

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
☐ Form 3 Holdings Reported
☐ Form 4 Transactions Reported

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ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Filed By
 Romeo and Dye's
 Section 16 Filer
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| 1. Name and Address of Reporting Person* | | | 2. Issuer Name and Ticker or Trading Symbol | | | 6. Relationship of Reporting Person(s) to Issuer (Check all applicable) | | | |
|--|--------------------------------------|--|---|---|------------|--|--|--|---|
| Kelly, John F. | | | Alaska Air Group, Inc. (ALK) | | | <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | | | |
| (Last) (First) (Middle) | | | 3. I.R.S. Identification Number of Reporting Person, if an entity (voluntary) | | | 4. Statement for Month/Year | | | |
| 19300 Pacific Highway South | | | | | | December 2002 | | | |
| (Street) | | | | | | 5. If Amendment, Date of Original (Month/Year) | | | |
| Seattle, WA 98188 | | | | | | Chairman and CEO, Alaska Air Group, Inc. | | | |
| (City) (State) (Zip) | | | 7. Individual or Joint/Group Filing (Check Applicable Line) | | | | | | |
| | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | | | | | |
| Table I — Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | | | | | | | |
| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 & 5) | | | 5. Amount of Securities Beneficially Owned at End of Issuer's Fiscal year (Instr. 3 & 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
| | | | | Amount | (A) or (D) | Price | | | |
| Common Stock | 2/15/02 | | I(1) | 851 | D | \$28.66 | 2549 | I | ESOP Trust |
| Common Stock | 12/31/02 | | J(2) | 215 | A | (2) | 2549 | I | ESOP Trust |
| Common Stock | | | | | | | 661 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

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FORM 5 (continued)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 & 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 & 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned at End of Year (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|--|-----|--|-----------------|---|----------------------------|--|---|---|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |

Explanation of Responses:

(1) These shares were disposed of in discretionary transactions under Company 401(k) program, in transactions exempt under Rule 16b-3(c). The information is as of December 31, 2002.

(2) Acquisition of shares of common stock under Company 401(k) program through new deferrals exempt pursuant to Rule 16b-3(c) at price ranges from \$13.66-\$33.90.

By: /s/ Shannon Alberts for John Kelly, Attorney in Fact

2/12/03
 Date

**Signature of Reporting Person

****Intentional misstatements or omissions of facts constitute Federal Criminal Violations.**
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.
If space is insufficient, See Instruction 6 for procedure.

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