or one stop from the Islands, while maintaining robust Neighbor Island service and increasing air cargo capacity.
- ***Strategic Honolulu hub:*** Honolulu will become a key Alaska Airlines hub, enabling greater international connectivity for West Coast travelers throughout the Asia-Pacific region with one-stop service through Hawai'i.
- ***Increased loyalty program benefits:*** The transaction will connect Hawaiian Airlines' loyalty members with enhanced benefits through an industry-leading loyalty program for the

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combined airline, including the ability to earn and redeem miles on 29 global partners and receive elite benefits on the full complement of **one**world Alliance airlines, expanded global lounge access and benefits of the combined program's co-brand credit card.

Delivering substantial benefits for employees and communities in Hawai'i

As one of Hawai'i's largest employers, Hawaiian Airlines has a long legacy of commitment to its employees, who shaped the company over its 94-year history, and to local communities, culture, and the natural environment. As an integrated company, Alaska Airlines and Hawaiian Airlines will continue this stewardship and maintain a strong presence and investment in Hawai'i. The combined company will drive:

- ***Growth in union-represented jobs:*** Maintain and grow union-represented jobs in Hawai'i, including preserving pilot, flight attendant, and maintenance bases in Honolulu and airport operations and cargo throughout the state.
- ***Strong operational presence:*** Maintain a strong operations presence with local leadership and a regional headquarters in Hawai'i to support the combined airlines' network.
- ***Opportunities for employees***: Provide more opportunities for career advancement, competitive pay and benefits, and geographic mobility for employees.
- ***Expansion of workforce development initiatives:*** Continue and expand access to workforce development initiatives, including Hawaiian Airlines' partnership with the Honolulu Community College Aeronautics Maintenance Technology Program and Alaska Airlines' Ascend Pilot Academy among others, to support future jobs and career opportunities in Hawai'i and beyond.
- ***Investment in local communities:*** Continue to invest in Hawai'i communities, combining and expanding the two airlines' commitments, and work with local communities and government to build a vibrant future for Hawai'i.
- ***Perpetuation of culture:*** Committed to promoting regenerative tourism in the Hawaiian Islands and investing in Hawaiian language and culture, continuing and building upon Hawaiian Airlines' existing programs.

Becoming an even more sustainable combined airline

Alaska Airlines is committed to building upon both Alaska Airlines' and Hawaiian Airlines' strong commitments to environmental stewardship, including Alaska Airlines' five-part path to net zero by 2040 and sustainability goals in areas of carbon emissions and fuel efficiency, waste, and healthy ecosystems. In 2022, Alaska Airlines made its largest Boeing fleet order in its 90-year history, focused on the Boeing 737-MAX aircraft, which are 25% more fuel-efficient on a seat-by-seat basis than the aircraft they replace, and continued to expand use of route optimization software to help dispatchers develop routes that save fuel, time, and emissions. Both airlines are actively working to advance the market for sustainable aviation fuel (SAF) in their respective geographies. These climate-focused efforts will continue, including continued investment in local sourcing.

Compelling strategic and financial rationale, generating outsized value creation

The combination fits strategically with Alaska Airlines' sustained focus on expanding options for West Coast travelers and creates an important new platform to further enhance Alaska Airlines' above industry-average organic growth. The transaction is designed to deliver attractive value creation for Alaska Airlines' shareholders while providing a compelling premium for Hawaiian Airlines shareholders.

- All-cash transaction of $18.00 per share for a total equity value of $1.0 billion provides a

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compelling premium for Hawaiian Airlines shareholders.
- Transaction multiple of 0.7 times revenue, approximately one third the average of recent airline transactions.
- Approximately $235 million of expected run-rate synergies reflect a conservative estimate of the transaction's synergy potential; these exclude other identified upside opportunities that could be realized.
- Expected to generate high single digit earnings accretion for Alaska Airlines within the first two years (high-teens three+ years) post-close and mid-teens ROIC by year three, excluding integration costs, with returns above Alaska Airlines' cost of capital.
- No anticipated material impact on long-term balance sheet metrics, with return to target leverage levels expected within 24 months.

Conditions to close

The transaction agreement has been approved by both boards. The acquisition is conditioned on required regulatory approvals, approval by Hawaiian Holdings, Inc. shareholders (which is expected to be sought in the first quarter of 2024), and other customary closing conditions. It is expected to close in 12-18 months. The combined organization will be based in Seattle under the leadership of Alaska Airlines CEO Ben Minicucci. A dedicated leadership team will be established to focus on integration planning.

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