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 6, 2016
(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	**91-1292054**
(Commission File Number)	(IRS Employer Identification No.)
19300 International Boulevard, Seattle, Washington	**98188**
(Address of Principal Executive Offices)	(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 7.01. Regulation FD Disclosure

On December 6, 2016, Alaska Air Group, Inc. (the "Company") issued a press release announcing the Department of Justice's ("DOJ") completion of its review of the Company's acquisition of Virgin America Inc. The press release is attached as Exhibit 99.2.

Pursuant to 17 CFR Part 243 ("Regulation FD"), the Company is also submitting information related to the pending acquisition of Virgin America in an Investor Update attached as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information under this item 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: DOJ Clearance dated December 6, 2016

Exhibit 99.2 Press Release dated December 6, 2016

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: December 6, 2016

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


Alaska
AIRLINES
Investor Update: DOJ Clearance

Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about Alaska Airlines and the proposed transaction with Virgin America. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "likely," "should," "project," "could," "plan," "goal," "potential," "pro forma," "seek," "estimate," "intend" or "anticipate" or the negative thereof, and may include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of announced transactions and statements about the future performance, operations, products and services of Alaska Airlines and/or Virgin America. Alaska Airlines cautions readers not to place undue reliance on these statements. These forward-looking statements are subject to a variety of risks and uncertainties. Consequently, actual results and experience may differ materially from those contained in any forward-looking statements.

Cautionary Statement Regarding Forward-Looking Statements

Such risks and uncertainties include: the possibility that the closing conditions to the proposed transaction may not be satisfied or waived; delay in closing the transaction or the possibility of non-consummation of the transaction; the occurrence of any event that could give rise to termination of the merger agreement; the risk that stockholder litigation in connection with the contemplated transaction may affect the timing or occurrence of the contemplated transaction or result in significant costs of defense, indemnification and liability; risks inherent in the achievement of anticipated synergies and the timing thereof; risks related to the disruption of the transaction to Virgin America and its management; the effect of announcement of the transaction on Virgin America's ability to retain and hire key personnel and maintain relationships with suppliers and other third parties; labor costs and relations, general economic conditions, increases in operating costs including fuel, inability to meet cost reduction goals, an aircraft accident, and changes in laws and regulations. These risks and others are described in greater detail in Alaska Air Group's SEC filings, including its Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2015, as well as in other documents filed by Alaska Air Group with the SEC after the date thereof. Alaska Air Group makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances occurring or existing after the date any forward-looking statement is made.

Highlights

Department of Justice clears Alaska Air Group to acquire Virgin America

No asset divestitures required

- We have agreed to seek DOJ approval before selling, leasing, or trading the slots and gates at Dallas Love Field, New York LaGuardia or Washington Reagan that Virgin American obtained from the American Airlines-US Airways settlement.

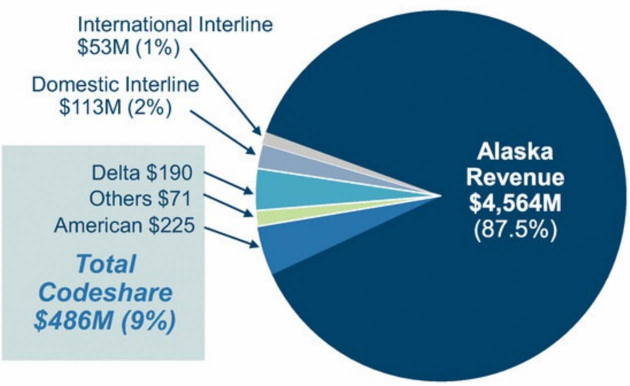
DOJ clearance includes limited reduction of codeshare with American Airlines

- There are 45 markets where Alaska loses existing codeshare revenue, and the net financial impact is between $15-$20 million.
- No impact on interline.

Codeshare today is a smaller portion of Alaska's revenue, but it remains important strategically

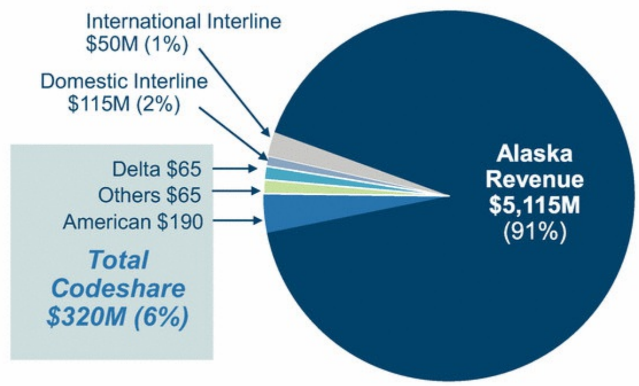
2014

9% of Revenue is from Codeshare



2016

6% of Revenue is from Codeshare



*Total Onboard Revenue; YE Sep 2014 and Oct 2016

Only 45 markets under the American agreement (representing ~$60M revenue) are financially impacted by concessions

33 markets

Non-stop overlap routes flown by both AA and AS/VX

AS and AA are not allowed to market each other's flights on non-stop overlap markets

9 markets

Flights operated by AS/VX from AA's hubs, and vice versa (non-overlap)

AA can't sell AS flights from AA hubs and vice versa

3 markets

Flights operated by AA between LAX & AA's other hubs (non-overlap)

AS can't sell AA flights from LAX to AA's other hubs

Notwithstanding the above concessions, both carriers can continue to sell itineraries "beyond" each others' hubs

Market count incremental and does not include duplicate markets that could be classified under multiple categories

Examples of where codesharing is no longer permitted:

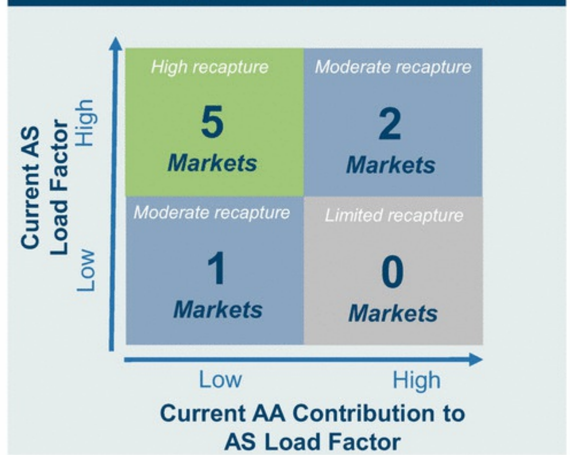
33 Markets Non-stop overlap routes flown by both AA and AS/VX	9 Markets Flights operated by AS/VX from AA's hubs, and vice versa *(non-overlap)*	3 Markets Flights operated by AA between LAX and AA's other hubs *(non-overlap)*
Example: An AA customer wants to fly from Seattle to Los Angeles. **Before:** The AA customer could book an AA flight or an AS flight through AA's website, depending on their preferred flight times. *AS earned codeshare revenue if the AA customer booked the AS flight.* **After:** Since AS and AA both fly this route, AS & AA can no longer market each others' flights. Only the AA flight will appear to AA's customers so AS will not earn codeshare revenue, and vice versa.	**Example: An AA customer wants to fly from Norfolk, VA to Seattle.** **Before**: An AA customer could fly AA from ORF to DCA, and then connect onto an AS flight from DCA-SEA. *AS earned codeshare revenue on the DCA-SEA flight.* **After:** The customer will not be able to buy this itinerary from AA, so AS would potentially lose this codeshare revenue. *However, the customer can still book the same itinerary through AS, in which case AS could still earn passenger revenue on DCA-SEA portion.*	**Example: An AS customer wants to fly from Santa Rosa to Charlotte.** **Before:** The AS customer could fly an AS flight from STS-LAX, and then connect onto an AA flight from LAX-CLT. *AS earned passenger revenue on the STS-LAX segment.* **After:** The customer will not be able to buy this itinerary from AS, so AS would potentially lose this revenue. *However, the customer can still book the same itinerary through AA, in which case AS could still earn codeshare revenue on STS-LAX.*

8 of these 45 routes account for two-thirds of the revenue impact

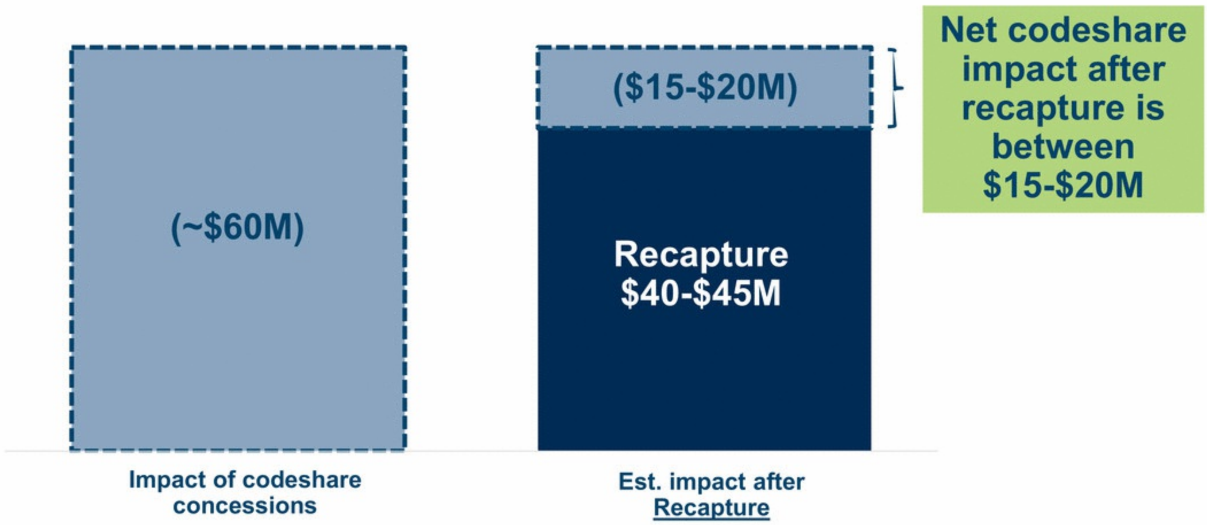
We believe we can recapture ~70% ($40-$45M) of lost codeshare revenue by replacing it with our own passengers

- Customer demand in a market does not disappear when codeshare ends
- The amount of total customer demand (and revenue) that we can recapture depends on:
  1. Whether we already serve the market
  2. Current AS load factors
  3. Current volume of customers on AS flights provided by AA codeshare
  4. Alternative connections or additional local traffic within the existing Alaska network
  5. Other feed from international partners

Sample Recapture Analysis for Top 8 Markets (half of impacted revenue)



Ultimately, we believe the net impact of the codeshare changes on our existing Alaska flights is $15-$20M



Even with codeshare changes, we remain confident in our ability to achieve synergy targets…

	Average Annual Run Rate Estimates
Revenue Synergies	$175M
Net Cost Synergies	$50M
Total Synergies	**$225M**

…and are focused on realizing deal benefits for investors, employees, **and** consumers

Powerful West Coast Network

Enhanced International Partnerships

Access to Constrained Airports

California Customer Base

3x
PacNW
Population

Opportunity to Grow & Improve Loyalty

Dec. 6, 2016

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Justice Department Clears Alaska Air Group's Acquisition of Virgin America

SEATTLE — The Antitrust Division of the United States Department of Justice (DOJ) today completed its review and approved Alaska Air Group's (NYSE: ALK) acquisition of Virgin America (NASDAQ: VA). Alaska Air Group is the parent company of Alaska Airlines, Inc. and Horizon Air Industries, Inc.

"We couldn't be more excited about receiving DOJ clearance for our merger with Virgin America," said Alaska Air Group Chairman and CEO Brad Tilden. "With this combination now cleared for take-off, we're thrilled to bring these two companies together and start delivering our low fares and great service to an even larger group of customers."

Alaska was not required to divest any assets as a condition of DOJ clearance.

Alaska did agree to implement limited changes to its codeshare agreement with American Airlines. The majority of Alaska and American codeshare flights will remain intact. The DOJ did not require changes to any other agreements between Alaska and American, including interline or reciprocal loyalty agreements, or any of Alaska's other airline partnerships.

The company plans to close the transaction in the very near future, taking into account the lawsuit filed by private plaintiffs in U.S. District Court in San Francisco. Lawsuits of this kind are not uncommon with mergers. The company believes the plaintiffs' claims are without merit and plans to defend its acquisition of Virgin America accordingly.

“We remain confident in the merits of this transaction,” Tilden said. “The expanded West Coast presence and larger customer base create an enhanced platform for growth, which is good for investors, employees and especially customers – who benefit from more choices, increased competition and low fares.”

Alaska Airlines, together with its regional partners, flies 32 million customers a year to more than 110 cities with an average of 970 daily flights throughout the United States, Canada, Costa Rica, Mexico and soon Cuba. With Alaska’s global airline partners, customers can earn and redeem miles to more than 800 destinations worldwide. Onboard, customers are invited to make the most of their flight with amenities like power outlets at every seat, streaming entertainment direct to their device, Wi-Fi and an inspired food and beverage selection featured on most flights. Alaska Airlines ranked “Highest in Customer Satisfaction Among Traditional Carriers in North America” in the J.D. Power North American Airline Satisfaction Study for nine consecutive years from 2008 to 2016. Alaska Airlines Mileage Plan also 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. Alaska Airlines is a subsidiary of Alaska Air Group (NYSE: ALK). Learn more on the airline’s newsroom, blog, alaskaair.com, @AlaskaAir, facebook.com/alaskaairlines and linkedin.com/company/alaska-airlines.

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