

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

Washington, D.C. 20549

OMB APPROVAL

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Estimated average burden

hours per response: 0.5

☐ 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*			2. Issuer Name and Ticker or Trading Symbol		5. Relationship of Reporting Person(s) to Issuer (Check all applicable)	
SPRAGUE JOSEPH A			ALASKA AIR GROUP, INC. [ALK]		Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) SR VP/COMM & EXT RELATIONS	
(Last) (First) (Middle)			3. Date of Earliest Transaction (Month/Day/Year)			
19300 INTERNATIONAL BLVD			12/07/2016			
(Street)			4. If Amendment, Date of Original Filed (Month/Day/Year)		6. Individual or Joint/Group Filing (Check Applicable Line)	
SEATTLE WA 98188					<input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person	
(City) (State) (Zip)						

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			
COMMON STOCK 401(K) ⁽¹⁾								7,049	I	ESOP TRUST
RESTRICTED STOCK UNIT ⁽²⁾								6,620	D	
COMMON STOCK	12/07/2016		M		170	A	\$38.755	19,688	D	
COMMON STOCK	12/07/2016		M		1,410	A	\$48.945	21,098	D	
COMMON STOCK	12/07/2016		M		882	A	\$65.37	21,980	D	
COMMON STOCK	12/07/2016		S		9,482 ⁽⁶⁾	D	\$87.2348	12,498	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		Date Exercisable	Expiration Date					
EMPLOYEE STOCK OPTION (RT TO BUY)	\$38.755	12/07/2016		M		170	02/11/2015 ⁽³⁾	02/11/2024	COMMON STOCK	170	\$0	3,190	D
EMPLOYEE STOCK OPTION (RT TO BUY)	\$48.945	12/07/2016		M		1,410	05/12/2015 ⁽⁴⁾	05/12/2024	COMMON STOCK	1,410	\$0	1,410	D
EMPLOYEE STOCK OPTION (RT TO BUY)	\$65.37	12/07/2016		M		882	02/10/2016 ⁽⁵⁾	02/10/2025	COMMON STOCK	882	\$0	2,648	D

Explanation of Responses:

- COMMON SHARES HELD IN THE ALASKA AIR GROUP INC. EMPLOYEE STOCK OWNERSHIP 401(K) PLAN TRUST, AS OF 12/31/15.
- STOCK UNITS AWARDED UNDER ALASKA AIR GROUP'S 2008 PERFORMANCE INCENTIVE PLAN; SUBJECT TO FORFEITURE.
- REMAINING OPTIONS VEST AS FOLLOWS: 840 ON 02/11/2017 AND 840 ON 02/11/2018.
- REMAINING OPTIONS VEST AS FOLLOWS: 704 ON 05/12/2017 AND 706 ON 05/12/2018.
- REMAINING OPTIONS VEST AS FOLLOWS: 883 ON 02/10/2017; 882 ON 02/10/2018; AND 883 ON 02/10/2019.

6. THE PRICE REPORTED IN COLUMN 4 IS A WEIGHTED AVERAGE PRICE. THESE SHARES SOLD IN MULTIPLE TRANSACTIONS AT PRICES RANGING FROM \$86.9831 TO \$87.9525, INCLUSIVE. THE REPORTING PERSON UNDERTAKES TO PROVIDE TO ALASKA AIR GROUP, ANY SECURITY HOLDER OF ALASKA AIR GROUP, OR THE STAFF OF THE SECURITIES AND EXCHANGE COMMISSION, UPON REQUEST, FULL INFORMATION REGARDING THE NUMBER OF SHARES SOLD AT EACH SEPARATE PRICE WITHIN THE RANGES SET FORTH IN THIS FOOTNOTE.

/S/ JEANNE E GAMMON,
ATTORNEY-IN-FACT FOR 12/09/2016
JOSEPH A. SPRAGUE

** 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.