

SCHAEFER JOHN F JR
 Form 4
 February 01, 2011

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 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 *
 SCHAEFER JOHN F JR

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)
 C/O ALASKA AIR GROUP
 INC, 19300 INTERNATIONAL
 BLVD
 (Street)
 SEATTLE, WA 98188
 (City) (State) (Zip)

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/28/2011

____ Director
 Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 VP/FINANCE AND TREASURER

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| COMMON STOCK ⁽¹⁾ | | | | | | I | ESOP TRUST |
| COMMON STOCK | 01/28/2011 | | J ⁽²⁾ | 865 | D \$ 59.7257 | 0 | I ESOP TRUST |
| COMMON STOCK | 02/01/2011 | | M | 1,545 | A \$ 42.85 | 3,191 | D |
| COMMON STOCK | 02/01/2011 | | M | 525 | A \$ 37.96 | 3,716 | D |
| COMMON STOCK | 02/01/2011 | | M | 1,690 | A \$ 27.56 | 5,406 | D |

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| | | | | | | | |
|-----------------------------|------------|---|-------|---|------------|--------|---|
| COMMON STOCK | 02/01/2011 | S | 3,760 | D | \$ 61.4753 | 1,646 | D |
| COMMON STOCK ⁽³⁾ | | | | | | 10,980 | 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) | Am or Num of Sha |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| EMPLOYEE STOCK OPTION (RT TO BUY) | \$ 42.85 | 02/01/2011 | | M | 1,545 | 01/31/2010 01/31/2017 | COMMON | 1, |
| EMPLOYEE STOCK OPTION (RT TO BUY) | \$ 37.96 | 02/01/2011 | | M | 525 | 09/13/2010 09/13/2016 | COMMON | 5 |
| EMPLOYEE STOCK OPTION (RT TO BUY) | \$ 27.56 | 02/01/2011 | | M | 1,690 | 01/29/2011 01/29/2019 | COMMON | 1, |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SCHAEFER JOHN F JR C/O ALASKA AIR GROUP INC 19300 INTERNATIONAL BLVD | | | VP/FINANCE AND TREASURER | |

SEATTLE, WA 98188

Signatures

SHANNON K. ALBERTS, ATTORNEY IN FACT FOR JOHN F.
SCHAEFER, JR.

02/01/2011

__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) SHARES HELD IN AN ALASKA AIR GROUP, INC. EMPLOYEE STOCK OWNERSHIP 401(K) PLAN TRUST AS OF JANUARY 27, 2011.
- (2) DISPOSITION OF ALK COMMON STOCK HELD IN 401(K) ESOP TRUST AND REALLOCATION OF FUNDS WITHIN THE ACCOUNT.
- (3) STOCK UNITS AWARDED UNDER THE 2004 LONG-TERM INCENTIVE EQUITY AND 2008 PERFORMANCE INCENTIVE PLANS; SUBJECT TO FORFEITURE.

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.