

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  
Number: 3235-0287  
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2005  
Estimated average  
burden hours per  
response... 0.5

(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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V                                                                          | Amount                                                                                                             | (A)<br>or<br>(D)                                                     | Price                                                             |
| COMMON<br>STOCK                       |                                         |                                                             |                                      |                                                                            | 26,800                                                                                                             | D                                                                    |                                                                   |
| COMMON<br>STOCK <u>(1)</u>            |                                         |                                                             |                                      |                                                                            | 3,256                                                                                                              | I                                                                    | ESOP<br>TRUST                                                     |
| COMMON<br>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)

displays a currently valid OMB control number.

**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 <sup>(3)</sup>               | 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<br>C/O ALASKA AIR GROUP INC<br>19300 INTERNATIONAL BLVD<br>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.