

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

OMB APPROVAL

OMB Number: 3235-0287  
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1. Name and Address of Reporting Person* <u>ELIASSEN MARK G</u>  (Last) (First) (Middle) <u>19300 INTERNATIONAL BLVD</u>  (Street) <u>SEATTLE</u> <u>WA</u> <u>98188</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALASKA AIR GROUP, INC.</u> [ <u>ALK</u> ]  3. Date of Earliest Transaction (Month/Day/Year) <u>02/13/2018</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>VP/FINANCE &amp; TREASURER</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
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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			
<u>COMMON STOCK 401(K)<sup>(1)</sup></u>								<u>783</u>	<u>I</u>	<u>ESOP TRUST</u>
<u>COMMON STOCK<sup>(4)</sup></u>	<u>02/13/2018</u>		<u>A<sup>(5)</sup></u>		<u>2,760</u>	<u>A</u>	<u>\$0</u>	<u>9,401</u>	<u>D</u>	
<u>COMMON STOCK<sup>(4)</sup></u>	<u>02/13/2018</u>		<u>A<sup>(6)</sup></u>		<u>972</u>	<u>A</u>	<u>\$0</u>	<u>10,373</u>	<u>D</u>	
<u>COMMON STOCK<sup>(4)</sup></u>	<u>02/13/2018</u>		<u>F<sup>(7)</sup></u>		<u>665<sup>(8)</sup></u>	<u>D</u>	<u>\$66.89</u>	<u>9,708</u>	<u>D</u>	
<u>COMMON STOCK<sup>(4)</sup></u>	<u>02/13/2018</u>		<u>F<sup>(7)</sup></u>		<u>237<sup>(8)</sup></u>	<u>D</u>	<u>\$66.89</u>	<u>9,471</u>	<u>D</u>	

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				
RESTRICTED STOCK UNITS	\$0	02/13/2018		A		980		02/13/2021 <sup>(2)</sup>	02/13/2028	COMMON STOCK	980	\$0	980	D	
EMPLOYEE STOCK OPTION (RT TO BUY)	\$66.89	02/13/2018		A		3,790		02/13/2019 <sup>(3)</sup>	02/13/2028	COMMON STOCK	3,790	\$0	3,790	D	

Explanation of Responses:

1. COMMON SHARES HELD IN THE ALASKA AIR GROUP INC. EMPLOYEE STOCK OWNERSHIP 401(K) PLAN TRUST, AS OF 12/31/17.
2. RESTRICTED STOCK UNITS CLIFF VEST 3 YEARS FROM GRANT AND CONVERT INTO COMMON STOCK ON A ONE-FOR-ONE-BASIS.
3. OPTIONS VEST IN 25% INCREMENTS OVER FOUR YEARS (02/13/2019, 02/13/2020, 02/13/2021 and 02/13/2022).
4. TOTAL HELD IN COLUMN 5 INCLUDES 670 UNVESTED RESTRICTED STOCK UNITS GRANTED ON 2/9/2016 UNDER THE ISSUER'S 2008 PERFORMANCE INCENTIVE PLAN.
5. COMMON SHARES ISSUED UPON ATTAINING PERFORMANCE GOALS SET FOR A THREE-YEAR PERIOD ENDING 12/31/17 IN ACCORDANCE WITH THE TERMS OF A PERFORMANCE STOCK UNIT AWARD GRANTED ON 2/10/2015 UNDER THE ISSUER'S 2008 PERFORMANCE INCENTIVE PLAN; PER APPROVAL BY THE BOARD'S COMPENSATION COMMITTEE ON 2/13/2018.
6. COMMON SHARES ISSUED UPON ATTAINING PERFORMANCE GOALS SET FOR A ONE-YEAR PERIOD ENDING 12/31/17 IN ACCORDANCE WITH THE TERMS OF A PERFORMANCE STOCK UNIT AWARD GRANTED ON 3/7/2017 UNDER THE ISSUER'S 2016 PERFORMANCE INCENTIVE PLAN; PER APPROVAL BY THE BOARD'S COMPENSATION COMMITTEE ON 2/13/2018.
7. SHARES FORFEITED TO COVER PAYROLL TAXES UPON VESTING OF PERFORMANCE STOCK UNITS ON 2/13/2018.
8. PRICE PROVIDED IN COLUMN 4 REPRESENTS THE FMV OF ALK SHARES ON THE DATE SHARES WERE FORFEITED FOR TAXES.

/S/ JEANNE E GAMMON,  
ATTORNEY IN FACT FOR 02/14/2018  
MARK G. ELIASSEN

\*\* 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.

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