

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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ALASKA AIR GROUP, INC.

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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

January 4, 2013
(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))

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 January 4, 2013, Alaska Air Group, Inc. issued a press release announcing its December 2012 operational results. The press release is furnished herewith as Exhibit 99.1.

ITEM 9.01 Financial Statements and Other Exhibits

Exhibit 99.1	December 2012 Traffic Press Release dated January 4, 2013
Exhibit 99.2	Investor Update dated January 10, 2013

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: January 10, 2013

/s/ Brandon S. Pedersen

Brandon S. Pedersen

Vice President/Finance and Chief Financial Officer

Alaska Air Group

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or

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Chris Berry
Managing Director of Investor Relations
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Jan 4, 2013

Alaska Air Group Reports December and Year-End Operational Results

SEATTLE - Alaska Air Group Inc. (NYSE: ALK) today reported December and year-end operational results for its subsidiaries, Alaska Airlines and Horizon Air, and on a combined basis. Detailed information is provided below.

ALASKA AIRLINES - MAINLINE

Alaska reported an 8.4 percent increase in traffic on a 9.9 percent increase in capacity compared to December 2011. This resulted in a 1.1-point decrease in load factor to 86.3 percent. Alaska also reported 83.3 percent of its flights arrived on time in December, compared to the 85.4 percent reported in December 2011. For the full-year 2012, Alaska reported a record load factor of 86.6 percent and carried a record 18.5 million passengers.

The following table shows Alaska's operational results for December and full-year 2012, compared to the prior-year periods:

	December			Full Year		
	2012	2011	Change	2012	2011	Change
Revenue passengers (in thousands)	1,549	1,485	4.3 %	18,526	17,810	4.0 %
Revenue passenger miles RPM (in millions)	2,105	1,941	8.4 %	24,417	22,586	8.1 %
Available seat miles ASM (in millions)	2,440	2,220	9.9 %	28,180	26,517	6.3 %
Passenger load factor	86.3%	87.4%	(1.1) pts	86.6%	85.2%	1.4 pts
On-time arrivals as reported to U.S. DOT	83.3%	85.4%	(2.1) pts	87.5%	88.2%	(0.7) pts

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HORIZON AIR

Horizon reported a 5.3 percent increase in December traffic on a 4.6 percent increase in capacity compared to December 2011. This resulted in a 0.7-point increase in load factor to a December record of 79.4 percent and full-year record of 78.3 percent. Horizon also reported 85.2 percent of its flights arrived on time in December, compared to the 90.2 percent reported in December 2011.

The following table shows Horizon's operational results for December and full-year 2012, compared to the prior-year periods:

	December			Full Year		
	2012	2011	Change	2012	2011	Change
Revenue passengers (in thousands)	586	562	4.3 %	6,781	6,641	2.1 %
RPMs (in millions)	179	170	5.3 %	2,090	2,131	(1.9)%
ASMs (in millions)	226	216	4.6 %	2,669	2,726	(2.1)%
Passenger load factor	79.4%	78.7%	0.7 pts	78.3%	78.2%	0.1 pts
On-time arrivals	85.2%	90.2%	(5.0) pts	91.0%	86.1%	4.9 pts

The year-to-date decline in capacity and traffic for Horizon from the prior year is due primarily to the completion of Horizon's transition out of the CRJ-700 regional jet. This transition was completed in June 2011.

AIR GROUP (including flights operated by third parties)

On a combined basis, Air Group reported an 8.1 percent increase in traffic on a 9.0 percent increase in capacity compared to December 2011. This resulted in a 0.7-point decrease in load factor to 85.7 percent. These statistics include flights operated by Alaska and those under capacity purchase arrangements, including Horizon, SkyWest and a small third-party carrier in the state of Alaska.

The following table shows the operational results for December and full-year 2012, compared to the prior-year periods:

	December			Full Year		
	2012	2011	Change	2012	2011	Change
Revenue passengers (in thousands)	2,181	2,094	4.2 %	25,896	24,790	4.5%
RPMs (in millions)	2,324	2,149	8.1 %	27,007	25,032	7.9%
ASMs (in millions)	2,712	2,488	9.0 %	31,428	29,627	6.1%
Passenger load factor	85.7%	86.4%	(0.7) pts	85.9%	84.5%	1.4 pts

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Alaska Airlines, a subsidiary of Alaska Air Group (NYSE: ALK), together with its partner regional airlines, serves 95 cities through an expansive network in Alaska, the Lower 48, Hawaii, Canada and Mexico. Alaska Airlines has ranked “Highest in Customer Satisfaction Among Traditional Network Carriers” in the J.D. Power and Associates North America Airline Satisfaction StudySM for five consecutive years from 2008 to 2012. For reservations, visit www.alaskaair.com. For more news and information, visit the Alaska Airlines newsroom at www.alaskaair.com/newsroom.

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Investor Update - January 10, 2013

Note to Investors

This abbreviated Investor Update is being provided to communicate certain actual fourth quarter 2012 mainline and consolidated operating statistics. It includes forecasted mainline and consolidated unit cost (excluding fuel) and passenger unit revenue (PRASM) information, estimated economic fuel cost per gallon for the quarter, and expected consolidated non-operating expense.

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 fourth quarter earnings release scheduled for January 24, 2013.

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 consolidated and mainline 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 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, 2011. Some of these risks include general economic conditions, increases in operating costs including fuel, competition, labor costs and relations, our significant 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.

ALASKA AIRLINES - MAINLINE

Fourth Quarter 2012 Statistics

	Q4 2012	Change Y-O-Y
Revenue passengers (in thousands)	4,513	4.2%
Traffic (RPMs in millions)	6,065	8.8%
Capacity (ASMs in millions)	7,056	8.1%
Load factor	86.0%	0.6 pts

Forecast Information

	Forecast Q4 2012	Change Y-O-Y	Prior Guidance Dec. 14, 2012
Passenger revenue per ASM (cents)	11.22 - 11.26	~ 1%	N/A
Cost per ASM excluding fuel and special items (cents)	7.73 - 7.77	~ (2%)	7.75 - 7.80
Fuel gallons (000,000)	92	~ 7.5%	92
Economic fuel cost per gallon ^(a)	\$3.43	~ 3%	\$3.42

^(a) Our economic fuel cost per gallon estimate for the fourth quarter includes the following per-gallon assumptions: crude oil cost - \$2.10 (\$88 per barrel); refining margin - 98 cents; cost of settled hedges - 10 cents, with the remaining difference due to taxes and other into-plane costs.

AIR GROUP - CONSOLIDATED

Fourth Quarter 2012 Statistics

	Q4 2012	Change Y-O-Y
Revenue passengers (in thousands)	6,387	5.0%
Traffic (RPMs in millions)	6,720	8.7%
Capacity (ASMs in millions)	7,870	7.8%
Load factor	85.4%	0.7 pts

Forecast Information

	Forecast Q4 2012	Change Y-O-Y	Prior Guidance Dec. 14, 2012
Passenger revenue per ASM (cents)	12.44 - 12.48	~ 1%	N/A
Cost per ASM excluding fuel and special items (cents)	8.69 - 8.73	~ (1.5%)	8.70 - 8.75
Fuel gallons (000,000)	105	~ 6.5%	105
Economic fuel cost per gallon	\$3.43	~ 2.5%	\$3.42

Nonoperating Expense

We expect that our consolidated nonoperating expense will be approximately \$5 million in the fourth quarter of 2012.

Stock Repurchase

Through December 31, 2012, Air Group has repurchased 202,510 shares of its common stock for approximately \$8 million under our existing \$250 million repurchase program. This program does not have an expiration date, but is expected to be completed by December 31, 2014.

