

---

---

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**

**April 13, 2018**  
(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 International Boulevard, 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

**ITEM 7.01. Regulation FD Disclosure**

On April 13, 2018, Alaska Air Group, Inc. (Air Group) issued a press release announcing its March 2018 operational results. The press release is furnished herein as Exhibit 99.1.

Also on April 13, 2018, Air Group provided an investor update related to its financial and operational outlook. The investor update is furnished herein as Exhibit 99.2.

In accordance with General Instruction B.2 of Form 8-K, the information under this item Exhibit 99.1 and Exhibit 99.2 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing. This report will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

**ITEM 9.01 Financial Statements and Other Exhibits**

[Exhibit 99.1](#) March 2018 Traffic Press Release dated April 13, 2018

[Exhibit 99.2](#) Investor Update dated April 13, 2018

**Signatures**

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: April 13, 2018

/s/ Brandon S. Pedersen  
Brandon S. Pedersen  
Executive Vice President/Finance and Chief Financial Officer

# News

## Alaska Air Group

April 13, 2018

**Contact:**

Media Relations  
(206) 304-0008  
[newsroom@alaskaair.com](mailto:newsroom@alaskaair.com)

**Investor contact:**

Matt Grady  
Director, Investor Relations  
(206) 392-5382

### Alaska Air Group reports March 2018 operational results

SEATTLE — Alaska Air Group, Inc. (NYSE: ALK) today reported March and year-to-date operational results on a consolidated basis, for its mainline operations operated by subsidiaries Alaska Airlines, Inc. (Alaska) and Virgin America Inc. (Virgin America), and for its regional flying operated by subsidiary Horizon Air Industries, Inc. (Horizon) and third-party regional carriers SkyWest Airlines and Peninsula Airlines.

On January 11, 2018, Alaska and Virgin America consolidated their operations onto a Single Operating Certificate (SOC). Results for Alaska and Virgin America have been combined into a single mainline operation.

#### AIR GROUP

On a combined basis for all operations, Air Group reported a 6.5 percent increase in traffic on a 7.2 percent increase in capacity compared to March 2017. Load factor decreased 0.5 points to 84.9 percent.

The following table shows the operational results for March and year-to-date compared to the prior-year periods:

	March			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	<b>3,920</b>	3,737	4.9%	<b>10,489</b>	10,008	4.8%
Revenue passenger miles RPM (000,000) "traffic"	<b>4,654</b>	4,369	6.5%	<b>12,403</b>	11,707	5.9%
Available seat miles ASM (000,000) "capacity"	<b>5,485</b>	5,116	7.2%	<b>15,480</b>	14,394	7.5%
Passenger load factor	<b>84.9%</b>	85.4%	(0.5) pts	<b>80.1%</b>	81.3%	(1.2) pts

## MAINLINE

Mainline reported a 5.4 percent increase in traffic on a 6 percent increase in capacity compared to March 2017. Load factor decreased 0.5 points to 85.4 percent. Mainline also reported 81.9 percent of its flights arrived on time in March 2018, compared to 75.9 percent reported in March 2017.

Mainline operational results reflect both Alaska and Virgin America combined. The following table shows mainline operational results for March and year-to-date compared to the prior-year periods:

	March			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	<b>3,085</b>	2,906	6.2%	<b>8,211</b>	7,774	5.6%
RPMs (000,000)	<b>4,256</b>	4,039	5.4%	<b>11,360</b>	10,827	4.9%
ASMs (000,000)	<b>4,985</b>	4,704	6.0%	<b>14,098</b>	13,260	6.3%
Passenger load factor	<b>85.4%</b>	85.9%	(0.5) pts	<b>80.6%</b>	81.7%	(1.1) pts
On-time arrivals as reported to U.S. DOT	<b>81.9%</b>	75.9%	6.0 pts	<b>84.4%</b>	74.6%	9.8 pts

## REGIONAL

Regional traffic increased 20.6 percent on a 21.4 percent increase in capacity compared to March 2017. Load factor decreased 0.4 points to 79.7 percent. Alaska's regional partners also reported 86.7 percent of its flights arrived on time in March 2018, compared to 84.2 percent in March 2017.

The following table shows regional operational results for March and year-to-date compared to the prior-year periods:

	March			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	<b>835</b>	831	0.5%	<b>2,278</b>	2,234	2.0%
RPMs (000,000)	<b>398</b>	330	20.6%	<b>1,043</b>	880	18.5%
ASMs (000,000)	<b>500</b>	412	21.4%	<b>1,382</b>	1,134	21.9%
Passenger load factor	<b>79.7%</b>	80.1%	(0.4) pts	<b>75.5%</b>	77.6%	(2.1) pts
On-time arrivals as reported to U.S. DOT	<b>86.7%</b>	84.2%	2.5 pts	<b>86.2%</b>	72.6%	13.6 pts

Alaska Airlines, together with Virgin America and its regional partners, flies 44 million guests a year to more than 115 destinations with an average of 1,200 daily flights across the United States and to Mexico, Canada and Costa Rica. With Alaska and [Alaska Global Partners](#), guests can earn and redeem miles on flights to more than 900 destinations worldwide. Learn more about Alaska's award-winning service at [newsroom.alaskaair.com](#) and [blog.alaskaair.com](#). Alaska Airlines, Virgin America and Horizon Air are subsidiaries of Alaska Air Group (NYSE: ALK).

###

# Alaska Air Group

## Investor Update - April 13, 2018

### Note to Investors

This abbreviated Investor Update is being provided to communicate certain actual first quarter 2018 operating statistics. It also includes forecasted total unit revenue (RASM), unit cost excluding fuel and other items (CASMex), estimated economic fuel cost per gallon for the quarter, expected non-operating income, and first quarter share repurchase information.

Unit revenue, unit cost and other financial forecasts are estimates only. Actual amounts reported may differ and are dependent on our normal quarter-end closing process.

A full Investor Update with information about fuel hedge positions, planned capital expenditures, fleet information, and share repurchase activity will be provided in connection with our first quarter earnings release scheduled for April 23, 2018.

References in this update to “Air Group,” “Company,” “we,” “us,” and “our” refer to Alaska Air Group, Inc. and its subsidiaries, unless otherwise specified.

### Information about Non-GAAP Financial Measures

This update includes forecasted operational and financial information for our operations. Our disclosure of operating cost per available seat mile excluding fuel and other items provides us (and may provide investors) with the ability to measure and monitor our performance. The most directly comparable GAAP measure is total operating expense per available seat mile. However, due to the large fluctuations in fuel prices, we are unable to predict total operating expense for any future period with any degree of certainty. In addition, we believe the disclosure of fuel expense on an economic basis is useful to investors in evaluating our ongoing operational performance. Please see the cautionary statement under “Forward-Looking Information.”

We are providing unaudited information about fuel price movements and the impact of our hedging program on our financial results. Management believes it is useful to compare results between periods on an “economic basis.” *Economic fuel expense* is defined as the raw or “into-plane” fuel cost less any cash we receive from hedge counterparties for hedges that settle during the period, offset by the recognition of premiums originally paid for those hedges that settle during the period. Economic fuel expense more closely approximates the net cash outflow associated with purchasing fuel for our operation.

### Forward-Looking Information

This update contains forward-looking statements subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements relate to future events and involve known and unknown risks and uncertainties that may cause actual outcomes to be materially different from those indicated by any forward-looking statements. For a comprehensive discussion of potential risk factors, see Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as well as in other documents filed by the Company with the SEC after the date thereof. Some of these risks include general economic conditions, increases in operating costs including fuel, competition, labor costs and relations, our indebtedness, inability to meet cost reduction goals, seasonal fluctuations in our financial results, an aircraft accident, changes in laws and regulations and risks inherent in the achievement of anticipated synergies and the timing thereof in connection with the acquisition of Virgin America. All of the forward-looking statements are qualified in their entirety by reference to the risk factors discussed therein. 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 expressly disclaim any obligation to publicly update or revise any forward-looking statements after the date of this report to conform them to actual results. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance, or achievements that are expressed or implied by our forward-looking statements, and such differences might be significant and materially adverse.

---

## AIR GROUP - CONSOLIDATED

### First Quarter 2018

#### Operating Statistics

	Q1 2018	Q1 2017	% Change
Revenue passengers (in thousands)	10,489	10,008	4.8%
Traffic (RPMs in millions)	12,403	11,707	5.9%
Capacity (ASMs in millions)	15,480	14,394	7.5%
Load factor	80.1%	81.3%	(1.2) pts

#### Forecast Information

The cost guidance below excludes merger-related costs and a \$25 million special charge for the \$1,000 bonus awarded to employees in January 2018 in connection with the passing of the Tax Cuts and Jobs Act.

	Q1 2018 Forecast	Q1 2017	% Change	Prior Guidance March 13, 2018
Revenue per ASM (cents) <sup>(a)</sup>	11.82¢ - 11.84¢	12.09¢	~ (2.1)% - (2.3)%	~ (3.5)% to (4.5)%
Cost per ASM excluding fuel and special items (cents) <sup>(a)</sup>	8.81¢ - 8.83¢	8.38¢	~ 5.5%	8.80¢ - 8.85¢
Fuel gallons (000,000)	197	184	~ 7%	205
Economic fuel cost per gallon <sup>(b)</sup>	\$2.14	\$1.78	~ 20%	\$2.13

(a) Q1 2017 and 2018 RASM and CASMex reflect the impacts of the updated accounting standards, effective for the Company January 1, 2018. Information not impacted by the updated accounting standards (Fuel gallons and Economic fuel cost per gallon) has not been restated.

(b) Our economic fuel cost per gallon estimate for the first quarter includes the following per-gallon assumptions: crude oil cost - \$1.50 (\$63 per barrel); refining margin - 48 cents; with the remaining difference due to taxes and other into-plane costs.

The preceding first quarter forecast CASMex includes a \$9 million impact related to the agreement reached with our flight attendants on April 3, 2018. This charge includes retroactive pay back to January 1, 2018 and the impact of bringing our sick and vacation accruals to the new wage rates. We expect the 2018 full year impact of this agreement to be approximately \$30 million, an amount which was not reflected in our prior full-year cost guidance.

#### Nonoperating Expense

We expect that our consolidated nonoperating *expense* will be approximately \$23 million in the first quarter of 2018. This guidance includes a charge for expected costs of approximately \$8 million for aircraft that are currently sub-leased to another carrier.

#### Effective Tax Rate

We expect our first quarter 2018 effective tax rate on adjusted earnings will be approximately 26%. We expect our 2018 full year effective tax rate will be approximately 25%.

#### Stock Repurchase and Share Count

In 2018, we have repurchased a total of 185,661 shares of common stock for approximately \$12 million. We expect our weighted-average basic and diluted share counts will be 123.2 million and 123.6 million, respectively, for the first quarter of 2018.