
**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**

December 16, 2004
(Date of earliest event reported)

ALASKA AIR GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

1-8957
(Commission File Number)

91-1292054
(IRS Employer Identification No.)

19300 Pacific Highway South, Seattle, Washington
(Address of Principal Executive Offices)

98188
(Zip Code)

(206) 392-5040

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01. Other Events

On December 16, 2004, Alaska Airlines, Inc. issued the attached release (exhibit 99.1) concerning the status of pilot contract negotiations on its internal website.

ITEM 9.01. Financial Statements and Other Exhibits

Exhibit 99.1 Internal release updating the status of pilot contract negotiations.

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 16, 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

After 10 days of around-the-clock sessions, company and ALPA bargaining unit negotiators were unable to reach an agreement on a new contract by the December 15 deadline agreed to by both parties.

The negotiations followed months of preparation and nearly 10 months of earlier mid-term negotiations.

The next step for both parties is to prepare for arbitration. In that process, an impartial third-party arbitrator will listen to both sides and decide on wage rates, along with up to five items submitted by each side. The arbitrator's decisions are binding and will go into effect May 1, 2005.

Commenting on the negotiations, CEO Bill Ayer said he appreciated the efforts of all concerned to get a new contract collaboratively but expressed disappointment with the final result.

"Due to the considerable time and effort that went into this process," said Ayer, "I can only conclude there is a lack of fundamental agreement on the magnitude of change required to ensure the future viability of Alaska Airlines. Considering the industry environment today and the fact that other carriers' labor costs keep decreasing, uncertainty is not in anyone's best interests. The arbitration will achieve resolution so we can plan for the future."