

SCHAEFER JOHN F JR  
 Form 4  
 July 27, 2010

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 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)  
 07/23/2010

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ 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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
COMMON STOCK	07/23/2010		M	A	\$ 37.96 1,575	D	
COMMON STOCK	07/23/2010		M	A	\$ 17.88 2,721	D	
COMMON STOCK	07/23/2010		S	D	\$ 49.987 0	D	
COMMON STOCK <u>(1)</u>					10,980	D	
COMMON STOCK <u>(2)</u>					707	I	ESOP TRUST

COMMON  
STOCK

1,646 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.**

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(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 Securities (Instr. 3 and 4)		
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V (A) (D)		
EMP STOCK OPTION (RT TO BUY)	\$ 37.96	07/23/2010		M	1,575	09/13/2007 <sup>(3)</sup> 09/13/2016	COMMON	1,575	
EMP STOCK OPTION (RT TO BUY)	\$ 17.88	07/23/2010		M	1,146	06/12/2009 <sup>(4)</sup> 06/12/2018	COMMON	1,146	

## 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 SEATTLE, WA 98188			VP/FINANCE AND TREASURER	

## Signatures

KAREN A. GRUEN, ATTORNEY IN FACT FOR JOHN F.  
SCHAEFER, JR.

07/27/2010

\_\_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) STOCK UNITS AWARDED UNDER THE 2004 LONG-TERM INCENTIVE EQUITY AND 2008 PERFORMANCE INCENTIVE PLANS; SUBJECT TO FORFEITURE.
- (2) SHARES HELD IN AN ALASKA AIR GROUP, INC. EMPLOYEE STOCK OWNERSHIP 401(K) PLAN TRUST AS OF DECEMBER 31, 2009.
- (3) THE OPTIONS VEST(ED) IN FOUR EQUAL INSTALLMENTS ON 09/13/07, 09/13/08, 09/13/09; REMAINING OPTIONS VEST ON 9/13/10.
- (4) THE OPTIONS VEST(ED) IN FOUR EQUAL INSTALLMENTS ON 06/12/09 AND 06/12/10; REMAINING OPTIONS VEST ON 06/12/11 AND 06/12/12.

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.