

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**

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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**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <b>SCHAEFER JOHN F JR</b>  (Last) (First) (Middle) <b>C/O ALASKA AIR GROUP INC</b> <b>19300 INTERNATIONAL BLVD</b>  (Street) <b>SEATTLE WA 98188</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>ALASKA AIR GROUP INC [ ALK ]</b>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <b>VP/FINANCE AND TREASURER</b>
	3. Date of Earliest Transaction (Month/Day/Year) <b>01/28/2011</b>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

**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 <sup>(1)</sup>								865	I	ESOP TRUST
COMMON STOCK	01/28/2011		J <sup>(2)</sup>		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	
COMMON STOCK	02/01/2011		S		3,760	D	\$61.4753	1,646	D	
COMMON STOCK <sup>(3)</sup>								10,980	D	

**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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
EMPLOYEE STOCK OPTION (RT TO BUY)	\$42.85	02/01/2011		M		1,545	01/31/2010	01/31/2017	COMMON	1,545	\$0	515	D	
EMPLOYEE STOCK OPTION (RT TO BUY)	\$37.96	02/01/2011		M		525	09/13/2010	09/13/2016	COMMON	525	\$0	0	D	
EMPLOYEE STOCK OPTION (RT TO BUY)	\$27.56	02/01/2011		M		1,690	01/29/2011	01/29/2019	COMMON	1,690	\$0	3,380	D	

Explanation of Responses:

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.

SHANNON K. ALBERTS,  
ATTORNEY IN FACT FOR 02/01/2011  
JOHN F. SCHAEFER, JR.

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**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 Number.**