

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

Washington, D.C. 20549

**OMB APPROVAL**

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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

|  |   |  |
|--|---|--|
| <b>1. Name and Address of Reporting Person*</b><br><u>ELIASSEN MARK G</u><br><br>(Last) (First) (Middle)<br><u>19300 INTERNATIONAL BLVD</u><br><br>(Street)<br><u>SEATTLE WA 98188</u><br><br>(City) (State) (Zip) | <b>2. Issuer Name and Ticker or Trading Symbol</b><br><u>ALASKA AIR GROUP, INC. [ ALK ]</u><br><br><b>3. Date of Earliest Transaction (Month/Day/Year)</b><br><u>08/31/2016</u> | <b>5. Relationship of Reporting Person(s) to Issuer</b><br>(Check all applicable)<br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>VP/FINANCE &amp; TREASURER</u> |
|  | <b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>   | <b>6. Individual or Joint/Group Filing (Check Applicable Line)</b><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br>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     |   |  |   |
| COMMON STOCK 401(K) <sup>(1)</sup>   |                                      |  |                                |   |   |            |           | 783   | I  | ESOP TRUST  |
| RESTRICTED STOCK UNIT <sup>(2)</sup> |                                      |  |                                |   |   |            |           | 3,040   | D  |   |
| COMMON STOCK ESPP                    | 08/31/2016                           |  | A <sup>(3)</sup>               | V | 135   | A          | \$57.4005 | 5,437   | D  |   |
| COMMON STOCK                         | 10/03/2016                           |  | M <sup>(4)</sup>               |   | 1,320   | A          | \$8.315   | 1,320   | D  |   |
| COMMON STOCK                         | 10/03/2016                           |  | M <sup>(4)</sup>               |   | 880   | A          | \$15.325  | 2,200   | D  |   |
| COMMON STOCK                         | 10/03/2016                           |  | S <sup>(4)</sup>               |   | 2,200   | D          | \$65.6    | 0   | 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)          | \$8.315  | 10/03/2016                           |  | M <sup>(4)</sup>               |   | 1,320  | 02/03/2011   | 02/03/2020      | COMMON STOCK 1,320  | \$0  | 0  | D   |  |
| EMPLOYEE STOCK OPTION (RT TO BUY)          | \$15.325   | 10/03/2016                           |  | M <sup>(4)</sup>               |   | 880  | 02/07/2012   | 02/07/2021      | COMMON STOCK 880  | \$0  | 0  | 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.
- SHARES ACQUIRED UNDER ALASKA AIR GROUP'S 2010 EMPLOYEE STOCK PURCHASE PLAN THAT ARE EXEMPT UNDER BOTH RULE 16b-3(D) AND RULE 6b-3(c).
- SAME-DAY EXERCISE OF OPTIONS AND SALE EFFECTED PURSUANT TO A RULE 10b5-1 TRADING PLAN ADOPTED BY MR. ELIASSEN ON 11/23/2015.

/S/ JEANNE E GAMMON,  
ATTORNEY IN FACT FOR 10/03/2016  
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.

**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.**