
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, 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 May 15, 2018, Alaska Air Group, Inc. (Air Group) provided an investor update related to its financial and operational outlook. The investor update is furnished herein as Exhibit 99.1.

Also on May 15, 2018, Air Group issued a press release announcing its April 2018 operational results. The press release 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](#) Investor Update dated May 15, 2018

[Exhibit 99.2](#) April 2018 Traffic Press Release dated May 15, 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: May 15, 2018

/s/ Brandon S. Pedersen

Brandon S. Pedersen

Executive Vice President/Finance and Chief Financial Officer

Alaska Air Group

Investor Update - May 15, 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.

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, 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

Operating and Financial Statistics

	April 2018	April 2017	% Change
Revenue passengers (in thousands)	3,839	3,670	4.6%
Traffic (RPMs in millions)	4,599	4,346	5.8%
Capacity (ASMs in millions)	5,457	5,019	8.7%
Load factor	84.3%	86.6%	(2.3) pts
Economic fuel cost per gallon	\$2.23	\$1.79	24.6%

Forecast Information

	Forecast Full Year 2018	Full Year 2017 As Adjusted ^(a)	% Change	Prior Guidance April 23, 2018
Capacity (ASMs in millions)	65,980 - 66,130	62,072	~ 6.5%	65,980 - 66,130
Cost per ASM excluding fuel and special items (cents) ^(a)	8.51¢ - 8.56¢	8.25¢	~ 3.5%	8.51¢ - 8.56¢
Fuel gallons (000,000)	845	797	~ 6.0%	845

We expect second quarter 2018 Revenue per Available Seat Mile (RASM) to decline approximately 2.75% to 3.75%.

	Forecast Q2 2018	Q2 2017 As Adjusted ^(a)	% Change	Prior Guidance April 23, 2018
Capacity (ASMs in millions)	16,910 - 16,960	15,612	~ 8.5%	16,910 - 16,960
Cost per ASM excluding fuel and special items (cents) ^(a)	8.34¢ - 8.39¢	7.98¢	~ 4.8%	8.34¢ - 8.39¢
Fuel gallons (000,000)	217	201	~ 8.0%	217
Economic fuel cost per gallon ^(b)	\$2.27	\$1.71	~ 32.5%	\$2.25

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

(b) Our economic fuel cost per gallon estimate for the second quarter includes the following per-gallon assumptions: crude oil cost - \$1.65 (\$69 per barrel); refining margin - 53 cents; benefit of settled hedges - 6 cents; with the remaining difference due to taxes and other into-plane costs.

Nonoperating Expense

We expect that our consolidated nonoperating expense will be approximately \$18 million in the second quarter of 2018.

Cash and Share Count

(in millions)	April 30, 2018	December 31, 2017
Cash and marketable securities	\$ 1,591	\$ 1,528
Common shares outstanding	123.259	123.350

Share Repurchase

Through April 30, 2018, Air Group had repurchased a total of 278,211 shares of its common stock for approximately \$18 million.

News

Alaska Air Group

May 15, 2018

Contact:

Media Relations
(206) 304-0008
newsroom@alaskaair.com

Investor contact:

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

Alaska Air Group reports April 2018 operational results

SEATTLE — Alaska Air Group, Inc. (NYSE: ALK) today reported April 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 5.8 percent increase in traffic on an 8.7 percent increase in capacity compared to April 2017. Load factor decreased 2.3 points to 84.3 percent.

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

	April			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	3,839	3,670	4.6%	14,329	13,677	4.8%
Revenue passenger miles RPM (000,000) "traffic"	4,599	4,346	5.8%	17,003	16,054	5.9%
Available seat miles ASM (000,000) "capacity"	5,457	5,019	8.7%	20,937	19,413	7.9%
Passenger load factor	84.3%	86.6%	(2.3) pts	81.2%	82.7%	(1.5) pts

MAINLINE

Mainline reported a 4.4 percent increase in traffic on a 7.4 percent increase in capacity compared to April 2017. Load factor decreased 2.4 points to 84.8 percent. Mainline also reported 83.4 percent of its flights arrived on time in April 2018, compared to 77.1 percent reported in April 2017.

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

	April			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	3,025	2,888	4.7%	11,236	10,661	5.4%
RPMs (000,000)	4,203	4,025	4.4%	15,563	14,853	4.8%
ASMs (000,000)	4,958	4,616	7.4%	19,056	17,876	6.6%
Passenger load factor	84.8%	87.2%	(2.4) pts	81.7%	83.1%	(1.4) pts
On-time arrivals as reported to U.S. DOT	83.4%	77.1%	6.3 pts	84.1%	75.2%	8.9 pts

REGIONAL

Regional traffic increased 23.4 percent on a 23.8 percent increase in capacity compared to April 2017. Load factor decreased 0.3 points to 79.4 percent. Alaska's regional partners also reported 85.6 percent of its flights arrived on time in April 2018, compared to 86.6 percent in April 2017.

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

	April			Year-to-Date		
	2018	2017	Change	2018	2017	Change
Revenue passengers (000)	814	782	4.1%	3,093	3,016	2.6%
RPMs (000,000)	396	321	23.4%	1,440	1,201	19.9%
ASMs (000,000)	499	403	23.8%	1,881	1,537	22.4%
Passenger load factor	79.4%	79.7%	(0.3) pts	76.6%	78.1%	(1.5) pts
On-time arrivals as reported to U.S. DOT	85.6%	86.6%	(1.0) pts	86.0%	76.4%	9.6 pts

Alaska Airlines, together with Virgin America and its regional partners, flies 44 million guests a year to 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).

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