
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

July 5, 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
(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 99.2.

In accordance with General Instruction B.2 of Form 8-K, the information under this item 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 8.01. Other Events

On July 5, 2016, Alaska Air Group, Inc. issued a press release announcing its June 2016 operational results. The press release is furnished herein as Exhibit 99.1.

ITEM 9.01 Financial Statements and Other Exhibits

Exhibit 99.1 June 2016 Traffic Press Release dated July 5, 2016
Exhibit 99.2 Investor Update dated July 11, 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: July 11, 2016

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

July 5, 2016

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Alaska Air Group reports June 2016 operational results

SEATTLE - Alaska Air Group Inc. (NYSE: ALK) today reported June and year-to-date operational results on a consolidated basis, for its mainline operations operated by subsidiary Alaska Airlines, Inc. (Alaska), and for its regional flying operated by subsidiary Horizon Air Industries, Inc. and third-party regional carriers, SkyWest Airlines and PenAir. Detailed information is provided below.

AIR GROUP

On a combined basis, Air Group reported a 10.9 percent increase in traffic on an 11.7 percent increase in capacity compared to June 2015. Load factor decreased 0.7 points to 86.0 percent. These statistics include flights operated by Alaska, Horizon, and those under third-party capacity purchase agreements.

The following table shows the operational results for June and year-to-date 2016, compared to the prior-year periods:

	June			Year-to-Date		
	2016	2015	Change	2016	2015	Change
Revenue passengers (in thousands)	3,017	2,805	7.6%	16,482	15,340	7.4%
Revenue passenger miles RPM (in millions)	3,239	2,921	10.9%	17,968	16,173	11.1%
Available seat miles ASM (in millions)	3,766	3,371	11.7%	21,515	19,206	12.0%
Passenger load factor	86.0%	86.7%	(0.7) pts	83.5%	84.2%	(0.7) pts

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ALASKA AIRLINES - MAINLINE

Alaska reported a 10.0 percent increase in traffic on a 10.6 percent increase in capacity compared to June 2015. Load Factor decreased 0.4 points to 86.6 percent. Alaska also reported 86.5 percent of its flights arrived on time in June, compared to the 87.5 percent reported in June 2015.

The following table shows Alaska's operational results for June and year-to-date 2016, compared to the prior-year periods:

	June			Year-to-Date		
	2016	2015	Change	2016	2015	Change
Revenue passengers (in thousands)	2,182	2,020	8.0%	11,925	11,022	8.2%
RPMs (in millions)	2,912	2,647	10.0%	16,172	14,657	10.3%
ASMs (in millions)	3,363	3,041	10.6%	19,229	17,330	11.0%
Passenger load factor	86.6%	87.0%	(0.4) pts	84.1%	84.6%	(0.5) pts
On-time arrivals as reported to U.S. DOT	86.5%	87.5%	(1.0) pts	88.1%	86.7%	1.4 pts

REGIONAL FLYING

Regional traffic increased 19.3 percent on a 22.1 percent increase in capacity compared to June 2015. Load factor decreased 1.9 points to 81.1 percent. Alaska also reported 84.6 percent of its regional flights arrived on time in June, compared to the 86.7 percent in June 2015.

The following table shows regional operational results for June and year-to-date 2016, compared to the prior-year periods:

	June			Year-to-Date		
	2016	2015	Change	2016	2015	Change
Revenue passengers (in thousands)	836	785	6.5%	4,558	4,318	5.6%
RPMs (in millions)	327	274	19.3%	1,796	1,516	18.5%
ASMs (in millions)	403	330	22.1%	2,287	1,876	21.9%
Passenger load factor	81.1%	83.0%	(1.9) pts	78.5%	80.8%	(2.3) pts
On-time arrivals	84.6%	86.7%	(2.1) pts	88.2%	87.3%	0.9 pts

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, including Hawaii, Canada, Costa Rica, and Mexico. With Alaska's 17 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 your device, Wi-Fi and an inspired food and beverage selection featured on most flights. Alaska Airlines ranked "Highest in

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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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Investor Update - July 11, 2016

Note to Investors

This abbreviated Investor Update is being provided to communicate certain actual second quarter 2016 mainline and consolidated operating statistics. It includes forecasted mainline and consolidated passenger unit revenue (PRASM), total unit revenue (RASM), unit cost excluding fuel (CASMex), estimated economic fuel cost per gallon for the quarter, expected consolidated non-operating income, and second 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 second quarter earnings release scheduled for July 21, 2016.

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 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. 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, 2015 and in our quarterly report on Form 10-Q for the period ended March 31, 2016. 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.

AIR GROUP - CONSOLIDATED

Operating Statistics

	Q2 2016	Change Y-O-Y
Revenue passengers (in thousands)	8,647	7.8%
Traffic (RPMs in millions)	9,397	11.2%
Capacity (ASMs in millions)	11,062	11.2%
Load factor	84.9%	0.0 pts

Forecast Information

	Forecast Q2 2016	Change Y-O-Y	Prior Guidance June 13, 2016	
Passenger revenue per ASM (cents)	11.37¢ - 11.42¢	~ (8)%	N/A	N/A
Revenue per ASM (cents)	13.46¢ - 13.51¢	~ (6.5)%	N/A	N/A
Cost per ASM excluding fuel and special items (cents) ^(a)	7.78¢ - 7.82¢	~ (3.5)%	7.95¢ - 8.00¢	~ (1.5)%
Fuel gallons (000,000)	138	~9.5%	138	~ 9.5%
Economic fuel cost per gallon ^(b)	\$1.53	~ (28)%	\$1.54	~ (25)%

^(a) Unit cost guidance decreased from the previous guidance due primarily to the timing of maintenance events, advertising and certain IT-related projects.

^(b) Our economic fuel cost per gallon estimate for the second quarter includes the following per-gallon assumptions: crude oil cost - \$1.09 (\$46 per barrel); refining margin - 30 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 \$2 million in the second quarter of 2016 .

Share Count

We expect our weighted-average basic and diluted share counts will be 123.3 million and 124 million, respectively, for the second quarter of 2016.

ALASKA AIRLINES - MAINLINE

Operating Statistics

	Q2 2016	Change Y-O-Y
Revenue passengers (in thousands)	6,282	8.6%
Traffic (RPMs in millions)	8,456	10.4%
Capacity (ASMs in millions)	9,875	9.9%
Load factor	85.6%	0.3 pts

Forecast Information

	Forecast Q2 2016	Change Y-O-Y	Prior Guidance June 13, 2016	
Passenger revenue per ASM (cents)	10.44¢ - 10.49¢	~ (7.5)%	N/A	N/A
Revenue per ASM (cents)	12.56¢ - 12.61¢	~ (6)%	N/A	N/A
Cost per ASM excluding fuel and special items (cents) ^(a)	6.88¢ - 6.92¢	~ (4)%	7.00¢ - 7.05¢	~ (2)%
Fuel gallons (000,000)	118	~ 7.5%	118	~ 7.5%
Economic fuel cost per gallon ^(b)	\$1.53	~ (28)%	\$1.54	~ (30)%

^(a) Refer to note ^(a) in the Consolidated forecast section for information on unit cost declines from previous guidance.

^(b) Refer to note^(b) in the Consolidated forecast section for information on the economic fuel cost per gallon.