

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

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 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)		
<u>PEDERSEN BRANDON</u>			<u>ALASKA AIR GROUP, INC.</u> [ALK]			Director 10% Owner		
(Last) (First) (Middle)			3. Date of Earliest Transaction (Month/Day/Year)			X Officer (give title below) Other (specify below)		
<u>19300 INTERNATIONAL BLVD</u>			<u>12/09/2016</u>			<u>EXEC VP/FINANCE & CFO</u>		
(Street)			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line)		
<u>SEATTLE WA 98188</u>						X Form filed by One Reporting Person		
(City) (State) (Zip)						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			
<u>RESTRICTED STOCK UNIT⁽¹⁾</u>								<u>13,360</u>	<u>D</u>	
<u>COMMON STOCK</u>	<u>12/09/2016</u>		<u>M⁽²⁾</u>		<u>2,446</u>	<u>A</u>	<u>\$38.755</u>	<u>19,351</u>	<u>D</u>	
<u>COMMON STOCK</u>	<u>12/09/2016</u>		<u>M⁽²⁾</u>		<u>1,330</u>	<u>A</u>	<u>\$48.945</u>	<u>20,681</u>	<u>D</u>	
<u>COMMON STOCK</u>	<u>12/09/2016</u>		<u>S⁽⁵⁾</u>		<u>4,681⁽⁶⁾</u>	<u>D</u>	<u>\$89.853</u>	<u>16,000</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		Date Exercisable	Expiration Date					
<u>EMPLOYEE STOCK OPTION (RT TO BUY)</u>	<u>\$38.755⁽²⁾</u>	<u>12/09/2016</u>		<u>M</u>		<u>2,446</u>	<u>02/11/2015⁽³⁾</u>	<u>02/11/2024</u>	<u>COMMON STOCK</u>	<u>2,446</u>	<u>\$0</u>	<u>4,890</u>	<u>D</u>
<u>EMPLOYEE STOCK OPTION (RT TO BUY)</u>	<u>\$48.945</u>	<u>12/09/2016</u>		<u>M⁽²⁾</u>		<u>1,330</u>	<u>05/12/2015⁽⁴⁾</u>	<u>05/12/2024</u>	<u>COMMON STOCK</u>	<u>1,330</u>	<u>\$0</u>	<u>1,330</u>	<u>D</u>

Explanation of Responses:

- STOCK UNITS AWARDED UNDER THE 2008 PERFORMANCE INCENTIVE PLAN; SUBJECT TO FORFEITURE.
- EXERCISE AND SALE EFFECTED PURSUANT TO A RULE 10b5-1 TRADING PLAN ADOPTED BY MR. PEDERSEN ON 4/26/2016.
- REMAINING OPTIONS VEST AS FOLLOWS: 2,444 ON 02/11/2017 AND 2,446 ON 02/11/2018.
- REMAINING OPTIONS VEST AS FOLLOWS: 664 ON 05/12/2017 AND 666 ON 05/12/2018.
- SALE OF 3,776 ALK SHARES EFFECTED PURSUANT TO A RULE 10b5-1 TRADING PLAN ADOPTED BY MR. PEDERSEN ON 4/26/2016.
- THE PRICE REPORTED IN COLUMN 4 IS A WEIGHTED AVERAGE PRICE. THESE SHARES SOLD IN MULTIPLE TRANSACTIONS AT PRICES RANGING FROM \$89.231 TO \$90.00, 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
BRANDON S. PEDERSEN

** 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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