

ALASKA AIR GROUP INC

Form 4

September 15, 2006

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

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
AYER WILLIAM S

(Last) (First) (Middle)

**C/O ALASKA AIR GROUP
INC, 19300 INTERNATIONAL
BLVD**

(Street)

SEATTLE, WA 98188

(City) (State) (Zip)

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

3. Date of Earliest Transaction
(Month/Day/Year)
09/13/2006

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
CHAIRMAN, PRESIDENT & CEO

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)
			Code	V	Amount	(A) or (D)	Price
COMMON STOCK					26,800	D	
COMMON STOCK <u>(1)</u>					3,256	I	ESOP TRUST
COMMON STOCK <u>(2)</u>					29,400	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**

SEC 1474
(9-02)

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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 (RIGHT TO BUY)	\$ 37.96	09/13/2006		A ⁽³⁾	37,300	09/13/2007 09/13/2016	COMMON STOCK

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
AYER WILLIAM S C/O ALASKA AIR GROUP INC 19300 INTERNATIONAL BLVD SEATTLE, WA 98188	X		CHAIRMAN, PRESIDENT & CEO	

Signatures

SHANNON K. ALBERTS FOR WILLIAM S. AYER,
ATTORNEY-IN-FACT

09/15/2006

__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) NUMBER OF SHARES HELD IN EMPLOYEE STOCK OWNERSHIP PLAN AS OF DECEMBER 31, 2005.

(2) RESTRICTED STOCK UNITS GRANTED UNDER 2004 LONG-TERM INCENTIVE PLAN; SUBJECT TO FORFEITURE.

(3) GRANT OF STOCK OPTIONS UNDER THE ALASKA AIR GROUP 2004 LONG-TERM INCENTIVE EQUITY PLAN. THIS GRANT WILL VEST 25% EACH YEAR FOR FOUR YEARS BEGINNING ON SEPTEMBER 13, 2006.

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.