
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K
CURRENT REPORT**

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

December 18, 2001
(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) 431-7040
(Registrant's telephone number)

ITEM 9. Regulation FD Disclosure

FORWARD-LOOKING INFORMATION

This report may contain forward-looking statements that are based on the best information currently available to management. These forward-looking statements 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. Forward-looking statements are indicated by phrases such as "will," "should," "the Company believes," "we expect" or any other language indicating a prediction of future events. There can be no assurance that actual developments will be those anticipated by the Company. Actual results could differ materially from those projected as a result of a number of factors, some of which the Company cannot predict or control. For a discussion of these factors, please see Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2000. The Company expressly disclaims any duty to update these projections, and makes no representation as to their continued accuracy in the event it does not provide such updates.

November 2001 Estimates

Cash and Short-Term Investments

Cash and short-term investments amounted to \$667 million on September 30, 2001. At November 30, 2001, Alaska Air Group had approximately \$700 million of cash and short-term investments, including \$150 million obtained under its credit facility and \$80 million received from the U.S. Government under the Air Transportation Safety and System Stabilization Act, which is approximately 85% of the maximum amount available under the Act. In January 2002, we expect cash will be reduced approximately \$50 million for currently deferred transportation taxes and \$53 million for lease payments on Horizon Air's new aircraft.

Passenger Revenue per Passenger Mile (Yield)

| | | |
|---|-------|---------|
| Passenger yield in cents and percentage change from prior year: | | |
| Alaska Airlines October | 12.97 | (8.0)% |
| Alaska Airlines November | 12.81 | (6.6)% |
| Horizon Air October | 26.42 | (11.8)% |
| Horizon Air November | 26.34 | (11.8)% |

Fuel Cost per Gallon

| | | |
|---|--------|---------|
| Fuel cost per gallon including taxes and percentage change from prior year: | | |
| Alaska Airlines October | \$0.80 | (33.4)% |
| Alaska Airlines November | \$0.74 | (38.3)% |
| Horizon Air October | \$0.85 | (30.9)% |

Fourth Quarter 2001 Estimates

| | Forecast Q4 | Change Yr/Yr |
|-------------------------------------|----------------|-----------------|
| Alaska Airlines | | |
| Capacity (ASMs in millions) | 4,093 | (6.6)% |
| Fuel gallons (000,000) | 69.7 | (8.1)% |
| Cost per ASM excluding fuel (cents) | 9.80 | 13.2% |
| Horizon Air | | |
| Capacity (ASMs in millions) | 470 | (16.9)% |
| Fuel gallons (000,000) | 12.0 | (27.8)% |
| Cost per ASM excluding fuel (cents) | 21.50 | 20.0% |

We anticipate that airports, experiencing fewer landings and lower receipts from concessionaires, will pass revenue shortfalls through to airlines via increased landing fees and terminal rents. Our fourth quarter estimated Cost per ASM has been modified to reflect these expected cost increases and it is possible that it will be modified further as better information becomes available.

Capacity Estimates

The above capacity estimates for the fourth quarter of 2001 are approximately 87% of Alaska's previously planned flight schedule and approximately 79% of Horizon's previously planned flight schedule.

Provided below are capacity (ASMs in millions) estimates for the full year of 2001.

| | | |
|---------------------------|--------|--------|
| Alaska Airlines Full Year | 17,891 | 3.3% |
| Horizon Air Full Year | 2,143 | (6.8)% |

U.S. Government Assistance

Based on the latest information from the Department of Transportation, we are now eligible for a maximum of \$83.9 million for Alaska and \$9.8 million for Horizon under the Air Transportation Safety and System Stabilization Act. As of November 30, 2001, Alaska has received \$71.6 million and Horizon has received \$8.3 million.

Fleet Plan Estimates

Provided below are estimated changes in the Alaska and Horizon fleets for 2001 - 2002.

| Operating Fleet Plan | Seats | On Hand YE 2000 | Estimated Change During | |
|------------------------|-------|--------------------|----------------------------|------|
| | | | 2001 | 2002 |
| Alaska Airlines | | | | |
| B737-200C | 111 | 8 | 1 | |
| B737-400 | 138 | 40 | | |
| B737-700 | 120 | 13 | 3 | 2 |
| B737-900 | 172 | — | 5 | 2 |
| MD-80 | 140 | 34 | (3) | (4) |
| Total | | 95 | 6 | 0 |
| Horizon Air | | | | |
| Dash 8-100/200 | 37 | 40 | (11) | (1) |
| Dash 8-400 | 70 | — | 12 | 3 |
| F-28 | 69 | 22 | (14) | (8) |
| CRJ 700* | 70 | — | 10 | 5 |
| Total | | 62 | (3) | (1) |

* The CRJ700s were delayed. Horizon and the manufacturer have reached agreement on a revised delivery plan, and Horizon will receive additional manufacturer support to compensate for the delay.

Note: In the wake of the terrorists attacks on September 11, Alaska and Horizon are re-evaluating their fleet plans and the fleet activity shown above may change in the near future. Horizon expects to record an asset write-down of its owned F-28 aircraft and related spare parts during the fourth quarter of 2001.

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: December 18, 2001

/s/ BRADLEY D. TILDEN

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