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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 10, 2015  
(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 December 10, 2015

**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 10, 2015

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



## Investor Update - December 10, 2015

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 mainline and 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, 2014. 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, and changes in laws and regulations. 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.

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## AIR GROUP - CONSOLIDATED

### Operating and Financial Statistics

|                                   | November 2015 | Change Y-O-Y |
|-----------------------------------|---------------|--------------|
| Revenue passengers (in thousands) | 2,560         | 9.6%         |
| Traffic (RPMs in millions)        | 2,796         | 13.0%        |
| Capacity (ASMs in millions)       | 3,422         | 13.7%        |
| Load factor                       | 81.7%         | (0.6) pts    |
| Passenger RASM (cents)            | 11.34¢        | (4.4)%       |
| RASM (cents)                      | 13.19¢        | (5.2)%       |
| Economic fuel cost per gallon     | \$1.65        | (39.3)%      |

### Forecast Information

|   | Forecast Q4 2015 | Change Y-O-Y | Prior Guidance November 12, 2015 | Forecast Full Year 2015 | Change Y-O-Y | Prior Guidance November 12, 2015 |
|---|------------------|--------------|----------------------------------|-------------------------|--------------|----------------------------------|
| Capacity (ASMs in millions)                           | 10,300 - 10,350  | ~12.5%       | 10,300 - 10,350                  | 39,875 - 39,925         | ~10.5%       | 39,875 - 39,925                  |
| Cost per ASM excluding fuel and special items (cents) | 8.48¢ - 8.52¢    | ~(1.0)%      | 8.48¢ - 8.52¢                    | 8.30¢ - 8.32¢           | ~(0.6)%      | 8.30¢ - 8.32¢                    |
| Fuel gallons (in millions)                            | 131              | ~11.0%       | 130                              | 508                     | ~8.5%        | 507                              |
| Economic fuel cost per gallon <sup>(a)</sup>          | \$1.64           | ~(38)%       | \$1.67                           | \$1.89                  | ~(39)%       | \$1.89                           |

<sup>(a)</sup> Our economic fuel cost per gallon estimate for the fourth quarter includes the following per-gallon assumptions: crude oil cost - \$1.01 (\$42 per barrel), refining margin - 40 cents, cost of settled hedges - 3 cents, with the remaining difference due to taxes and other into-plane costs.

### Nonoperating Income

We expect that our consolidated nonoperating income will be approximately \$4 million in the fourth quarter of 2015.

### Cash and Share Count

| (in millions)                  | November 30, 2015 | September 30, 2015 |
|--------------------------------|-------------------|--------------------|
| Cash and marketable securities | \$ 1,502          | \$ 1,258           |
| Common shares outstanding      | 125,672           | 126,701            |

### Share Repurchase

During 2015, Air Group has repurchased a total of 6,862,581 shares of its common stock for approximately \$476 million. This includes 155,467 shares repurchased for approximately \$13 million from December 1, 2015 through December 9, 2015. There is \$909 million remaining under the \$1 billion repurchase program.

## ALASKA AIRLINES - MAINLINE

### Operating and Financial Statistics

|                                   | November 2015 | Change Y-O-Y |
|-----------------------------------|---------------|--------------|
| Revenue passengers (in thousands) | 1,847         | 10.3%        |
| Traffic (RPMs in millions)        | 2,535         | 12.9%        |
| Capacity (ASMs in millions)       | 3,087         | 13.8%        |
| Load factor                       | 82.1%         | (0.7) pts    |
| Passenger RASM (cents)            | 10.32¢        | (4.8)%       |
| RASM (cents)                      | 12.19¢        | (5.4)%       |
| Economic fuel cost per gallon     | \$1.64        | (39.7)%      |

### Forecast Information

|   | Forecast Q4 2015 | Change Y-O-Y | Prior Guidance November 12, 2015 | Forecast Full Year 2015 | Change Y-O-Y | Prior Guidance November 12, 2015 |
|---|------------------|--------------|----------------------------------|-------------------------|--------------|----------------------------------|
| Capacity (ASMs in millions)                           | 9,250 - 9,300    | ~ 12.5%      | 9,250 - 9,300 ~ 12.5%            | 35,875 - 35,925         | ~ 11.0%      | 35,850 - 35,900 ~ 11.0%          |
| Cost per ASM excluding fuel and special items (cents) | 7.54¢ - 7.58¢    | ~ (2.0)%     | 7.54¢ - 7.58¢ ~ (2.0)%           | 7.39¢ - 7.41¢           | ~ (0.7)%     | 7.39¢ - 7.41¢ ~ (0.7)%           |
| Fuel gallons (in millions)                            | 113              | ~ 10.5%      | 113 ~ 10.5%                      | 439                     | ~ 8.0%       | 439 ~ 8.0%                       |
| Economic fuel cost per gallon <sup>(a)</sup>          | \$1.64           | ~ (38)%      | \$1.67 ~ (37)%                   | \$1.89                  | ~ (39)%      | \$1.89 ~ (39)%                   |

(a) See note<sup>(a)</sup> in Consolidated forecast.