Allegiant Travel CO
Form POS AM
August 30, 2007

As filed with the Securities and Exchange Commission on August 30, 2007

Registration No. 333-140579

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE

AMENDMENT NO. 2 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ALLEGIANT TRAVEL COMPANY

(Exact name of registrant as specified in charter)

NEVADA (State or other jurisdiction of incorporation or organization)	**4512** (Primary Standard Industrial Classification Code Number)	**20-4745737** (I.R.S. Employer Identification Number)

3301 N. Buffalo Drive, Suite B-9

Las Vegas, Nevada 89129

(702) 851-7300

(Address, including zip code, and telephone number, including

area code, of registrant s principal executive offices)

Andrew C. Levy

Managing Director and Secretary

3301 N. Buffalo Drive, Suite B-9

Las Vegas, Nevada 89129

(702) 851-7300

(Name, address, including zip code, and telephone number,

including area code, of agent for service of process)

With copies to:

Robert B. Goldberg

Ellis Funk, P.C.

3490 Piedmont Road, Suite 400

Atlanta, Georgia 30305

(404) 233-2800

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

---

CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Share(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
Common Stock, $0.001 par value	1,750,000	$ 35.39	$ 61,932,500	$ 6,626.78 (2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended, based on $35.39 per share, the average of the high and low sales prices of the Common Stock as reported on the Nasdaq Global Market on February 5, 2007.

(2) Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective time until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion
Preliminary Prospectus dated August 30, 2007

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

ALLEGIANT TRAVEL COMPANY

1,750,000 Shares

Common Stock

This prospectus relates to shares of common stock of Allegiant Travel Company being sold by the selling stockholder described under Principal and Selling Stockholders . We are not selling any shares under this prospectus. The manner in which the shares of common stock will be offered from time to time by the selling stockholder is discussed under Plan of Distribution .

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 11 of this prospectus.

The selling stockholder and any underwriter, broker-dealer or agent that participates in the sale of the common stock or interests therein may be deemed underwriters within the meaning of Section 2(11) of the Securities Act of 1933, as amended. Any discounts, commissions, concessions, profit or other compensation any of them earns on any sale or resale of the shares, directly or indirectly, may be underwriting discounts and commissions under the Securities Act of 1933. A selling stockholder who is an underwriter within the meaning of Section 2(11) of the Securities Act of 1933 will be subject to the prospectus delivery requirements of the Securities Act of 1933.

Expenses of this offer, estimated to be $50,000, other than any discounts, commissions or similar fees charged in connection with the sale of any shares of common stock offered hereby, will be borne by us.

Our common stock currently trades on the Nasdaq Global Market under the symbol ALGT. On August 28, 2007, the last reported sale price of our common stock was $29.67 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2007.

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell those securities in any jurisdiction where the offer and sale is not permitted. The information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus, including the sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations and Business, that are based on our management s beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words believe, expect, anticipate, intend, plan, estimate or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this prospectus.

You should understand that many important factors, in addition to those discussed elsewhere in this prospectus, could cause our results to differ materially from those expressed in the forward-looking statements. These factors include, without limitation, increases in fuel prices, terrorist attacks, risks inherent to airlines, demand for air services to Las Vegas, Orlando, Tampa/St. Petersburg and our new leisure destinations from the markets served by us, our ability to implement our growth strategy, our fixed obligations, our dependence on our leisure destination markets, our ability to add, renew or replace gate leases, our competitive environment, problems with our aircraft, dependence on fixed fee customers, economic and other conditions in markets in which we operate, governmental regulation, increases in maintenance costs and insurance premiums and cyclical and seasonal fluctuations in our operating results.

SUMMARY

This section summarizes material information that appears later in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. In this prospectus, we consider Alaska Airlines, Inc., American Airlines, Inc., Continental Airlines, Inc., Delta Air Lines, Inc., Northwest Airlines, Inc., United Air Lines Inc., Trans World Airlines, Inc. (prior to its acquisition by AMR Corp.) and US Airways, Inc. (prior to 2005) as U.S. legacy carriers, and we consider AirTran Airways, Inc., America West Airlines, Inc., Frontier Airlines, Inc., JetBlue Airways Corporation, Southwest Airlines Co., and US Airways, Inc. (starting in 2005) as U.S. low-cost carriers. This summary may not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review the entire prospectus, including the risk factors and the more detailed information that appears later.

In this prospectus, we use the terms Allegiant, we, us and our to refer to Allegiant Travel Company and its subsidiaries.

Business Overview

We are a leisure travel company focused on linking travelers in small cities to world-class leisure destinations such as Las Vegas, Nevada, Orlando, Florida and Tampa/St. Petersburg, Florida. We have announced we will be commencing service in fourth quarter 2007 to the leisure destinations of Ft. Lauderdale, Florida and Phoenix-Mesa, Arizona. We operate a low-cost passenger airline marketed to leisure travelers in small cities, allowing us to sell air travel both on a stand-alone basis and bundled with hotel rooms, rental cars and other travel related services. Our route network, pricing philosophy, advertising and diversified product offering built around relationships with premier leisure companies are all intended to appeal to leisure travelers and make it attractive for them to purchase air travel and related services from us.

Our business model provides for diversified revenue streams, which we believe distinguishes us from other U.S. airlines and other travel companies.

- *Scheduled service revenues* currently consist of nonstop flights between our leisure destinations and our small city markets.

- *Fixed fee contract revenues* consist largely of fixed fee flying agreements with affiliates of Harrah s Entertainment Inc. that provide for a predictable revenue stream.

- *Ancillary revenues* are generated from the sale of hotel rooms, rental cars, advance seat assignments, in-flight products and other items sold in conjunction with our scheduled air service. We recognize our ancillary revenues on a net basis, net of amounts paid to wholesale providers, travel agent commissions and credit card processing fees.

Our business strategy has evolved as our experienced management team has taken a different approach to the traditional way business has been conducted in the airline industry. In contrast to the traditional airline strategy, we focus primarily on the leisure traveler, provide low frequency nonstop service from small cities in larger jet aircraft, sell direct to travelers, do not offer connections, do not code-share, and provide amenities at a small charge to our passengers. We have developed relationships with many premier leisure companies to generate revenue beyond just air fares. We generated $11.55 of ancillary revenue per scheduled service passenger in 2005, $16.11 per scheduled service passenger in 2006 and $20.02 per scheduled service passenger in the first six months of 2007.

As of August 15, 2007, we provide scheduled air service to customers in 50 small cities (including seasonal service) and have announced service from five additional small cities to commence before the end of 2007. These 55 cities have an aggregate population of over 50 million within a 50-mile radius of the airports in those cities. We have identified at least 45 additional cities in the United States and Canada with similar characteristics and where we do not presently have any arrangements for service. These cities represent an estimated population of over 50 million people we could potentially serve primarily to our leisure destinations.

Our business model has allowed us to grow rapidly and to achieve attractive rates of profitability, even during the present climate of high fuel costs. For the year ended December 31, 2006, we had revenue of $243.3 million, representing substantial growth of 83.7% over the year ended December 31, 2005, while maintaining an operating margin of 9.3%. We had operating income of $8.5 million in 2005 and $22.6 million in 2006. Our net income was $7.3 million in 2005 and, despite a $6.4 million one-time non-cash tax charge resulting from our reorganization to a C-corporation, $8.7 million in 2006. In the first six months of 2007, we had revenue of $173.3 million, operating income of $28.5 million and net income of $19.7 million, reflecting significant growth over revenue of $119.3 million, operating income of $12.3 million and net income of $11.5 million in the first six months of 2006.

Our Competitive Strengths

We have developed a unique business model that focuses on leisure travelers in small cities. We believe the following strengths allow us to maintain a competitive advantage in the markets we serve:

Focus on Linking Small Cities to World-Class Leisure Destinations. As of August 15, 2007, we provide nonstop low fare scheduled air service from 50 small cities (including seasonal service) primarily to the world-class leisure destinations of Las Vegas, Nevada, Orlando, Florida, and Tampa/St. Petersburg, Florida. We have announced we will be commencing service in fourth quarter 2007 to the leisure destinations of Ft. Lauderdale, Florida and Phoenix-Mesa, Arizona. We have also announced service from five new small cities to commence before the end of 2007. Frequently, when we enter a new market, we introduce nonstop service to our leisure destinations which previously did not exist. We believe this nonstop service, combined with our pricing philosophy and premier leisure company relationships, makes it attractive for leisure travelers to purchase air travel and related services from us. As a result, we believe we stimulate new traffic. By focusing on underserved small cities, we believe we avoid the overcapacity and intense competition presently seen in high traffic domestic air corridors. On 70 of our 78 routes as of August 15, 2007, we are the only carrier providing nonstop service. Of the 109 routes we have announced we will be serving by the end of 2007, there are only eight routes with existing or announced nonstop service by other airlines.

We believe it would be difficult for potential competitors to profitably contest our market positions with nonstop service as our markets are generally too small to support either two carriers or the high frequency service provided by most U.S. legacy carriers and U.S. low-cost carriers (LCCs). In addition, leisure routes from small cities are generally too low-yielding to be a priority for most carriers. Moreover, while some of these markets may be suitable for service with regional aircraft, we believe our unit costs are significantly less than the unit costs for most regional aircraft, making it difficult for regional aircraft to effectively compete.

Low Operating Costs. We believe low costs are essential to competitive success in the airline industry today. Our cost per available seat mile, or CASM, was 7.78¢ for the first six months of 2007 and 7.69¢ and 7.41¢ for the years ended December 31, 2006 and 2005, respectively. Our CASM for 2006 increased only 3.8% over the prior year despite significantly higher fuel costs. Excluding the cost of fuel, our CASM was 4.20¢ for the first six months of 2007, 4.15¢ for the year ended December 31, 2006, and 4.27¢ for the year ended December 31, 2005.

Our low operating costs are the result of our focus on the following factors:

- *Cost-Driven Schedule.* We design our flight schedule to concentrate most of our aircraft each night at our leisure destinations. This concentration allows us to better utilize our personnel, airport facilities, aircraft, spare parts inventories and other assets. As a result, we are able to reduce costs associated with maintenance, airport operations, and flight crews staying overnight away from home.

- *Low Aircraft Ownership Costs.* We believe we properly balance low aircraft ownership costs and low operating costs to minimize our total costs. We currently operate one fleet type consisting of 29 MD80 series aircraft as of August 15, 2007. Used MD80 series equipment is widely available today, and we believe the ownership costs of the used MD80s sought by us are more than 80% lower than that of comparably sized new Airbus A320 and Boeing 737 aircraft. While used MD80 aircraft are less fuel efficient than new aircraft, we believe the ownership cost advantages of the MD80 currently outweigh the operating cost savings of new equipment for our type of operation.

- *Highly Productive Workforce.* We believe we have one of the most productive workforces in the U.S. airline industry with approximately 39.3 full-time equivalent employees per aircraft as of August 1, 2007, which compares to an industry range of from 57 to more than 100 full-time equivalent employees per aircraft, based on publicly available information. Our high level of employee productivity is created by fleet commonality, fewer unproductive labor work rules, cost-driven scheduling, and the effective use of automation and part-time employees.

- *Simple Product.* We believe offering a simple product is critical to low operating costs. As such, we do not sell connections; we do not code-share or interline with other carriers; we have a single class cabin; we do not have any frequent flyer or other loyalty programs; we do not provide any free catered items everything on board is for sale; we do not overbook our flights; we do not provide cargo or mail services; and we do not offer other perks such as airport lounges.

- *Low Distribution Costs.* We do not sell our product through outside sales channels and, as such, avoid the fees charged by travel web sites (such as Expedia, Orbitz or Travelocity) and the traditional global distribution systems (such as Sabre or Worldspan). Our customers can only purchase travel at our airport ticket counters or, for a fee, through our telephone reservations center or website. We actively encourage sales on our website. This is the least expensive form of distribution and accounted for 85.9% of our scheduled service revenue during 2006 and 87.2% of our scheduled service revenue during the first six months of 2007. We believe our percentage of direct website sales is among the highest in the U.S. airline industry.

Growing Ancillary Revenues. Ancillary revenues are earned in conjunction with our sale of scheduled air service and represent a significant, growing revenue stream. On a per scheduled service passenger basis, our ancillary revenues increased from $5.87 per scheduled service passenger in 2004, to $11.55 in 2005 and increased further to $16.11 in 2006 and $20.02 in the first six months of 2007. Ancillary revenue is derived from the sale of vacation packages including hotels, rental cars, show tickets, night club packages and other attractions; the sale of advance seat assignments; the sale of beverages, snacks and other products on board the aircraft; charging a fee for using our reservation center or website to purchase air travel; the collection of checked bag and overweight bag charges; and several other revenue streams. The largest component of our ancillary revenue is from the sale of hotel rooms packaged with air travel. As of August 15, 2007, we have agreements with 40 hotels in Las Vegas, including hotels managed by MGM MIRAGE, Harrah s Entertainment Inc., Boyd s Gaming Corp., Wynn Resorts, Limited, and Las Vegas Sands Corp., 41 hotels in Orlando (plus 17 additional hotels in nearby Daytona Beach, Florida), 12 hotels in Tampa/St. Petersburg and eight hotels in Palm Springs, Califorinia. We have also recently begun to sell rooms at six hotels in Gulfport-Biloxi serving passengers from Florida and eight hotels in Reno serving passengers from Bellingham. In anticipation of our commencement of service, we have agreements with six hotels in the Ft. Lauderdale, Florida area and 18 hotels in the Phoenix-Mesa, Arizona area. During 2006, we generated revenue from the sale of more than 344,000 hotel room nights.

Strong Financial Position. We have a strong financial position with significant cash balances. As of June 30, 2007, we had $185.8 million of cash and cash equivalents, total debt of $65.0 million and a debt to total capitalization ratio of 24.8%. We also have a history of growing profitably, having generated net income in 15 of the last 18 quarters. We believe our strong financial position allows us to have greater financial flexibility to grow the business and weather sudden industry disruptions.

Proven Management Team. We have a strong management team comprised of experienced and motivated individuals. Our management team is led by Maurice J. Gallagher, Jr., who has an extensive background in the airline industry. Mr. Gallagher was the president of WestAir Holdings, Inc. and built WestAir into one of the largest regional airlines in the U.S., prior to its sale in 1992 to Mesa Air Group. He was also one of the founders of ValuJet, Inc., known today as AirTran Holdings, Inc., which we believe was one of the most successful start-ups of a low-cost carrier in industry history. Three of our other executive officers are former managers of ValuJet or WestAir. Our directors also have significant experience in the airline industry and were intimately involved in several airline successes. These include Robert L. Priddy, a founder and former chairman and chief executive officer of ValuJet, Inc.

Our Business Strategy

To continue the growth of our business and increase our profitability, our strategy will be to continue to offer a single class of air travel service at low fares, while maintaining high quality standards, keeping our operating costs low and pursuing ways to make our operations more efficient. We intend to grow by adding flights on existing routes, entering additional small cities, expanding our relationships with premier leisure companies, and providing service to more world-class leisure destinations.

The following are the key elements of our strategy:

Capitalize on Significant Growth Opportunities in Linking Small Cities to Leisure Destinations. We believe small cities represent a large untapped market, especially for leisure travel. We believe small city travelers have limited options to world-class leisure destinations as existing carriers are generally focused on connecting small city spokes to their business hubs. We aim to become the premier travel brand for leisure travelers in small cities. We have identified at least 45 additional small cities in the U.S. and Canada where we could potentially offer our low fare nonstop service to our current and announced leisure destinations. We also believe there are several other world-class leisure destinations we could serve that share many of the same characteristics as our current and announced leisure destinations. These potential markets include several popular vacation destinations in the U.S., Mexico and the Caribbean.

Develop New Sources of Revenue. We have identified three key areas where we believe we can grow our ancillary revenues:

- *Unbundling the Traditional Airline Product.* We believe most leisure travelers are concerned primarily with purchasing air travel for the least expensive price and do not value many of the amenities provided by most other airlines for free. As such, we have created new sources of revenue by charging fees for services most U.S. airlines currently bundle in their product offering. We believe by offering a simple base product at an attractive low fare we can drive demand and generate incremental revenue as customers pay additional amounts for conveniences they value. We aim to continue to create new revenue sources by further unbundling our product.

- *Expand and Add Partnerships with Premier Leisure Companies.* We currently work with many premier leisure companies in our leisure destination markets that provide ancillary products and services we sell to our customers. By expanding our existing relationships and seeking additional partnerships with premier leisure companies, we believe we can increase the number of products and services offered to our customers and generate more ancillary revenue.

- *Leverage Direct Relationships With Our Customers.* Since approximately 85.9% of our scheduled service revenue was purchased directly through our website in 2006, we are able to establish direct relationships with our customers by capturing their email addresses for our database. This information provides us multiple opportunities to market products and services, including: at the time they purchase their travel, between the time they purchase and initiate their travel, and after they have completed their travel. In addition, we market products and services to our customers during the flight. We believe the breadth of options we can offer them allows us to provide a one-stop shopping solution.

Continue to Reduce Our Operating Costs. We intend to continue to focus on lowering our costs to remain one of the lowest cost airlines in the world, which we believe is instrumental to increasing profitability. We will drive operational efficiency and lower costs principally by growing our network. We will expand our network by increasing the frequency of our flights in existing markets, expanding the number of small cities we serve, and serving additional world-class leisure destinations, all of which permits us to increase the utilization of our employees and assets, spreading our fixed costs over a larger number of available seat miles. In 2005, we averaged 184.7 block hours per aircraft per month while during 2006, we averaged 202.5 block hours per aircraft per month.

Minimize Fixed Costs to Increase Strategic Flexibility. We believe our low aircraft ownership costs and the lower fixed costs associated with our small city market strategy provide us with a lower level of fixed costs than other U.S. airlines. We believe minimizing our level of fixed costs will provide us with added flexibility in scheduling our services and controlling our profitability. For example, with lower fixed costs we are better able to enter or exit markets as well as match the size and utilization of our fleet to limit unprofitable flying and maximize profitability. We match our frequency with the market demand on a daily and seasonal basis.

Our principal executive offices are located at 3301 N. Buffalo Drive, Suite B-9 Las Vegas, Nevada 89129. Our telephone number is (702) 851-7300. Our website s address is http://www.allegiantair.com. We have not incorporated by reference into this prospectus the information on our website and you should not consider it to be a part of this document. Our website address is included in this document for reference only.

Allegiant Travel Company, Allegiant Air and Allegiant Vacations are service marks of Allegiant Travel Company in the U.S. This prospectus also contains trademarks and tradenames of other companies.

The Offering

Common stock offered by us	None
Common stock offered by selling stockholders	1,750,000 shares
Shares outstanding before and after the offering	20,739,740 shares
Use of proceeds	We are not selling any shares of common stock under this prospectus and will not receive any of the proceeds from the sale of common stock by the selling stockholders.
Risk Factors	See Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq Global Market Symbol	ALGT

The number of shares outstanding before and after this offering:

- excludes 213,667 shares of common stock reserved for issuance upon exercise of outstanding stock options at a weighted average exercise price of $5.59 per share; and
- excludes 162,500 shares of common stock subject to issuance upon exercise of outstanding warrants at an exercise price of $4.40 per share;

Certain of our existing stockholders sold 1,750,000 shares of our common stock to PAR Investment Partners, L.P. (PAR) on December 13, 2006, simultaneously with the closing of our initial public offering. We agreed to register the shares purchased by PAR for resale. This prospectus relates to shares of our common stock being offered solely by PAR. The manner in which the shares of common stock will be offered from time to time by the selling stockholder is discussed under Plan of Distribution.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Allegiant

Increases in fuel prices or unavailability of fuel would harm our business and profitability.

Fuel costs constitute a significant portion of our total operating expenses (46.0% during 2006). Significant increases in fuel costs would harm our financial condition and results of operations.

Our MD80 series aircraft are less fuel efficient than new aircraft. An increase in the price of aircraft fuel would therefore result in a disproportionately higher increase in our average total costs than our competitors using more fuel efficient aircraft.

Historically, fuel costs have been subject to wide price fluctuations. Aircraft fuel availability is also subject to periods of market surplus and shortage and is affected by demand for heating oil, gasoline and other petroleum products. Because of the effect of these events on the price and availability of aircraft fuel, the cost and future availability of fuel cannot be predicted with any degree of certainty. A fuel supply shortage or higher fuel prices could result in the curtailment of our service. Some of our competitors may be better positioned to obtain fuel in the event of a shortage. We cannot assure you increases in the price of fuel can be offset by higher revenue.

In addition, although we implemented a fuel derivatives program to partially protect against fuel price volatility, our hedging program does not protect us against ordinary course price increases and is limited in fuel volume and duration. We cannot assure you our fuel hedging program is sufficient to protect us against increases in the price of fuel.

We carry limited fuel inventory and we rely heavily on our fuel suppliers. We cannot assure you we will always have access to adequate supplies of fuel in the event of shortages or other disruptions in the fuel supply. In May 2007, we were notified by our fuel supplier in Las Vegas that they would limit fuel purchases of all airlines supplied by them in that market. This resulted in a reduction of our fuel supply by approximately 21% of our usage from this supplier. Although this restriction expired in June 2007, we do not know whether further cuts may be imposed at a later time. Restrictions like this one could result in a higher fuel cost or could restrict our ability to grow our operations.

If our credit card processing company were to require significant holdbacks for processing credit card transactions for the purchase of air travel and other services, our cash flow would be adversely affected.

Credit card companies frequently require significant holdbacks when future air travel and other future services are purchased through credit card transactions. We rely on a single credit card processing company at this time, and our agreement is terminable on 30 days notice. As virtually all of our scheduled service and ancillary revenue is paid with credit cards and our credit card processing agreement does not require a significant holdback, our cash flow would suffer in the event the terms of our current agreement were changed or terminated. Although we believe that we would be able to secure a replacement credit card processing agreement if our current agreement is terminated, the terms of any new agreement may not be as favorable to us. These cash flow issues could be exacerbated during periods of rapid growth as we would be incurring additional costs associated with our growth, but our receipt of these revenues would be delayed.

Our failure to successfully implement our growth strategy and generate demand for our services could harm our business.

Successfully implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. Increasing the number of small city markets we serve depends on our ability to identify and effectively evaluate new target markets and then access suitable airports located in these markets in a manner consistent with our cost strategy.

Most of our scheduled air service is sold to customers traveling from our small city markets to our leisure destinations of Las Vegas, Orlando, Tampa/St. Petersburg, Ft. Lauderdale or Phoenix-Mesa. While we seek to generate demand for our services in these markets, the smaller size of these markets makes it more difficult to create this demand. If we are unable to do so in a particular market, our revenues could be negatively affected and our ability to grow could be constrained. Under those circumstances, we may decide to reduce or terminate service to that market, which could result in additional costs.

We will also need to obtain additional gates in our leisure destination markets, and obtain access to markets we seek to serve in the future. Any condition that would deny, limit or delay our access to airports we seek to serve in the future would constrain our ability to grow. Opening new markets may require us to commit a substantial amount of resources, even before the new services commence, including additional skilled personnel, equipment and facilities. An inability to hire and retain skilled personnel or to secure the required equipment and facilities efficiently and cost-effectively may affect our ability to implement our growth strategy. We cannot assure you we will be able to successfully establish new markets and our failure to do so could harm our business.

In fourth quarter 2007, we will add Ft. Lauderdale and Phoenix-Mesa as new leisure destinations. As we do not have any historical data on the performance of these markets as our leisure destinations, we may not be able to profitably operate these routes.

We expect to serve other leisure destinations, in addition to Las Vegas, Orlando, Tampa/St. Petersburg, Ft. Lauderdale and Phoenix-Mesa, which we believe are attractive to small city markets. However, if we fail to successfully implement service to additional leisure destinations, our growth prospects will be limited and our profitability could be adversely impacted.

Expansion of our markets and services may also strain our existing management resources and operational, financial and management information systems to the point they may no longer be adequate to support our operations, requiring us to make significant expenditures in these areas. We expect we will need to develop further financial, operational and management controls, reporting systems and procedures to accommodate future growth. We cannot assure you we will be able to develop these controls, systems or procedures on a timely basis and the failure to do so could harm our business.

Additionally, we are subject to regulation by the Federal Aviation Administration (FAA) and must receive its approval to add aircraft to our operating certificate. If the FAA does not grant us approval to add aircraft to our fleet as quickly as we desire, our growth may be limited and our profitability could be adversely impacted.

Any inability to acquire and maintain additional compatible aircraft, engines or parts on favorable terms or at all would increase our operating costs and could harm our profitability.

Our fleet currently consists of MD80 series aircraft equipped with Pratt & Whitney JT8D-200 series engines. Although our management believes there is currently an adequate supply of suitable MD80 series aircraft available at favorable prices and terms, we are unable to predict how long these conditions will continue. Any increase in demand for the MD80 aircraft or the Pratt & Whitney JT8D-200 series engine could restrict our ability to obtain additional MD80 aircraft, engines and spare parts. Because the aircraft and the engine are no longer being manufactured, we may be unable to obtain additional suitable aircraft, engines or spare parts on satisfactory terms or at the time needed for our operations or for our implementation of our growth plan.

In April 2006, the FAA indicated it intends to issue regulations limiting the age of aircraft that may be flown in the U.S. The announcement did not indicate the maximum age that would be allowed, the effective date of the regulation or any grandfathering provisions. These regulations, if and when implemented, may have a material effect on our future operations.

We cannot assure you we will be able to purchase additional MD80s on favorable terms, or at all. Instead, we may be required to lease MD80s from current owners. Because, in our experience, the cost of leasing generally exceeds the ownership costs associated with the purchase of the MD80, our operating costs would increase if we are required to lease, instead of purchase, additional MD80 aircraft, and this could harm our profitability.

If the available MD80 series aircraft, whether by purchase or lease, are not compatible with the rest of our fleet in terms of takeoff weight, avionics, engine type or other factors, the costs of operating and maintaining our fleet would likely increase. Similarly, our aircraft ownership costs will likely increase if we decide to acquire aircraft which are not MD80 series aircraft.

There is also a greater risk with acquiring used aircraft because we may incur additional costs to remedy any mechanical issues not found in our inspection and acceptance process and, generally, the cost to maintain used aircraft exceeds the cost to maintain new aircraft.

Any inability to obtain financing for additional aircraft could harm our growth plan.

We typically finance our aircraft through either mortgage debt or lease financing. Although we believe debt and/or lease financing will be available for the aircraft we will acquire, we cannot assure you we will be able to secure such financing on terms attractive to us or at all. To the extent we cannot secure such financing on acceptable terms or at all, we may be required to modify our aircraft acquisition plans, incur higher than anticipated financing costs or use more of our cash balances for aircraft acquisitions than we currently expect.

Aircraft lenders often require that they receive the benefit of Section 1110 protection under the U.S. Bankruptcy Code. It is more difficult to provide lenders Section 1110 protection for aircraft manufactured before 1994. Most MD80s, and almost all of our MD80s, were manufactured before 1994. As a result, we may face difficulty obtaining financing for aircraft transactions.

Our maintenance costs will increase as our fleet ages.

Our aircraft range from 11 to 21 years old, with an average age of 17 years as of August 15, 2007. Our aircraft are significantly older than the U.S. industry average. In general, the cost to maintain aircraft increases as they age and exceeds the cost to maintain new aircraft. FAA regulations require additional maintenance inspections for older aircraft. For example, a repair assessment program must be implemented for each of our aircraft once they reach 60,000 cycles. A cycle is defined as one take-off and landing. As of August 15, 2007, the average cycles on our fleet was approximately 27,000 cycles and the highest number of cycles on any of our aircraft was approximately 44,000. Based on our current and expected aircraft utilization rates of approximately 1,000 cycles per year, we will not have to comply with the repair assessment program for several years. We will also need to comply with other programs which require enhanced inspections of aircraft including Aging Aircraft Airworthiness Directives, which typically increase as an aircraft ages and vary by aircraft or engine type depending on the unique characteristics of each aircraft and/or engine.

In addition, we may be required to comply with any future aging aircraft issues, law changes, regulations or airworthiness directives. We cannot assure you our maintenance costs will not exceed our expectations.

We believe our aircraft are and will be mechanically reliable based on the percentage of scheduled flights completed. We cannot assure you our aircraft will continue to be sufficiently reliable over longer periods of time. Furthermore, given the age of our fleet, any public perception that our aircraft are less than completely reliable could have an adverse effect on our profitability.

We may be subject to unionization, work stoppages, slowdowns or increased labor costs.

Unlike most airlines, we have a non-union workforce. If our employees unionize, it could result in demands that may increase our operating expenses and adversely affect our profitability. Our pilots have formed an in-house pilot association. Our flight attendants are in the process of also forming an in-house association to negotiate matters of concern with us. Although we have negotiated a mutually acceptable arrangement with our pilots, our costs could be adversely affected by the cumulative results of discussions with employee groups in the future.

Each of our different employee groups could unionize at any time and would require separate collective bargaining agreements. If any group of our employees were to unionize and we were unable to agree on the terms of their collective bargaining agreement or we were to experience widespread employee dissatisfaction, we could be subject to work slowdowns or stoppages. In addition, we may be subject to disruptions by organized labor groups protesting our non-union status. Any of these events would be disruptive to our operations, could harm our business, and therefore have an adverse effect on our future results.

Our reputation and financial results could be harmed in the event of an accident or incident involving our aircraft or other MD80 aircraft.

An accident or incident involving one of our aircraft could involve repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service, and significant potential claims of injured passengers and others. Although we believe we currently maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate and we may be forced to bear substantial losses from an accident. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our business and financial results. Moreover, any aircraft accident or incident, even if fully insured, could cause a public perception that we are less safe or reliable than other airlines, which would harm our business. Because we are a relatively new company and because we are smaller than most airlines, an accident would be likely to adversely affect us to a greater degree than a larger, more established airline.

In March 2007, the nose landing gear failed to deploy on a flight to Orlando Sanford International Airport. The aircraft landed safely with only minor injuries to ten passengers. Although the FAA and National Transportation Safety Board (NTSB) have conducted their usual investigation, they have yet to release their final report. The damage to the aircraft was covered by our insurance, but we were responsible for the $250,000 deductible. The aircraft was out of service for two months.

Additionally, our dependence on this single type of aircraft and engine for all of our flights makes us particularly vulnerable to any problems that might be associated with this aircraft type or these engines. Our business would be significantly harmed if a mechanical problem with the MD80 series aircraft or the Pratt & Whitney JT8D-200 series engine were discovered causing our aircraft to be grounded while any such problem is being corrected, assuming it could be corrected at all. The FAA could also suspend or restrict the use of our aircraft in the event of any actual or perceived mechanical problems, whether involving our aircraft or another U.S. or foreign airline s aircraft, while it conducts its own investigation. Our business would also be significantly harmed if the public avoids flying our aircraft due to an adverse perception of the MD80 series aircraft or the Pratt & Whitney JT8D-200 series engine because of safety concerns or other problems, whether real or perceived, or in the event of an accident involving an MD80 aircraft.

We depend on our ability to maintain existing and develop new relationships with hotels and other providers of travel related services. Any adverse changes in these relationships could adversely affect our business, financial condition and results of operations, as well as our ability to provide air-hotel packages in our leisure destination markets.

An important component of our business success depends on our ability to maintain our existing, as well as build new, relationships with hotels and other travel suppliers in our leisure destination markets. We do not currently have long-term contracts with any of our hotel room suppliers, nor do we anticipate entering into long-term contracts with them in the future. Adverse changes in or the failure to renew existing relationships, or our inability to enter into arrangements with new hotel suppliers on favorable terms, if at all, could reduce the amount, quality and breadth of attractively priced travel products and services we are able to offer, which could adversely affect our business, financial condition and results of operations. Our ability to continue to grow and enter new markets also depends on our ability to obtain a sufficient supply of suitable hotel rooms on favorable terms in our existing and new leisure destinations.

Hotels and other travel suppliers are increasingly seeking to lower their distribution costs by promoting direct online bookings through their own websites, and we expect this trend to continue. Hotels and travel suppliers may choose not to make their travel products and services available through our distribution channels. To the extent consumers increase the percentage of their travel purchases through supplier direct websites and/or if travel suppliers choose not to make their products and services available to us, our business may suffer.

We have a significant amount of fixed obligations and we expect to incur significantly more fixed obligations which could hurt our ability to meet our strategic goals.

As of June 30, 2007, maturities of our long-term debt (including capital leases) were $10.1 million in 2007, $18.3 million in 2008, $19.8 million in 2009, $16.0 million in 2010 and $13.1 million in 2011. All of our long-term and short-term debt has fixed interest rates. In addition to long-term debt, we have a significant amount of other fixed obligations under operating leases related to our aircraft, airport terminal space, other airport facilities and office space. As of June 30, 2007, future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year were approximately $1.2 million in 2007, $2.3 million in 2008, $2.3 million in 2009, $1.8 million in 2010, $1.8 million in 2011 and $12.3 million thereafter. We expect to incur additional debt and other fixed obligations as we take delivery of additional aircraft and other equipment and continue to expand into new markets.

The amount of our debt and other fixed obligations could:

- limit our ability to obtain additional financing to support capital expansion plans and for working capital and other purposes;
- divert substantial cash flow from our operations and expansion plans to service our fixed obligations;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- place us at a possible competitive disadvantage compared to less leveraged competitors and competitors with better access to capital resources.

Our ability to make scheduled payments on our debt and other fixed obligations will depend upon our future operating performance and cash flow, which in turn will depend upon prevailing economic and political conditions and financial, competitive, regulatory, business and other factors, many of which are beyond our control. We cannot assure you we will be able to generate sufficient cash flow from our operations to pay our debt and other fixed obligations as they become due, and our failure to do so could harm our business. If we are unable to make payments on our debt and other fixed obligations, we could be forced to renegotiate those obligations or obtain additional equity or debt financing. To the extent we finance our activities or future aircraft acquisitions with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our growth strategy. We cannot assure you any renegotiation efforts would be successful or timely or that we could refinance our obligations on acceptable terms, if at all.

Our lack of an established line of credit or borrowing facility makes us highly dependent upon our cash balances and operating cash flows.

We have no lines of credit and rely on operating cash flows to provide working capital. Unless we secure a line of credit or borrowing facility, we will be dependent upon our operating cash flows and cash balances to fund our operations and to make scheduled payments on our debt and other fixed obligations. If we fail to generate sufficient funds from operations to meet these cash requirements or do not secure a line of credit, other borrowing facility or equity financing, we could default on our debt and other fixed obligations. Our inability to meet our obligations as they become due would materially restrict our ability to grow and seriously harm our business and financial results.

Our business is heavily dependent on the attractiveness of our leisure destinations and a reduction in demand for air travel to these markets would harm our business.

Almost all of our scheduled flights and announced service have Las Vegas, Orlando, Tampa/St. Petersburg, Ft. Lauderdale or Phoenix-Mesa as either their destination or origin. Our business would be harmed by any circumstances causing a reduction in demand for air transportation to these markets, such as adverse changes in local economic conditions, negative public perception of the particular city, significant price increases, or the impact of past or future terrorist attacks.

We serve Orlando Sanford International Airport, which is not the principal airport in the Orlando market. A refusal by passengers to view Orlando Sanford International Airport as a reasonable alternative to Orlando International Airport, the main airport serving Orlando, could harm our business.

We serve St. Petersburg-Clearwater International Airport, which is not the principal airport in the Tampa Bay market. A refusal by passengers to view the St. Petersburg-Clearwater International Airport as a reasonable alternative to Tampa International Airport, the main airport serving the Tampa Bay area, could harm our business.

In the Phoenix-Mesa market, we will serve Williams Gateway Airport, which is not the principal airport in this market. A refusal by passengers to view Williams Gateway Airport as a reasonable alternative to Phoenix Sky Harbor International Airport, the main airport serving the Phoenix area, could harm our business.

We may face increased competition in our markets which could harm our business.

The small cities we serve on a scheduled basis have traditionally attracted considerably less attention from our potential competitors than larger markets, and in most of our markets, we are the only provider of nonstop service to our leisure destinations. It is possible other airlines will begin to provide nonstop services to and from these markets or otherwise target these markets. An increase in the amount of direct or indirect competition could harm our business.

We may be unable to renew our lease or increase our facilities at Las Vegas McCarran International Airport.

McCarran International Airport was the 11th busiest airport in the world in 2006 and its gate space, terminal space, aircraft parking space and facilities in general are constrained. To meet our growth plan, we will require additional facilities at McCarran. However, we may not be able to maintain sufficient or

16

obtain additional facilities at McCarran on favorable terms, or at all. In addition, our present agreement can be terminated at any time upon 30 days notice. Since Las Vegas is one of our principal destinations, our inability to maintain sufficient facilities or to obtain additional facilities as needed would harm our business by limiting our ability to grow and increasing our costs.

We also currently rely on the availability of overnight aircraft parking space at McCarran. However, due to anticipated airport growth, we may find it difficult to obtain sufficient overnight aircraft parking space in the future. Over time, this may result in our having to overnight aircraft in other cities, which could increase our costs and could adversely impact our business and results of operations.

We may be unable to renew our lease or increase our facilities at Fort Lauderdale-Hollywood International Airport.

There is a shortage of capacity at commercial airports in South Florida, including Fort Lauderdale-Hollywood International Airport, where gate space, terminal space, airport parking space and facilities in general are constrained. To grow our service at the Ft. Lauderdale airport, we will require additional facilities. However, we may not be able to maintain sufficient or obtain additional facilities at Ft. Lauderdale on favorable terms, or at all. In addition, our present agreement can be terminated at any time upon 30 days notice. Since Ft. Lauderdale is one of our announced leisure destinations, our inability to maintain sufficient facilities or to obtain additional facilities as needed would harm our business by limiting our ability to grow and increasing our costs. We will also rely on the availability of overnight aircraft parking space at Ft. Lauderdale. However, due to anticipated airport growth, we may find it difficult to obtain sufficient overnight aircraft parking space. Over time, this may result in our having to overnight aircraft in other cities, which could increase our costs and could adversely impact our business and results of operations.

Our business could be harmed if we lose the services of our key personnel.

Our business depends upon the efforts of our chief executive officer, Maurice J. Gallagher, Jr., and a small number of management and operating personnel. We do not currently have an employment agreement with or maintain key-man life insurance on Mr. Gallagher. We may have difficulty replacing management or other key personnel who leave and, therefore, the loss of the services of any of these individuals could harm our business.

Our results of operations will fluctuate.

We expect our quarterly operating results to fluctuate in the future based on a variety of factors, including:

- the timing and success of our growth plans as we enter new markets;
- changes in fuel, security and insurance costs;
- mark-to-market adjustments attributable to our fuel hedging transactions;
- increases in personnel, marketing, aircraft ownership and other operating expenses to support our anticipated growth; and
- the timing and amount of maintenance expenditures.

In addition, seasonal variations in traffic, the timing of significant repair events and weather affect our operating results from quarter to quarter. Quarter-to-quarter comparisons of our operating results may not be good indicators of our future performance. In addition, it is possible our operating results in any future quarter could be below the expectations of investors and any published reports or analyses regarding Allegiant. In that event, the price of our common stock could decline, perhaps substantially.

Due to our limited fleet size, if any of our aircraft becomes unavailable, we may suffer greater damage to our service, reputation and profitability than airlines with larger fleets.

As of August 15, 2007, we operate a fleet of 29 aircraft. Given the limited number of aircraft we operate, if an aircraft becomes unavailable due to unscheduled maintenance, repairs or other reasons, we could suffer greater adverse financial and reputational impacts than larger airlines if our flights are delayed or cancelled due to the absence of replacement aircraft. Our business strategy involves concentrating our aircraft overnight at our destination airports. If we are unable to operate those aircraft for a prolonged period of time for reasons outside of our control, for example, a catastrophic event or a terrorist act, our results of operations and business could be disproportionately harmed.

We rely heavily on automated systems to operate our business and any failure of these systems could harm our business.

We depend on automated systems to operate our business, including our computerized airline reservation system, our telecommunication systems, our website and other automated systems. We rely on a single vendor to support many of these systems and it would be difficult to readily replace this vendor on whom we have relied since our inception. A failure of this vendor to satisfactorily service our automation needs could negatively affect our Internet sales and customer service and result in increased costs.

Unlike many other airlines, which issue traditional paper tickets to some or all of their passengers, we issue only electronic tickets. Our website and reservation system must be able to accommodate a high volume of traffic and deliver important flight information. Substantial or repeated website, reservations system or telecommunication systems failures or a failure by our vendor could reduce the attractiveness of our services. Any disruption in these systems could result in the loss of important data, increase our expenses and generally harm our business.

Currently, our fixed fee flying business is substantially dependent on a single customer and the loss of this business could have a material adverse effect on our continuing fixed fee contract revenue.

During 2006, approximately 58.9% of our fixed fee contract revenue was derived from Harrah s Entertainment Inc. We provide these services under contracts which expire in December 2008. If Harrah s suffers a decline in business, decides to change its strategy or otherwise decides to reduce or terminate the fixed fee flying services provided by us, our revenues from fixed fee flying operations could be adversely affected.

If we are unable to attract and retain qualified personnel at reasonable costs or fail to maintain our company culture, our business could be harmed.

Our business is labor intensive, with labor costs representing 15.8% of our operating expenses during 2006. We expect wages and benefits to increase on a gross basis; these costs could also increase as a percentage of our overall costs, which could harm our business. Our expansion plans will require us to hire, train and retain a significant number of new employees in the future. From time to time, the airline industry has experienced a shortage of personnel licensed by the FAA, especially pilots and mechanics. We compete against other U.S. airlines for labor in these highly skilled positions. Many U.S. airlines offer wage and benefit packages that exceed our wage and benefit packages. As a result, in the future, we may have to significantly increase wages and benefits in order to attract and retain qualified personnel or risk considerable employee turnover. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to complete our expansion plans and our business could be harmed.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. One of our principal competitive strengths is our service-oriented company culture that emphasizes friendly, helpful, team-oriented and customer-focused employees. Our company culture is important to providing high quality customer service and having a highly productive workforce that helps keep our costs low. As we grow, we may be unable to identify, hire or retain enough people who meet the above criteria, and our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and business may be harmed.

We rely on third parties to provide us with facilities and services that are integral to our business and can be withdrawn on short notice.

We have entered into agreements with numerous third-party contractors, including other airlines, to provide certain facilities and services required for our operations, such as aircraft maintenance, ground handling, flight dispatch, baggage services and ticket counter space. We will likely need to enter into similar agreements in any new markets we decide to serve. All of these agreements are subject to termination upon short notice. Although we believe there are alternative service providers available to perform these services for us in the event of a contract termination or failure by a service provider, the loss or expiration of these contracts, the loss of FAA certification by our outside maintenance providers or any inability to renew our contracts or negotiate contracts with other providers at comparable rates could harm our business. Our reliance on others to provide essential services on our behalf also gives us less control over costs and the efficiency, timeliness and quality of contract services. In 2006, failures by our flight dispatch vendor significantly delayed all of our flights on a particular day. Although we seek to have redundant processes in place to protect against such failures, we remain subject to the performance by our outside vendors.

Imposition of additional sales and hotel occupancy and other related taxes may increase our expenses.

Currently, hotels collect and remit hotel occupancy and related taxes to the various tax authorities based on the amounts collected by the hotels. Consistent with this practice, we recover the taxes on the underlying cost of the hotel room night from customers and remit the taxes to the hotel operators for payment to the appropriate tax authorities. We understand some jurisdictions have indicated to the public that they may take the position that sales or hotel occupancy tax may also be applicable to the differential between the price paid by a customer for our service and the cost to us for the underlying room. Historically, we have not collected taxes on this differential. Some state and local jurisdictions could assert we are subject to hotel occupancy taxes on this differential and could seek to collect such taxes, either retroactively or prospectively or both. Such actions may result in substantial liabilities for past sales and could have a material adverse effect on our business and results of operations. To the extent any tax authority succeeds in asserting such a tax collection responsibility exists, it is likely, with respect to future transactions, we would collect any such additional tax obligation from our customers, which would increase the price of hotel room nights we charge our customers and, consequently, could reduce hotel sales and our profitability. We will continue to assess the risks of the potential financial impact of additional tax exposure, and to the extent appropriate, reserve for those estimates of liabilities.

We employ a non-traditional distribution system, which could negatively affect our ability to sell our services.

We employ a computerized airline reservation system designed to meet our specifications. Under this system, we do not issue paper airline tickets. Furthermore, we do not participate in the global airline reservation systems such as Sabre or Worldspan, nor can travel on us be purchased through Expedia, Travelocity, or similar air travel services. The inability to make reservations for travel on us through the global reservation systems or travel websites may harm our competitive position. Alternatively, if we decide to later participate in the global reservation systems or travel websites, we would be forced to pay fees charged by these systems or websites. As a result, our costs would increase and this may adversely affect our business and results of operations.

Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.

In the processing of our customer transactions, we receive and store a large volume of identifiable personal data. This data is increasingly subject to legislation and regulation. This government action is typically intended to protect the privacy of personal data that is collected, processed and transmitted. We could be adversely affected if legislation or regulations are expanded to require changes in our business practices in ways that negatively affect our business, financial condition and results of operations. As privacy and data protection become more sensitive issues, we may also become exposed to potential liabilities as a result of differing views on the privacy of travel data. These and other privacy developments are difficult to anticipate and could adversely affect our business, financial condition and results of operations.

The Internet as a medium for commerce is subject to uncertainty.

Consumer use of the Internet as a medium for commerce is subject to uncertainty. While the number of Internet users has been rising, the Internet infrastructure may not expand fast enough to meet the increased levels of demand. In addition, activities that diminish the experience for Internet users, such as spyware, spoof emails, viruses and spam directed at Internet users, as well as viruses and denial of service attacks directed at Internet companies and service providers, may discourage people from using the Internet, including for commerce. If consumer use diminishes or grows at a slower rate, then our business and results of operations could be adversely affected.

Our lack of a marketing alliance and frequent flyer program could harm our business and competitive position.

Many airlines have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. Among other things, they share the use of two-letter flight designator codes to identify their flights and fares in the computerized reservation systems, and permit reciprocity in their frequent flyer programs. Our business and competitive ability could be harmed since we are not a member of any marketing alliance. In addition, our lack of a frequent flyer program could harm our business and competitive position.

Our management may exert considerable influence over us as long as they own or control a significant percentage of our common stock, and they may make decisions with which you disagree.

The members of our board of directors and our executive officers own beneficially approximately 35.3% of the outstanding shares of our common stock. As a result, our management will be able to exert considerable control over all matters affecting us, including the election of directors as long as they continue to own or control such a significant percentage of our common stock. They may make decisions you and other stockholders will not be able to affect by voting your shares.

The historical consolidated financial information in this prospectus does not reflect the added costs and internal control reporting standards we expect to incur or will be required to comply with as a public company or the resulting changes that will occur in our capital structure and operations.

We face increased legal, accounting, administrative and other expenses as a public company we did not incur as a private company. The Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), as well as new rules subsequently implemented by the Securities and Exchange Commission (SEC or the

Commission), the Public Company Accounting Oversight Board (PCAOB) and the Nasdaq Global Market, require changes in the corporate governance practices of public companies. We expect these new rules and regulations to result in both a significant initial cost, as we initiate certain internal controls and other procedures designed to comply with the requirements of the Sarbanes-Oxley Act, and an ongoing increase in our legal, audit and financial compliance costs. Compliance will also divert management attention from operations and strategic opportunities and will make legal, accounting and administrative activities more time-consuming and costly. We also expect to incur substantially higher costs to maintain directors and officers insurance. We currently anticipate increased annual costs following our initial public offering and we expect to incur additional costs during 2007 in implementing and verifying internal control procedures as required by Section 404 of the Sarbanes-Oxley Act, and the rules and regulations thereunder, and in connection with preparing our financial statements on a timely basis to meet the SEC s reporting requirements.

We are required to furnish a report by our management on our internal control over financial reporting. This report will contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of each fiscal year, including a statement as to whether or not our internal controls over financial reporting are effective. Any failure to implement and maintain effective controls over our financial reporting, or difficulties encountered in the implementation of these controls, could result in a material misstatement to the annual or interim financial statements that could cause us to fail to meet our reporting obligations under applicable securities laws. Any failure to maintain our internal controls could result in our incurring substantial liability for not having met our legal obligations and could also cause investors to lose confidence in our reported financial information, which could have a negative impact on the trading price of our stock. Similar adverse effects could result if our auditors express an adverse opinion or disclaim or qualify an opinion on the effectiveness of our internal control over financial reporting.

In addition, we are required under these new rules and regulations to attract and retain independent directors to serve on our board of directors and our audit committee, in particular. If we fail to retain independent directors, we may be subject to SEC enforcement proceedings and delisting by the Nasdaq Global Market.

Because we were a limited liability company prior to our transition to corporate form, we paid minimal taxes on profits. In preparing our consolidated financial information previously, we deducted and charged to earnings estimated statutory income taxes based on an estimated blended tax rate, which may be different from our actual tax rate in the future. The estimates we used in our consolidated financial information may not be similar to our actual experience as a public corporation.

We may be required to make substantial payments under certain indemnification agreements.

In connection with our initial public offering and conversion to corporate form, we have entered into agreements that provide for the indemnification of our members, managers, officers and certain other persons authorized to act on our behalf against certain losses that may arise out of our initial public offering or the reorganization transactions, and certain tax liabilities of our members that may arise in respect of periods when we operated as a limited liability company. We may be required to make substantial payments under these indemnification agreements, which could adversely affect our financial condition. For more information on our indemnification arrangements, see Related Party Transactions Reorganization Transactions and Related Party Transactions Tax Indemnification Agreement and Related Matters.

Failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price, and could subject us to liability.

Section 404 of the Sarbanes-Oxley Act and the related rules of the Securities and Exchange Commission require our management to conduct annual assessments of the effectiveness of our internal control over financial reporting and will require a report by our independent registered public accounting firm addressing these assessments, beginning as early as our fiscal year ending December 31, 2007. During the course of documenting and testing our internal control procedures to satisfy the requirements of Section 404, we may identify deficiencies which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could harm our operating results and lead to a decline in our stock price. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the Nasdaq Global Market, regulatory investigations and civil or criminal sanctions.

Changing laws, rules and regulations, and legal uncertainties relating to the way we do business may adversely impact our business, financial condition and results of operations.

Unfavorable changes in existing, or the promulgation of new, laws, rules and regulations applicable to us, including those relating to the Internet and online commerce, consumer protection and privacy, and sales, use, occupancy, value-added and other taxes, could decrease demand for our products and services, increase our costs and/or subject us to additional liabilities, which could adversely impact our business. For example, there is, and will likely continue to be, an increasing number of laws and regulations pertaining to Internet and online commerce, which may relate to liability for information retrieved from or transmitted over the Internet, user privacy, taxation and the quality of products and services. Furthermore, the growth and development of online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on online businesses generally.

In addition, the application of various sales, use, occupancy, value-added and other tax laws, rules and regulations to our products and services is subject to interpretation by the applicable taxing authorities. While we believe we are compliant with these tax provisions, we cannot assure you taxing authorities will not take a contrary position, or that such positions would not have an adverse effect on our business, financial condition and results of operations.

Risks Associated with the Airline and Travel Industry

The airline industry has incurred significant losses resulting in airline restructurings and bankruptcies, which could result in changes in our industry.

We believe airline traffic is particularly sensitive to changes in economic growth and expectations. In addition, the war in Iraq or other conflicts or events in the Middle East or elsewhere may impact the economy and result in an adverse impact on the airline business. In 2006, the U.S. airline industry was profitable (net of bankruptcy charges) for the first time since 2000. Substantial losses from 2001 through 2005 caused significant changes in the industry. Low fares and escalating fuel prices contributed to these losses. As a result, many airlines are renegotiating or attempting to renegotiate labor contracts, reconfiguring flight schedules, furloughing or terminating employees, as well as considering other efficiency and cost-cutting measures. Despite these actions, several airlines have sought reorganization under Chapter 11 of the U.S. Bankruptcy Code permitting them to reduce labor rates, restructure debt, terminate pension plans and generally reduce their cost structure. Additionally, other airlines have consolidated in an attempt to lower costs and rationalize their route structures in order to improve their results. It is foreseeable that further airline reorganizations, bankruptcies or consolidations may occur, the effects of which we are unable to predict. The occurrence of these events, or potential changes resulting from these events, may harm our business or the industry.

The airline industry is highly competitive, is characterized by low profit margins and high fixed costs, and we may be unable to compete effectively against other airlines with greater financial resources or lower operating costs.

The airline industry is characterized generally by low profit margins and high fixed costs, primarily for personnel, aircraft fuel, debt service and aircraft lease rentals. The expenses of an aircraft flight do not vary significantly with the number of passengers carried and, as a result, a relatively small change in the number of passengers or in pricing could have a disproportionate effect on an airline s operating and financial results. Accordingly, a minor shortfall in expected revenue levels could harm our business.

In addition, the airline industry is highly competitive and is particularly susceptible to price discounting because airlines incur only nominal costs to provide service to passengers occupying otherwise unsold seats. As of August 15, 2007, we face nonstop competition on only eight of our routes. However, competing airlines provide connecting service on many of our routes or serve nearby airports. In addition, we have faced other competing services in the past, and we cannot assure you other airlines will not begin to provide nonstop service in the future on the routes we serve. Many of these competing airlines are larger and have significantly greater financial resources and name recognition. We may, therefore, be unable to compete effectively against other airlines that introduce service or discounted fares in the markets we serve.

A future act of terrorism, the threat of such acts or escalation of U.S. military involvement overseas could adversely affect our industry.

Even if not directed at the airline industry, a future act of terrorism, the threat of such acts or escalation of U.S. military involvement overseas could have an adverse effect on the airline industry. In the event of a terrorist attack, the industry would likely experience significantly reduced demand for our travel services. These actions, or consequences resulting from these actions, would likely harm our business and the airline and travel industry.

Changes in government regulations imposing additional requirements and restrictions on our operations could increase our operating costs and result in service delays and disruptions.

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the FAA has issued a number of directives and other regulations relating to the maintenance and operation of aircraft, including rules regarding assumed average passenger weight, that have required us to make significant expenditures. FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement, weight and payload limits, and increased inspection and maintenance procedures to be conducted on aging aircraft.

We incur substantial costs in maintaining our current certifications and otherwise complying with the laws, rules and regulations to which we are subject. We cannot predict whether we will be able to comply with all present and future laws, rules, regulations and certification requirements or that the cost of continued compliance will not significantly increase our costs of doing business.

The FAA has the authority to issue mandatory orders relating to, among other things, the grounding of aircraft, inspection of aircraft, installation of new safety-related items and removal and replacement of aircraft parts that have failed or may fail in the future. A decision by the FAA to ground, or require time consuming inspections of or maintenance on, all or any of our MD80 series aircraft, for any reason, could negatively impact our results of operations. In addition to state and federal regulation, airports and municipalities enact rules and regulations that affect our operations.

Additional laws, regulations, taxes and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenues. For example, the FAA has recently adopted regulations requiring airlines to monitor the compliance with drug testing standards of all mechanics and maintenance personnel, including those of third party vendors. In addition, as a result of the terrorist attacks in New York and Washington, D.C. in September 2001, the FAA and the Transportation Security Administration (TSA) have imposed more stringent security procedures on airlines. We cannot predict what other new regulations may be imposed on airlines and we cannot assure you these laws or regulations, or any laws or regulations enacted in the future, will not materially adversely affect our financial condition, results of operations.

Our ability to operate as an airline is dependent upon our maintaining certifications issued to us by the Department of Transportation (DOT) and the FAA. Federal law requires that air carriers operating large aircraft, such as our MD80 series aircraft, be continuously fit, willing and able to provide the services for which they are licensed. Our fitness is monitored by the DOT, which considers factors such as consumer-relations practices, legal and regulatory compliance disposition, financial resources and U.S. citizenship in making its determinations. While DOT has seldom revoked a carrier s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. Similarly, in a worst-case scenario, the FAA could restrict or suspend our ability to operate as an airline, and could do so on an emergency basis with little or no advance warning, in the event the FAA should consider our operations unsafe. While under such circumstances we would have a right to expedited judicial review of the legality of the FAA s actions, such a development would likely harm our business severely regardless of the outcome of such review.

In the event we elect in the future to expand our scheduled service offerings into international markets, we would be subject to increased regulation by U.S. and foreign aeronautical authorities as well as customs, immigration and other border-protection agencies. Additionally, there is no assurance we would be able to obtain the right to serve all routes we may wish to serve. These factors, alone or in combination, could materially adversely affect any international scheduled service we may choose to pursue in the future.

Airlines are often affected by factors beyond their control, including traffic congestion at airports, weather conditions, increased security measures or the outbreak of disease, any of which could harm our operating results and financial condition.

Like other airlines, we are subject to delays caused by factors beyond our control, including air traffic congestion at airports, adverse weather conditions, increased security measures or the outbreak of disease. Delays frustrate passengers and increase costs, which in turn could affect profitability. During periods of fog, snow, rain, storms or other adverse weather conditions, flights may be cancelled or significantly delayed. Cancellations or delays due to weather conditions, traffic control problems and breaches in security could harm our operating results and financial condition. An outbreak of a disease that affects travel behavior, such as severe acute respiratory syndrome (SARS) or avian flu, could have a material adverse impact on the airline industry. Any general reduction in airline passenger traffic as a result of an outbreak of disease could harm our business, financial condition and results of operations.

The airline and travel industry tends to experience adverse financial results during general economic downturns.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline and travel industries tend to experience adverse financial results during general economic downturns. Any general reduction in airline passenger traffic would likely harm our business.

Risks Related to Our Stock Price

There was no public market for our common stock prior to December 8, 2006, and our stock may experience extreme price and volume fluctuations.

As our common stock has been listed for less than a year, an active trading market in our common stock might not develop or continue. If a market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at a price that is attractive to you, or at all.

The market price of our common stock may be volatile, which could cause the value of your investment in Allegiant to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- announcements concerning our competitors, the airline industry or the economy in general;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or the aircraft type we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- general and industry-specific economic conditions;
- changes in financial estimates or recommendations by securities analysts;
- sales of our common stock or other actions by investors with significant shareholdings; and
- general market conditions.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock.

In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management s attention and resources, and harm our business or results of operations.

Other companies may have difficulty acquiring us, even if doing so would benefit our stockholders, due to provisions under our corporate charter, bylaws and option plans, as well as Nevada law.

Provisions in our articles of incorporation, our bylaws, and under Nevada law could make it more difficult for other companies to acquire us, even if doing so would benefit our stockholders. Our articles of incorporation and bylaws contain the following provisions, among others, which may inhibit an acquisition of our company by a third party:

- advance notification procedures for matters to be brought before stockholder meetings;
- a limitation on who may call stockholder meetings; and
- the ability of our board of directors to issue up to 5,000,000 shares of preferred stock without a stockholder vote.

25

We are also subject to provisions of Nevada law that prohibit us from engaging in any business combination with any interested stockholder, meaning generally that a stockholder who beneficially owns more than 10% of our stock cannot acquire us for a period of time after the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors.

Under U.S. laws and the regulations of the DOT, U.S. citizens must effectively control us. As a result, our president and at least two-thirds of our board of directors must be U.S. citizens and not more than 25% of our voting stock may be owned by non-U.S. citizens (although subject to DOT approval, the percent of foreign economic ownership may be as high as 49%). Any of these restrictions could have the effect of delaying or preventing a change in control.

In addition, options under our Long-Term Incentive Plan may have a special acceleration feature pursuant to which those options will vest in full in the event we are acquired. The accelerated vesting of our employee stock options may prove to be a deterrent to a potential acquisition of us because the acquiring company may have to implement additional retention programs to ensure the continued service of our employees, and the additional dilution that will result from the accelerated vesting of our outstanding employee stock options will likely reduce the amount otherwise payable to our stockholders in an acquisition. For a more complete discussion of our plans, see Management Employee Benefit Plans.

Our corporate charter and bylaws include provisions limiting voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our articles of incorporation and bylaws restrict voting of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law currently require no more than 25% of our stock be voted, directly or indirectly, by persons who are not U.S. citizens, and that our president and at least two-thirds of the members of our board of directors be U.S. citizens. Our bylaws provide no shares of our capital stock may be voted by or at the direction of non-U.S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our bylaws further provide no shares of our capital stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Registration on the foreign stock record is made in chronological order based on the date we receive a written request for registration. See Business Government Regulation Foreign Ownership and Description of Capital Stock Anti-Takeover Effects of Certain Provisions of Nevada Law and Our Articles of Incorporation and Bylaws Limited Voting by Foreign Owners. Non-U.S. citizens will be able to own and vote shares of our common stock only if the combined ownership by all non-U.S. citizens does not violate these requirements.

Substantial sales of our common stock could cause our stock price to fall.

If our existing stockholders sell a large number of shares of our common stock or the public market perceives existing stockholders might sell shares of common stock, the market price of our common stock could decline significantly. All of our outstanding shares are either freely tradable, without restriction, in the public market or eligible for sale in the public market at various times, subject, in some cases, to volume limitations under Rule 144 of the Securities Act of 1933, as amended.

We cannot predict whether future sales of our common stock or the availability of our common stock for sale will adversely affect the market price for our common stock or our ability to raise capital by offering equity securities.

Registration of shares of our common stock subject to registration rights may depress the trading price of our stock.

We entered into an investors agreement with our existing preferred stockholders and PAR. The holders of approximately 4,000,000 shares of common stock are entitled to registration rights pursuant to the investors agreement with respect to their shares. The investors agreement provides, among other things, that holders of 25% of the securities with registration rights can require us, subject to certain limitations, to register with the Commission all or a portion of their shares of common stock. Additionally, these stockholders may also require us, subject to certain limitations, to include their shares in future registration statements we file. In accordance with our agreement with PAR, we have filed a shelf registration statement of which this prospectus is a part covering their 1,750,000 shares of common stock and we are to keep the registration statement in effect until no later than December 13, 2008. Upon any of these registrations, these shares would be freely tradable in the public market without restrictions. If these stockholders exercise these or other similar rights under the investors agreement to sell substantial amounts common stock in the public market, or if it is perceived that such exercise or sale could occur, the market price of our common stock may fall.

COMPANY HISTORY AND REORGANIZATION

Company History

We were founded in 1997 and initially operated as Allegiant Air, Inc. under a different business strategy with a different management team. Prior to our bankruptcy filing in December 2000, we were owned by a single individual. Although Maurice J. Gallagher, Jr. provided some financing to us, neither he nor any other members of our current management were actively involved in our business. Prior to 2001, the focus of our business was ad hoc charters and a more traditional scheduled service product catering to the business traveler with multiple flights a day. At that time, we used DC 9 aircraft with a two class configuration and served a small number of cities in the West.

This strategy was ultimately unsuccessful, and we filed for bankruptcy court protection in December 2000. A plan of reorganization was confirmed in June 2001. The key elements of the plan were: (i) debt held by Mr. Gallagher was restructured and Mr. Gallagher injected additional capital into our company; (ii) Mr. Gallagher became our majority owner; and (iii) a new management team was installed in June 2001. We emerged from bankruptcy in March 2002.

Allegiant Air, Inc. elected to be taxed as a subchapter S corporation. In May 2004, Allegiant Air, Inc. merged into Allegiant Air, LLC to change our entity type and state of organization. In May 2005, we created a holding company format under which Allegiant Travel Company, LLC was formed coincident with our issuance of preferred shares to outside investors.

In May 2005, we completed a private placement under which ComVest Allegiant Holdings, Inc., Viva Air Limited and Timothy P. Flynn invested $34.5 million in preferred shares of our limited liability company predecessor. Simultaneously, Maurice J. Gallagher, Jr., our chief executive officer, converted $5.0 million of debt owed to him into preferred shares. All of our current directors were selected by these shareholders. The representation of these shareholders on our board of directors and the ownership by these shareholders of approximately 31.5% of our stock will allow these shareholders to exert significant control over our business in the future.

On December 13, 2006, we completed the initial public offering of our common stock. We issued 5,750,000 shares at $18.00 per share resulting in net proceeds to us of approximately $94.5 million.

In May and June, 2007, we and certain of our stockholders completed a public offering of 4,542,500 shares of our common stock. We sold 748,214 shares at $31.75 per share resulting in net proceeds to us of approximately $22.3 million. The selling stockholders sold 3,794,286 shares in the offering at $31.75 per share.

Reorganization

Prior to the completion of our initial public offering in December 2006, we converted from a Nevada limited liability company to a Nevada corporation. In connection with the conversion, our common shares and preferred shares were exchanged for shares of our common stock, pursuant to the terms of a merger agreement between Allegiant Travel Company, LLC and us. The reorganization did not affect our operations, which we continue to conduct through our operating subsidiaries.

USE OF PROCEEDS

We are not selling any shares of common stock under this prospectus and will not receive any of the proceeds from the sale of common stock by the selling stockholder being offered pursuant to this prospectus, nor will any of the proceeds be available for our use or otherwise for our benefit. All proceeds from the sale of the shares will be for the accounts of the selling stockholder.

DIVIDEND POLICY

Other than distributions paid or to be paid to our owners to defray the income taxes payable by them with respect to our taxable income while we were a pass-through entity for income tax purposes, we have not declared or paid any dividends on our equity since our inception. We do not intend to pay any dividends on our common stock in the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further expansion and continued growth of our business.

MARKET INFORMATION

Our common stock has been quoted on the Nasdaq Global Market since December 8, 2006. On August 28, 2007, the last sale price of our common stock was $29.67 per share. The following table sets forth the range of high and low sale prices for our common stock for the periods indicated.

	HIGH	LOW
December 8, 2006 December 31, 2006	$ 28.79	$ 24.00
First Quarter 2007	$ 36.51	$ 25.83
Second Quarter 2007	$ 35.65	$ 27.53
Third Quarter 2007 (through August 28, 2007)	$ 34.00	$28.80

As of August 15, 2007, there were fewer than 700 holders of record of our common stock. We believe that a substantially larger number of beneficial owners hold shares of our common stock in depository or nominee form.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information regarding options, warrants or other rights to acquire equity securities under our equity compensation plans as of December 31, 2006:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	414,000	$ 4.66	2,586,000
Equity compensation plans not approved by security holders	162,500	$ 4.40	N/A
Total	576,500	$ 4.59	2,586,000

The shares shown as being issuable under equity compensation plans not approved by our security holders consist of the warrants granted to our placement agent in the private placement completed in May 2005.

SELECTED FINANCIAL AND OPERATING DATA

You should read the selected consolidated financial data set forth below along in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes. The financial data as of and for the six months ended June 30, 2007 and 2006 and as of and for the year ended December 31, 2002 are derived from our unaudited financial statements for such periods. The financial data as of and for the years ended December 31, 2006, 2005, 2004 and 2003 are derived from our audited financial statements. The unaudited interim data reflects all normal recurring adjustments, which management believes are necessary to present fairly our financial position and results of operations for the periods presented. Operating results for the six months ended June 30, 2007, are not necessarily indicative of the results that may be expected for other interim periods or for the year ending December 31, 2007.

	For the year ended December 31,					For the six months ended June 30,	
	2006	2005	2004	2003	2002 (unaudited)	2007 (unaudited)	2006 (unaudited)
	(in thousands, except per share data)						
STATEMENT OF OPERATIONS DATA:							
Operating revenue:							
Scheduled service revenue	$ 178,349	$ 90,664	$ 46,236	$ 22,515	$ 6,007	$ 123,853	$ 87,509
Fixed fee contract revenue	33,743	30,642	40,987	26,569	16,081	20,881	19,173
Ancillary revenue	31,258	11,194	3,142	886	89	28,556	12,621
	243,350	132,500	90,365	49,970	22,177	173,290	119,303
Operating expenses:							
Aircraft fuel	101,561	52,568	27,914	11,755	4,761	66,637	50,882
Salary and benefits	34,950	21,718	15,379	8,176	4,320	23,370	16,028
Station operations	24,866	14,090	13,608	8,042	2,852	16,833	12,349
Maintenance and repairs	19,482	9,022	9,367	6,136	2,589	12,219	7,477
Sales and marketing	9,293	5,625	3,548	2,385	632	6,065	4,753
Aircraft lease rentals	5,102	4,987	3,847	3,137	3,033	1,308	3,173
Depreciation and amortization	10,584	5,088	2,183	1,181	260	7,375	4,745
Other	14,959	10,901	8,441	6,258	4,661	11,024	7,604
Total operating expenses	220,797	123,999	84,287	47,070	23,108	144,831	107,011
Operating income (loss)	22,553	8,501	6,078	2,900	(931)	28,459	12,292
Other (income) expense:							
(Gain)/loss on fuel derivatives, net	4,193	(612)	(4,438)	(314)		(1,904)	(578)
Gain from joint venture						(262)	
Other (income) expense, net				(913)	(9)	63	
Interest income	(2,973)	(1,225)	(30)	(9)		(4,293)	(1,309)
Interest expense	5,517	3,009					