

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

August 20, 2004
(Date of Report)

ALASKA AIR GROUP, INC.

(Exact name of registrant as specified in its charter)
Commission file number 1-8957

Delaware
(State or other jurisdiction of
incorporation or organization)

91-1292054
(I.R.S. Employer
Identification No.)

19300 Pacific Highway South, Seattle, Washington 98188
(Address of principal executive offices)
(206) 392-5040
(Registrant's telephone number)

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FORWARD-LOOKING INFORMATION

This report may contain forward-looking statements that are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance and involve known and unknown risks and uncertainties that may cause our actual results or performance to be materially different from those indicated by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “forecast,” “may,” “will,” “could,” “should,” “expect,” “plan,” “believe,” “potential” or other similar words indicating future events or contingencies. Some of the things that could cause our actual results to differ from our expectations are: economic conditions; the continued impact of terrorist attacks, global instability and potential U.S. military involvement; our significant indebtedness; downgrades of our credit ratings; the competitive environment and other trends in our industry; changes in laws and regulations; changes in our operating costs including fuel; changes in our business plans; interest rates and the availability of financing; liability and other claims asserted against us; labor disputes; our ability to attract and retain qualified personnel; and inflation. For a discussion of these and other risk factors, see Item 1 of the Company’s Amendment No. 1 to its Annual Report for the year ended December 31, 2003 on Form 10-K/A. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed therein. These risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or events described in any forward-looking statements. We disclaim any obligation to publicly update or revise any forward-looking statements after the date of this report to conform them to actual results.

ITEM 5. OTHER EVENTS

On August 20, 2004, Alaska Airlines, Inc. (Alaska), a subsidiary of Alaska Air Group, Inc. issued a press release announcing a management restructuring and voluntary severance incentive plan. This plan focuses on streamlining management of Alaska to improve execution, communication and accountability. Alaska expects this program to result in a reduction of approximately 9% and is estimated to produce an annual cost savings of between \$5 million and \$10 million per year. Management estimates that severance costs associated with this restructuring and voluntary severance and incentive plan to be between \$8 million and \$12 million, although the actual amount will not be known until it is certain how many employees will participate in the program.

The press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by this reference.

ITEM 7. Financial Statements and Exhibits

(c) Exhibits.

99.1 Press Release dated August 20, 2004

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALASKA AIR GROUP, INC.
Registrant

Date: August 20, 2004

/s/ Brandon S. Pedersen

Brandon S. Pedersen
Staff Vice President/Finance and Controller

/s/ Bradley D. Tilden

Bradley D. Tilden
Executive Vice President/Finance and
Chief Financial Officer

Exhibit 99.1

Contact: Lou Cancelmi -or- Sam Sperry
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FOR IMMEDIATE RELEASE

August 20, 2004

ALASKA AIRLINES TO REORGANIZE MANAGEMENT

SEATTLE — Alaska Airlines today began offering a voluntary severance package to management employees as a precursor to a reorganization that will eliminate about nine percent of its management positions between now and spring 2005.

Alaska anticipates a reduction of up to 150 employees resulting in permanent annual savings ranging between \$5 million and \$10 million.

“The reasons for the reorganization are to speed decision-making and to improve communication and accountability,” said CEO Bill Ayer in a memo to all management employees.

Ayer said the aim is to improve execution by eliminating some of the layers of management that served the airline well in a different era, but now must meet a tougher standard in view of the changes and challenges facing the industry.

Ayer said an outline of the overall management restructuring has been mapped out. It will be adjusted in September prior to implementation depending upon how many management employees voluntarily choose to leave.

“We recognize the key role that employees have played over the years and, for those who leave, we want to make the transition as smooth as possible,” Ayer said. “So we’ve crafted a generous severance package, one that compares favorably to any offered since 9/11 triggered 100,000 layoffs at other airlines.”

The voluntary program is being offered to all management personnel. Acceptance of applications, as well as the timing of the departure of personnel, will be based upon the needs of the company's operations.

Among the features: Two weeks of pay for each year of service; a bonus of between \$3,000 and \$15,000 depending on length of service; one year of healthcare coverage; and travel benefits for the employee and eligible dependents.

"Since 9/11, and especially since we unveiled our broad-based Alaska 2010 repositioning plan last summer, we have looked – and will continue to look – at every possible way to strengthen this airline to compete successfully over the long-term," Ayer said.

The management reorganization will not affect any of the airline's current routes and services.

Alaska Airlines is the nation's ninth largest carrier. Alaska and its sister carrier, Horizon Air, together serve more than 80 cities in Alaska, the Lower 48, Canada and Mexico. For more news and information, visit the Alaska Airlines Newsroom on the Internet at <http://newsroom.alaskaair.com>

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