Alaska Air Group

September 8, 2015

Securities and Exchange Commission
Attn: Secretary
100 F Street, NE
Washington, DC 20549-1090

RE: File No. S7-13-15
Concept Release 33-9862, *Possible Revisions to Audit Committee Disclosures*

Dear Mr. Secretary:

Alaska Air Group, Inc. is a large accelerated filer and well-known seasoned issuer listed on the New York Stock Exchange under the symbol ALK. Our management and the audit committee of the Board of Directors respectfully submit the following comments on the referenced concept release. Our comments are organized in the same sequence as Sections VI and VII of the concept release.

Summary:

With the few exceptions noted below, we believe that the current disclosure requirements set forth in Item 407 of Regulation S-K, NYSE listing standards and elsewhere offer sufficient guidance to investors with respect to audit committees' oversight of independent auditors. This guidance is efficiently communicated to investors through our definitive proxy statement and annual filing on form 10-K, and does not need to be located in additional or different filings to maintain transparency. We, like other large public companies, voluntarily provide additional proxy disclosure as needed to enhance shareholder understanding. We do not believe the disclosures outlined in this concept release will promote audit quality or meaningfully assist investors. Rather, we believe they would result in boilerplate disclosures that adds cost, effort and increased legal liability risk for public companies, their audit committees and management.

AUDIT COMMITTEE OVERSIGHT OF THE AUDITOR

Communications between the Audit Committee and the Auditor

The concept release asks if disclosures of the following would be useful information and whether companies would encounter compliance difficulties:

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- Timing of the audit
- Significant risks identified in the audit
- Nature and extent of specialized skills used in the audit
- Planned use of other independent accounting firms, internal audit, and other third-party participants
- The audit committee's consideration of the audit firm's basis for determining that the firm can serve as the principal auditor

Audit timing is available to investors by reference to the timing of financial statement filings and the entity's fiscal year end. Significant risks are sufficiently disclosed in a company's 10-K and 10-Q filings in Part II, Critical Accounting Estimates and in Note 1 of the financial statements, Significant Accounting Policies.

The other three subjects – specialized skills, use of others, basis for determination – would potentially be useful to an investor if there were anything significant to disclose, or if there were any material change from previous audits. However, we believe these disclosures should be left to the discretion of the audit committee.

We support Commission action to eliminate outdated references to PCAOB AU sec. 380 and to incorporate requirements in Rule 2-07 of Regulation S-X.

Frequency of Audit Committee Meetings with the Auditor

We do not believe that this information is useful or relevant to most investors. We are concerned that required disclosure on this topic could become boilerplate disclosure lacking any helpful information. We also note the similarity to the existing disclosure requirement under PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence.*

Discussion about the Auditor's Internal Quality Review and Most Recent PCAOB Inspection Report

The Commission asks if the confidentiality of non-public PCAOB inspection results would be undermined by the following disclosure and if the information would be useful to investors:

- The nature of discussions held with the auditor about results of the firm's internal quality review and most recent PCAOB inspection.
- How the audit committee considered any deficiencies described in the inspection report.

We believe that discussing the auditor's internal quality review and most recent PCAOB inspection report is a best practice that audit committees already perform, however we do not believe this information will be useful for investors if additional disclosure is mandated. Audit committees carry out their duties on behalf of investors and many of the findings in a PCAOB inspection report may have no bearing on the issues encountered by a particular registrant. Furthermore, PCAOB inspection results of public accounting firms are readily available on the PCAOB's website should an investor desire to understand those results. We believe that our shareholders have confidence that our management team and audit committee will work directly with independent auditors on such issues, as evidenced by the overwhelming positive affirmation by our shareholders of the selection of our auditors.

Auditor's Objectivity and Professional Skepticism

We believe it would be useful to have audit firms that audit more than 100 companies per year to include audit quality indicators (AQIs), such as those included in PwC's transparency report titled "Our Focus on Audit Quality 2014" on the PCAOB's website. If the public accounting firms included their AQIs, then the Audit Committee could have more robust discussions with the auditors regarding these AQIs and compare those to the firm's national and regional statistics as well as benchmark against other audit firms. We believe that individual audit committees can voluntarily disclose how they use these statistics, but that making disclosure mandatory would result in meaningless boilerplate disclosures. PCAOB standards and other professional and ethical rules applicable to auditors safeguard auditor objectivity and professional skepticism and do not need to be supplemented with the rule making considered in this concept release.

AUDIT COMMITTEE'S PROCESS TO APPOINT OR RETAIN THE AUDITOR

Auditor Assessment

The concept release asks if additional disclosures about the auditor appointment or retention process such as the following would be useful:

- The process and criteria used to assess the performance and qualifications of the auditor
- How the audit committee assessed the auditor's independence and objectivity
- The metrics used to measure audit quality
- The rationale for selecting or retaining the auditor
- A description of the nature of the audit committee's involvement in evaluating and approving the auditor's compensation

We do not believe the above information would be sufficiently meaningful to an investor to warrant additional disclosure, specifically as it relates to large public companies that use top tier audit firms. PCAOB audit standards provide robust guidance and governance in this area. Each public accounting firm is held to high standards and, in our opinion, many public company audit committees have responsibilities outlined in their charters that obligate them to qualitatively assess independent auditors.

Audit Committee's Process for Auditor Selection

We believe that this information would be largely irrelevant to the large public company investor. Every disclosure on these topics among large public companies would essentially be identical due to the small number of top tier public accounting firms. If every disclosure is nearly identical among various companies, those disclosures become pointless.

Board of Director's Policy for an Annual Shareholder Vote on Auditor Selection

We believe that this would be useful information to the investor should the voting results indicate shareholder dissatisfaction with the company's selection as we believe that would be best practice and add transparency for investors. However, this should be left to the discretion of audit committees as there are currently no requirements for boards to disclose their deliberations on matters subject to an advisory vote.

QUALIFICATIONS OF AUDIT FIRM AND CERTAIN ENGAGEMENT TEAM MEMBERS

Disclosure about Engagement Partner and Team Members

We do not believe this information is useful or relevant to the investor. More useful information would be AQI statistics and voluntary disclosures by the Audit Committee on how they evaluated the AQIs with regards to the engagement team. Investors, in our opinion, place much more reliance on the audit firm than the individuals on the engagement team. Furthermore, regardless of the experience or tenure of the team members, large audit firms have industry practice experts and national office expertise that are used to provide consistent guidance and practice across all public company clients. We share the concerns stated by others and summarized in footnote 69 of the concept release, that additional disclosure about the audit team could unacceptably give rise to liability under Section 11 of the '33 Act.

Auditor's Tenure

We believe the length of the audit relationship could be helpful information for investors, but disclosure is best left in the audit committee's discretion. The Audit Committee's consideration of tenure in retaining and evaluating the auditor would not be relevant based on the same concerns we outlined for *Auditor Assessment* earlier in this response.

Other Firms Involved in the Audit

We believe this may be helpful information to the investor if use of such other auditors is for work performed on significant areas of the financial statement audit or in jurisdictions that could have a material adverse impact to the engagement as a whole.

Location of Audit Committee Disclosures in Commission Filings

We favor maintaining these disclosures in the annual report on Form 10-K directly or by incorporation through the definitive proxy statement, and believe that investors share this view.

ADDITIONAL COMMENTS

We do believe the disclosures outlined in the concept release could result in additional liability to audit committee members, management teams, and audit teams without adding meaningful disclosure to investors. It would likely increase the cost and complexity of preparing disclosures in SEC filings. Furthermore, with the increasing responsibility of audit committees in other areas of risk oversight for public companies, these disclosures could distract audit committees from their primary governance duties.

Thank you for considering our input.

Respectfully,

Patricia M. Bedient
Audit Committee Chair

Brandon S. Pedersen
Chief Financial Officer