

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

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Estimated average burden

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☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>PEDERSEN BRANDON</u> (Last) (First) (Middle) <u>19300 INTERNATIONAL BLVD</u> (Street) <u>SEATTLE WA 98188</u> (City) (State) (Zip)			2. Issuer Name and Ticker or Trading Symbol <u>ALASKA AIR GROUP, INC. [ALK]</u> 3. Date of Earliest Transaction (Month/Day/Year) <u>10/27/2014</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>EXEC VP/FINANCE & CFO</u>	
					6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
RESTRICTED STOCK UNIT ⁽¹⁾								20,520 ⁽²⁾	D	
COMMON STOCK	10/27/2014		M ⁽³⁾		4,840	A	\$8.315	33,306	D	
COMMON STOCK ⁽⁴⁾	10/27/2014		S ⁽³⁾		4,840	D	\$50.5	28,466	D	
COMMON STOCK	10/28/2014		M ⁽³⁾		1,400	A	\$8.315	29,866	D	
COMMON STOCK	10/28/2014		M ⁽³⁾		3,440	A	\$15.325	33,306	D	
COMMON STOCK ⁽⁴⁾	10/28/2014		S ⁽³⁾		4,840	D	\$52.06	28,466	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
EMPLOYEE STOCK OPTION (RT TO BUY)	\$8.315	10/27/2014		M ⁽³⁾			4,840	02/03/2011	02/03/2020	COMMON STOCK	4,840	\$0	1,400	D	
EMPLOYEE STOCK OPTION (RT TO BUY)	\$8.315	10/28/2014		M ⁽³⁾			1,400	02/03/2011	02/03/2020	COMMON STOCK	1,400	\$0	0	D	
EMPLOYEE STOCK OPTION (RT TO BUY)	\$15.325	10/28/2014		M ⁽³⁾			3,440	02/07/2012	02/07/2021	COMMON STOCK	3,440	\$0	7,600	D	

Explanation of Responses:

- STOCK UNITS AWARDED UNDER THE 2008 PERFORMANCE INCENTIVE PLAN; SUBJECT TO FORFEITURE.
- TOTAL UNVESTED RESTRICTED STOCK UNITS HAVE BEEN ADJUSTED TO GIVE EFFECT TO THE 2-FOR-1 STOCK SPLIT THAT OCCURRED ON 7/9/2014.
- SAME-DAY EXERCISE OF OPTIONS AND SALE EFFECTED PURSUANT TO A RULE 10b5-1 TRADING PLAN ADOPTED BY MR. PEDERSEN ON 7/25/2014.
- TOTAL SHARES BENEFICIALLY HELD HAVE BEEN ADJUSTED TO GIVE EFFECT TO THE 2-FOR-1 STOCK SPLIT THAT OCCURRED ON 7/9/2014.

/S/ JEANNE E. GAMMON,
ATTORNEY IN FACT FOR
BRANDON S. PEDERSEN

10/29/2014

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.