

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

Washington, D.C. 20549

**OMB APPROVAL**

OMB Number: 3235-0287  
 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**

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

<b>1. Name and Address of Reporting Person*</b> <u>LOVELESS KEITH</u>  (Last) (First) (Middle) <u>ALASKA AIRLINES INC</u> <u>19300 INTERNATIONAL BLVD</u>  (Street) <u>SEATTLE WA 98188</u>  (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>ALASKA AIR GROUP INC [ ALK ]</u>	<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>VP/LEGAL &amp; GENERAL COUNSEL</u>
	<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>09/13/2006</u>	
<b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>		

**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>	09/13/2006		A		2,910	A	\$0	13,270	D	
COMMON STOCK <sup>(2)</sup>								278	I	ESOP TRUST

**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	(A)	(D)	Date Exercisable	Expiration Date					
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$37.96	09/13/2006		A <sup>(3)</sup>		6,280		09/13/2007	09/13/2016	COMMON 6,280	\$0	6,280	D	

**Explanation of Responses:**

1. RESTRICTED STOCK UNITS GRANTED UNDER 2004 LONG-TERM INCENTIVE EQUITY PLAN ON SEPTEMBER 13, 2006. UNITS WILL "CLIFF" VEST ON SEPTEMBER 13, 2009, SUBJECT TO FORFEITURE.
2. NUMBER OF SHARES HELD UNDER EMPLOYEE STOCK OWNERSHIP PLAN AS OF DECEMBER 31, 2005.
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.

SHANNON K. ALBERTS FOR  
KEITH LOVELESS, 09/15/2006  
ATTORNEY-IN-FACT

\*\* 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.