

ALASKA AIR GROUP, INC.
 Form 4
 December 09, 2016

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2015
 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 OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SPRAGUE JOSEPH A

2. Issuer Name and Ticker or Trading Symbol
 ALASKA AIR GROUP, INC.
 [ALK]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 19300 INTERNATIONAL BLVD
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 12/07/2016

____ Director
 ____ Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 SR VP/COMM & EXT RELATIONS

SEATTLE, WA 98188
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 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)
COMMON STOCK 401(K) (1)				(A) or (D)	Price		
			Code	V	Amount	(D)	Price
COMMON STOCK 401(K) (1)						I	ESOP TRUST
RESTRICTED STOCK UNIT (2)						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
	12/07/2016		M	882	A \$ 65.37	21,980	D

COMMON
STOCK

COMMON STOCK	12/07/2016	S	9,482 <u>(6)</u>	D	\$ 87.2348	12,498	D
-----------------	------------	---	---------------------	---	---------------	--------	---

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

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 control number. SEC 1474 (9-02)

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 Underlying Security (Instr. 3 and 4)
EMPLOYEE STOCK OPTION (RT TO BUY)	\$ 38.755	12/07/2016		M	170	02/11/2015 ⁽³⁾ 02/11/2024	COMMON STOCK
EMPLOYEE STOCK OPTION (RT TO BUY)	\$ 48.945	12/07/2016		M	1,410	05/12/2015 ⁽⁴⁾ 05/12/2024	COMMON STOCK
EMPLOYEE STOCK OPTION (RT TO BUY)	\$ 65.37	12/07/2016		M	882	02/10/2016 ⁽⁵⁾ 02/10/2025	COMMON STOCK

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SPRAGUE JOSEPH A 19300 INTERNATIONAL BLVD SEATTLE, WA 98188			SR VP/COMM & EXT RELATIONS	

Signatures

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

12/09/2016

__Signature of Reporting Person

Date

Explanation of Responses:

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

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

- (6) 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.

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

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