

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 1934August 7, 1996
-----Date of Report
(Date of earliest event
reported)ALASKA AIR GROUP, INC.

(Exact name of registrant as specified in its charter)

1-8957

(Commission File No.)

Delaware
-----(State or other jurisdiction of
incorporation)91-1292054
-----(IRS Employer
Identification No.)19300 Pacific Highway South
Seattle, Washington 98188

(Address of principal executive offices, including zip code)

(206) 433-3200

(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS

On December 15, 1986 (the "Record Date"), the Board of Directors of Alaska Air Group, Inc. (the "Company") declared a dividend of one preferred share purchase right (an "Original Right") for each outstanding share of common stock, \$1.00 par value per share (the "Common Shares"), of the Company. The dividend was payable on the Record Date to the stockholders of record on that date. On August 7, 1996 the Board of Directors amended the Original Rights in their entirety to represent a right to purchase 1/100 of a share of Series A Preferred Stock, \$1.00 par value per share (the "Preferred Shares"), of the Company at a price of \$100 per one one-hundredth of a Preferred Share (the "Purchase Price"), subject to adjustment (a "Right"). The description and terms of the Rights are set forth in an Amended and Restated Rights Agreement (the "Rights Agreement") between the Company and The First National Bank of Boston, a national banking association, as Rights Agent (the "Rights Agent").

Until the earlier to occur of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") have acquired beneficial ownership of 20% or more of the outstanding Common Shares or (ii) 10 business days (or such later date as may be determined by action of the Board of Directors before such time as any person or group of affiliated persons becomes an Acquiring Person) following the

commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 20% or more of the outstanding Common Shares (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Share certificates outstanding as of the Record Date, by such Common Share certificate.

As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested, send) by first-class, insured, postage-prepaid mail, to each record holder of Common Shares as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate (a "Right Certificate"), evidencing one Right for each Common Share so held (subject to appropriate adjustments, as hereinafter defined). As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

The Rights Agreement provides that, until the Distribution Date (or earlier redemption or expiration of the Rights), the Rights will be transferred with and only with the Common Shares. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Share certificates issued after the date of the

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Rights Agreement upon transfer or new issuance of Common Shares will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any certificates for Common Shares outstanding as of the Record Date, even without such notation being attached thereto, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on August 7, 2006 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed or exchanged by the Company, in each case, as described below.

The Purchase Price payable, and the number of Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares, (ii) upon the grant to holders of the Preferred Shares of certain rights or warrants to subscribe for or purchase Preferred Shares at a price, or securities convertible into Preferred Shares with a conversion price, less than the then-current market price of the Preferred Shares or (iii) upon the distribution to holders of the Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends paid out of earnings or retained earnings or dividends payable in Preferred Shares) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights and the number of one one-hundredths of a Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of a stock split of the Common Shares or a stock dividend on the Common Shares payable in Common Shares or subdivisions, consolidations or combinations of the Common Shares occurring, in any such case, prior to the Distribution Date.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. Each Preferred Share will be entitled to a minimum preferential quarterly dividend payment of \$1 per share but will be entitled to an aggregate dividend of 100 times the dividend declared per Common Share. In the event of liquidation, the holders of the Preferred Shares will be entitled to a minimum preferential liquidation payment of \$100 per share but will be entitled to an aggregate payment of 100 times the payment made per Common Share. Each Preferred Share will have 100 votes, voting together with the Common Shares. Finally, in the event of any merger,

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consolidation or other transaction in which Common Shares are exchanged, each Preferred Share will be entitled to receive 100 times the amount received per Common Share. These rights are protected by customary antidilution provisions.

Because of the nature of the Preferred Shares' dividend, liquidation and voting rights, the value of the one one-hundredth interest in a Preferred Share purchasable upon exercise of each Right should approximate the value of one Common Share.

If the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold after a person or group has become an Acquiring Person, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the Right. If any person or group of affiliated or associated persons becomes an Acquiring Person, proper provision will be made so that each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereafter be void), will thereafter have the right to receive upon exercise that number of Common Shares having a market value of two times the exercise price of the Right.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional Preferred Shares will be issued (other than fractions which are integral multiples of one one-hundredth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts) and in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Shares on the last trading day prior to the date of exercise.

At any time after any person or group becomes an Acquiring Person and prior to the acquisition by such person or group of 50% or more of the outstanding Common Shares, the Board of Directors of the Company may exchange the Rights (other than Rights owned by such person or group which will have become void), in whole or in part, at an exchange ratio of one Common Share, or one one-hundredth of a Preferred Share, per Right (subject to adjustment).

At any time prior to the acquisition by a person or group of affiliated or associated persons of beneficial ownership of 20% or more of the outstanding Common Shares, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time on such basis with such conditions as the Board of Directors in its sole discretion may establish. Immediately

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upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

The terms of the Rights may be amended by the Board of Directors of the Company without the consent of the holders of the Rights, including an amendment to lower certain thresholds described above to not less than the greater of (i) the sum of .001% and the largest percentage of the outstanding Common Shares then known by the Company to be beneficially owned by any person or group of affiliated or associated persons and (ii) 10%, except that from and after such time as any person or group of affiliated or associated persons becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends.

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Exhibits

- 2.1 Amended and Restated Rights Agreement, dated August 7, 1996, between Alaska Air Group, Inc. and The First National Bank of Boston, as Rights Agent, incorporated herein by reference to Exhibit 2.1 to the Company's Registration Statement on Form 8-A/A, filed with the Securities and Exchange Commission on August 8, 1996.
- 99.1 Press release issued August 7, 1996.

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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 hereunto duly authorized.

ALASKA AIR GROUP, INC.

Dated: August 7, 1996

By /s/ Harry G. Lehr

Harry G. Lehr
Senior Vice President/Finance

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EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|---|
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ALASKA AIR GROUP

NEWS

CONTACT: Lou Cancelmi
206/433-3170

FOR IMMEDIATE RELEASE

August 7, 1996

ALASKA AMENDS STOCKHOLDER RIGHTS AGREEMENT

SEATTLE -- Alaska Air Group, Inc. announced today that its board of directors has adopted an amended and restated stockholder rights agreement designed to protect stockholders from coercive takeover tactics. The amended and restated agreement replaces the company's current rights plan that expires in December 1996. The rights are similar to those adopted by many public companies.

In making the announcement, the company said it is not aware of any effort to gain control of the company. The rights will be exercisable only if a person or group acquires 20% or more of Alaska Air Group's common stock or announces a tender offer that would result in ownership by a person or group of 20% or more of the common stock. Details of the rights are outlined in the company's filings with the Securities and Exchange Commission.

"The rights are designed to assure that all of Alaska Air Group's stockholders receive fair and equal treatment in the event of any proposed takeover of the company," said John F. Kelly, chairman, president and chief executive officer. "The rights are not designed to prevent an acquisition of the company, but rather to provide adequate time for the board and stockholders to evaluate the fairness of a proposal."

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