
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**

May 15, 2017
(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))
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ITEM 7.01. Regulation FD Disclosure

Pursuant to 17 CFR Part 243 (“Regulation FD”), the Company is submitting information relating to its financial and operational outlook in an Investor Update as attached in Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information under this item and Exhibit 99.1 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 Investor Update dated May 15, 2017
Exhibit 99.2 April 2017 Traffic Press Release dated May 9, 2017

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: May 15, 2017

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

Alaska Air Group

Investor Update - May 15, 2017

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

This update includes forecasted operational and financial information for our consolidated 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 without these items. The most directly comparable GAAP measure is total operating expenses per available seat mile. However, due to the large fluctuations in fuel prices, we are unable to predict total operating expenses 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 information about estimated fuel prices and our hedging program. 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, 2016, 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, 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

Operating and Financial Statistics

For the purposes of comparison, the consolidated operating and financial statistics in the historical period of the table below are on a "Combined Comparative" basis, and include operations for Alaska Air Group and Virgin America Inc. (Virgin America) for the periods prior to the acquisition date of December 14, 2016. Virgin America's historical operating statistics included in the Combined Comparative presentation below have been conformed to Alaska Air Group's presentation where appropriate.

	April 2017	April 2016 Combined Comparative	% Change	April 2016 As Reported
Revenue passengers (in thousands)	3,674	3,421	7.4%	2,759
Traffic (RPMs in millions)	4,346	4,033	7.8%	3,039
Capacity (ASMs in millions)	5,019	4,797	4.6%	3,615
Load factor	86.6%	84.1%	2.5pts	84.1%
Passenger RASM (cents)	11.49¢	10.85¢	5.9%	11.11¢
RASM (cents) ^(a)	13.37¢	12.66¢	5.6%	13.16¢
Economic fuel cost per gallon	\$1.79	\$1.43	25.2%	\$1.40

(a) The Easter travel period moved from March in 2016 to April in 2017. This shift favorably impacted April unit revenues by approximately 3 percentage points.

Forecast Information

The following tables provide a Combined Comparative perspective, calculated as the sum of 2016 historical results for Alaska Air Group and Virgin America for the fiscal period prior to the acquisition date of December 14, 2016.

	Q2 2017 Forecast	Q2 2016 Combined Comparative	% Change	Q2 2016 As Reported	Prior Guidance April 26, 2017
Capacity (ASMs in millions)	15,625 - 15,675	14,751	~ 6%	11,062	15,625 - 15,675
Cost per ASM excluding fuel and special items (cents)	7.88¢ - 7.93¢	7.69¢	~ 2.5%	7.78¢	7.88¢ - 7.93¢
Fuel gallons (000,000)	199	187	~ 6%	138	199
Economic fuel cost per gallon ^(a)	\$1.71	\$1.54	~ 10.5%	\$1.53	\$1.85

	Full Year 2017 Forecast	2016 Combined Comparative	% Change	2016 As Reported	Prior Guidance April 26, 2017
Capacity (ASMs in millions)	62,800 - 63,000	57,953	~ 8.5 %	44,135	62,800 - 63,000
Cost per ASM excluding fuel and special items (cents)	8.00¢ - 8.05¢	8.04¢	~ (0.5)%	8.23¢	8.00¢ - 8.05¢
Fuel gallons (000,000)	800	739	~ 7.5 %	554	800
Economic fuel cost per gallon	(b)	\$1.54	(b)	\$1.52	(b)

(a) Our economic fuel cost per gallon estimate for the second quarter includes the following per-gallon assumptions: crude oil cost - \$1.13 (\$47 per barrel), refining margin - \$0.35, cost of settled hedges - \$0.02, with the remainder due to taxes and into-plane costs.

(b) Because of the volatility of fuel prices, we do not provide full-year economic fuel estimates.

Nonoperating Expense

We expect that our consolidated nonoperating expense will be approximately \$14 million in the second quarter of 2017.

Cash and Share Count

(in millions)	April 30, 2017	March 31, 2017
Cash and marketable securities	\$ 1,734	\$ 1,710
Common shares outstanding	123.604	123.729

Share Repurchase

Through May 12, 2017, Air Group had repurchased a total of 166,759 shares of its common stock for approximately \$15 million in 2017.

Recent Announcements

On May 10, 2017, it was announced that Alaska Airlines ranked "Highest in Airline Customer Satisfaction Among Traditional Carriers" for the tenth consecutive year in the J.D. Power 2017 North America Airline Satisfaction Study.

News

Alaska Air Group

May 9, 2017

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Alaska Air Group Reports April 2017 Operational Results

SEATTLE - Alaska Air Group Inc. (NYSE: ALK) today reported April 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 (Regional).

Air Group's acquisition of Virgin America took place on December 14, 2016. Operational results below include Virgin America results from pre-acquisition periods for comparison.

AIR GROUP

On a combined basis for all operations, Air Group reported a 7.8 percent increase in traffic on a 4.6 percent increase in capacity compared to April 2016. Load factor increased 2.5 points to 86.6 percent.

The following table shows the operational results for April and year-to-date compared to the prior-year periods⁽¹⁾:

	April			Year-to-Date		
	2017	2016	Change	2017	2016	Change
Revenue passengers (000)	3,674	3,421	7.4%	13,691	13,021	5.1%
Revenue passenger miles RPM (000,000) "traffic"	4,346	4,033	7.8%	16,054	15,220	5.5%
Available seat miles ASM (000,000) "capacity"	5,019	4,797	4.6%	19,413	18,516	4.8%
Passenger load factor	86.6%	84.1%	2.5 pts	82.7%	82.2%	0.5 pts

⁽¹⁾ 2016 information has been adjusted to include Virgin America operating results for comparison.

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ALASKA

Alaska reported an 8.9 percent increase in traffic on a 6.1 percent increase in capacity compared to April 2016. Load factor increased 2.3 points to 87.2 percent. Alaska also reported 81.6 percent of its flights arrived on time in April 2017, compared to 89.4 percent reported in April 2016.

The following table shows Alaska's operational results for April and year-to-date compared to the prior-year periods:

	April			Year-to-Date		
	2017	2016	Change	2017	2016	Change
Revenue passengers (000)	2,208	2,014	9.6%	8,158	7,656	6.6%
RPMs (000,000)	2,986	2,741	8.9%	11,077	10,458	5.9%
ASMs (000,000)	3,425	3,228	6.1%	13,224	12,582	5.1%
Passenger load factor	87.2%	84.9%	2.3 pts	83.8%	83.1%	0.7 pts
On-time arrivals as reported to U.S. DOT	81.6%	89.4%	(7.8) pts	79.2%	88.0%	(8.8) pts

VIRGIN AMERICA

Virgin America traffic increased 4.5 percent on a 0.8 percent increase in capacity compared to April 2016. Load factor increased 3.1 points to 87.2 percent. Virgin America also reported 64.6 percent of its flights arrived on time in April 2017, compared to 76.4 percent in April 2016.

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

	April			Year-to-Date		
	2017	2016	Change	2017	2016	Change
Revenue passengers (000)	684	661	3.5%	2,517	2,427	3.7%
RPMs (000,000)	1,039	994	4.5%	3,776	3,609	4.6%
ASMs (000,000)	1,191	1,182	0.8%	4,652	4,447	4.6%
Passenger load factor	87.2%	84.1%	3.1 pts	81.2%	81.2%	—
On-time arrivals as reported to U.S. DOT	64.6%	76.4%	(11.8) pts	64.6%	77.1%	(12.5) pts

REGIONAL

Regional traffic increased 7.7 percent on a 4.1 percent increase in capacity compared to April 2016. Load factor increased 2.7 points to 79.7 percent. Regional also reported 86.6 percent of its flights arrived on time in April 2017, compared to 89.9 percent in April 2016.

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

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	April			Year-to-Date		
	2017	2016	Change	2017	2016	Change
Revenue passengers (000)	782	746	4.8%	3,016	2,938	2.7%
RPMs (000,000)	321	298	7.7%	1,201	1,153	4.2%
ASMs (000,000)	403	387	4.1%	1,537	1,487	3.4%
Passenger load factor	79.7%	77.0%	2.7 pts	78.1%	77.5%	0.6 pts
On-time arrivals as reported to U.S. DOT	86.6%	89.9%	(3.3) pts	76.4%	88.3%	(11.9) pts

Alaska Airlines, together with Virgin America and its regional partners, flies 40 million customers a year to 118 destinations with an average of 1,200 daily flights across the United States and to Mexico, Canada, Costa Rica and Cuba. With Alaska and [Alaska Global Partners](#), customers can earn and redeem miles on flights to more than 900 destinations worldwide. Alaska Mileage Plan ranked “[Highest in Customer Satisfaction with Airline Loyalty Rewards Programs](#)” in the J.D. Power Airline Loyalty/Rewards Program Satisfaction Report for the last three consecutive years. Learn more about Alaska’s award-winning service and unmatched reliability at [newsroom.alaskaair.com](#) and [blog.alaskaair.com](#). Alaska Airlines, Virgin America and Horizon Air are subsidiaries of Alaska Air Group (NYSE: ALK).

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