
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**

April 12, 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 1.01. Entered into a Material Definitive Agreement

On April 12, 2016, Horizon Air Industries, Inc. (Horizon), a subsidiary of Alaska Air Group, Inc. (Air Group) and affiliate of Alaska Airlines, Inc. (Alaska), entered into an aircraft purchase agreement with Embraer S.A. (Embraer). The agreement includes orders for 30 Embraer ERJ 175-200 LR (E175) aircraft firm deliveries, with the ability to purchase an additional 33 aircraft through options. The aircraft subject to firm orders will be delivered between 2017 and 2019.

On April 12, 2016, Alaska issued a press release announcing Horizon's aircraft order placement. The press release is filed as Exhibit 99.1.

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 9.01 Financial Statements and Other Exhibits

Exhibit 99.1 Press Release dated April 12, 2016
Exhibit 99.2 Investor Update - Regional Order

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: April 12, 2016

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

April 12, 2016

Contact:

Media Relations
(206) 392-5101
newsroom@alaskaair.com

Horizon Air Places Largest Aircraft Order in its History, Adding 30 Embraer E175 Regional Jets to Fleet
Inflight amenities include Wi-Fi and inflight entertainment

Portland, Oregon - Horizon Air today announced it will grow its fleet with the purchase of 30 new three-class Embraer E175 jets, which will fly exclusively for Alaska Airlines. The order, which also includes 33 options, will be delivered over three years starting next year, and is valued at \$2.8 billion at Embraer's current list price and represents the largest order since the airline was founded in 1981. The jets will supplement the Portland-based carrier's fleet of Bombardier Q400 turboprops.

Embraer's E175 will allow the carrier to fly 'long, thin routes' - destinations that are too distant for a turboprop, but currently don't have enough customer demand to fill a mainline jet. The E175 offers a comfortable cabin that boasts large overhead bins, ample cargo capacity, a forward and rear lavatory and advanced avionics to fly safely in bad weather and mountainous regions.

"The E175s position Horizon for growth beyond our current West Coast destinations while providing better customer utility in the growing Alaska Airlines network," said Horizon Air President David Campbell. "The spacious E175 offers a passenger experience, that's on par with much larger jets. This aircraft opens up tremendous new opportunities to fly to new places that would not have been feasible with our existing aircraft."

Horizon plans to begin flying the jets exclusively for Alaska Airlines under a capacity purchase agreement (CPA) beginning in Spring 2017 on select longer routes originating from the Pacific Northwest. Over time, the jets will replace 15 of the airline's leased Q400s, due for return in 2018.

Horizon Air will fly both the E175 and the Q400 for the foreseeable future. The Embraer jet is not new for Alaska customers, who may have flown on the regional aircraft in 16 markets operated by CPA partner SkyWest Airlines.

"To be chosen by Horizon to expand their fleet with the E175, is a great honor for Embraer. It recognizes the great economics that this aircraft offers," said Paulo Cesar Silva, Embraer Commercial Aviation president and CEO. "The Alaska Airlines brand is known for its high-standards of service, having received many awards for their superior customer services, which brings us even greater responsibility to deliver a state-of-the-art product, with the best cabin for passengers in the 76-seat jet segment."

The 76-seat E175 jet will feature 12 seats in first class, 16 in premium class and 48 in the main cabin. Onboard amenities include Wi-Fi Internet access, and Alaska Beyond Entertainment, which includes free and premium

entertainment direct to customer devices and power outlets throughout the cabin. Depending on length of flight, food and beverage will include fresh meals for purchase in addition to locally-sourced craft beers and premium wines.

Embraer E175 Facts:

- Seat pitch will be 31 inches in the main cabin, 34 inches in premium class and between 36 and 38 inches in first class.
- All customers flying on the E175 will enjoy a window or aisle seat.
- The regional jet is equipped with large overhead bins.
- Maximum cruising altitude: 41,000 feet
- Typical cruising speed: 494 mph

Horizon Air is a subsidiary of Alaska Air Group and flies to 39 cities across the United States, and Canada.

Editor's note: An image of an Embraer E175 is available for download from Alaska Airlines' online image gallery at alaskaair.com/newsroom.



Alaska Airlines, a subsidiary of Alaska Air Group (NYSE: ALK), together with its partner regional airlines, serves more than 100 cities through an expansive network in the United States, Canada, Costa Rica and Mexico. For reservations, visit www.alaskaair.com. For more news and information, visit Alaska Airlines' newsroom at www.alaskaair.com/newsroom.

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Investor Update - Regional Order - April 12, 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.

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. 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, 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.

Regional Order: Horizon Air places new jet order

On April 12, 2016, Horizon Air Industries, Inc. (Horizon), a subsidiary of Alaska Air Group, Inc. (Air Group) and affiliate of Alaska Airlines, Inc. (Alaska), entered into an aircraft purchase agreement with Embraer S.A. (Embraer). The agreement includes orders for 30 Embraer ERJ 175-200 LR (E175) aircraft firm deliveries, with the ability to purchase an additional 33 aircraft through options. The aircraft subject to firm orders will be delivered between 2017 and 2019, and options are available for delivery over three years starting in 2019.

Horizon will fly the E175s exclusively for Alaska under a capacity purchase agreement beginning in Spring 2017. The aircraft will feature 12 seats in first class, 16 in premium class and 48 in the main cabin. Additionally, the E175s will enable Horizon to fly on longer routes, and will eventually replace 15 of the airline's leased Bombardier Q400 turboprops (Q400) that are scheduled for return in 2018.

About the Embraer ERJ 175-200 LR

E175s offer a comfortable cabin that boasts large overhead bins, ample cargo capacity, a forward and rear lavatory and advanced avionics to fly safely in bad weather and mountainous regions. Seat pitch will be 31 inches in the main cabin, 34 inches in premium class and between 36 and 38 inches in first class. All customers flying on the E175 will enjoy a window or aisle seat.

Aircraft Delivery Schedule

The table below reflects the current firm Air Group delivery schedule.

	Remainder of 2016	2017	2018	2019	2020	Beyond 2020	Total
Previous commitments:							
B737 NG	13	12	—	—	—	—	25
B737 MAX	—	2	7	9	9	10	37
Bombardier Q400	—	—	2	—	—	—	2
New Order							
E175	—	10	10	10	—	—	30

Horizon also has 33 options for E175 aircraft between 2019 and 2021.

Projected Fleet Count^(a)

The table below reflects expected fleet activity, including aircraft deliveries, planned retirements and lease returns.

Aircraft	Actual Operating Fleet Count	Expected Fleet Activity			
	Dec 31, 2015	2016 Changes	Dec 31, 2016	2017 - 2018 Changes	Dec 31, 2018
737 Freighters & Combis ^(b)	6	—	6	(3)	3
737 Passenger Aircraft ^(b)	141	3	144	12	156
Total Mainline Fleet	147	3	150	9	159
Q400	52	—	52	(15)	37
E175 ^(c)	5	10	15	28	43
CRJ-700 ^(c)	8	(8)	—	—	—
Total Regional Fleet	65	2	67	13	80
Grand Total	212	5	217	22	239

^(a) The expected fleet counts at December 31, 2016 and beyond are subject to change.

^(b) 2016 change in 737 Passenger Aircraft reflects delivery of 19 737-900 aircraft, the retirement of 13 737-400 aircraft and the removal from service of three 737-700 aircraft. The three 737-700 aircraft are being converted to freighters and will return to service in 2017.

^(c) Aircraft are operated under capacity purchase agreements with Horizon or other regional airlines.

Capital Expenditures^(a)

The new agreement will result in increased capital spending over the next 4 years. The table below reflects the full-year expectation for total capital expenditures and additional expenditures if options were exercised. These options will only be exercised if we believe return on invested capital targets can be met.

	2016	2017	2018	2019
Aircraft and aircraft purchase deposits - firm	\$ 485	\$ 745	\$ 660	\$ 585
Other flight equipment	55	75	55	55
Other property and equipment	145	105	110	110
Total property and equipment additions	\$ 685	\$ 925	\$ 825	\$ 750
Option aircraft and aircraft deposits, if exercised ^(b)	\$ 70	\$ 140	\$ 275	\$ 675

^(a) Preliminary estimate, subject to change. Excludes capitalized interest.

^(b) Alaska has options to acquire 46 B737 aircraft with deliveries from 2018 to 2024. Horizon has options for 33 E175 aircraft with deliveries from 2019 to 2021. Horizon also has options to acquire five Q400 aircraft with deliveries from 2018 to 2019 which we currently do not expect exercise and the deposits are excluded from the table above.

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