

Allegiant Travel CO  
Form 424B5  
May 06, 2009

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FILED PURSUANT TO RULE 424(b)(5)  
REG. STATEMENT NO. 333-153282

*PROSPECTUS SUPPLEMENT*

*To Prospectus dated May 4, 2009*

*2,300,000 Shares*

*COMMON STOCK*

*PAR Investment Partners, L.P., a selling stockholder, is offering for sale 2,250,000 shares of our common stock and Timothy P. Flynn, a member of our board of directors, as a selling stockholder, is offering for sale an additional 50,000 shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.*

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*Our common stock is listed on the Nasdaq Global Select Market under the symbol "ALGT." On May 1, 2009, the last reported sale price of our common stock on the Nasdaq Global Select Market was \$51.06 per share.*

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*Investing in our common stock involves risks. See "Risk Factors" beginning on page S-12 of this prospectus supplement, page 2 of the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, each of which is incorporated by reference herein.*

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*PRICE \$50.00 A SHARE*

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|                  | <i>Price to<br/>Public</i> | <i>Underwriting<br/>Discounts and<br/>Commissions</i> | <i>Proceeds to<br/>Selling<br/>Stockholders</i> |
|------------------|----------------------------|---|---|
| <i>Per Share</i> | \$50.00                    | \$0.875   | \$49.125  |
| <i>Total</i>     | \$115,000,000              | \$2,012,500   | \$112,987,500                                   |

*We, along with Maurice J. Gallagher, Jr., chairman of our board of directors and our president and chief executive officer, have granted the underwriter a 30-day option to purchase up to an additional 345,000 shares to cover any over-allotments.*

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.*

*Morgan Stanley & Co. Incorporated expects to deliver the shares to purchasers on or about May 11, 2009.*

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**MORGAN STANLEY**

*May 5, 2009*

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**PROSPECTUS**

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the common stock we are offering and also adds to and updates information contained in the accompanying prospectus. The second part, the prospectus, provides more general information about securities we may offer from time to time, some of which does not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and any free writing prospectus, and the documents incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus, or to which we have referred you. We have not, and the underwriter has not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement, the accompanying prospectus and any free writing prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, the accompanying prospectus and any free writing prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus, or any document incorporated by reference in this prospectus supplement or the accompanying prospectus, is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus supplement nor any distribution of securities pursuant to this prospectus supplement shall, under any circumstances, create any implication that there has been no change in the information set forth in or incorporated by reference into this prospectus supplement or in our affairs since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise stated, all references to "we," "us," "our," "Allegiant," the "Company" and similar designations refer to Allegiant Travel Company and our subsidiaries. Our logo, trademarks and service marks are the property of Allegiant.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information about us and this offering. This information is not complete and does not contain all the information you should consider before investing in our securities. You should carefully read this entire prospectus supplement and the accompanying prospectus, including the "Risk Factors" section of this prospectus supplement and the financial statements and related notes and the other information incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision.*

**ALLEGIANT TRAVEL COMPANY**

We are a leisure travel company focused on transporting travelers in small cities to leisure destinations such as Las Vegas, Nevada, Phoenix, Arizona, Los Angeles, California, Orlando, Florida, Tampa/St. Petersburg, Florida and Ft. Lauderdale, Florida. 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 travel companies:

*Scheduled service revenue* consists of air fare from our limited frequency nonstop flights between our leisure destinations and our small city markets.

*Fixed fee contract revenue* consists largely of fixed fee flying agreements with affiliates of Harrah's Entertainment Inc. that provide for a predictable revenue stream. We have recently signed contracts with multiple parties to provide charter service from Miami to four cities in Cuba starting in June 2009. We also provide charter service on a seasonal and ad hoc basis for other customers, including the U.S. Department of Defense.

*Ancillary revenue* is generated from the sale of hotel rooms, rental cars, advance seat assignments, checked bag charges, in-flight products and other items sold in conjunction with our scheduled air service.

Our strategy is to develop the leisure travel market in small cities by providing nonstop low fare scheduled service to leisure destinations. We currently provide service primarily to Las Vegas, Nevada, Phoenix, Arizona, Los Angeles, California, Orlando, Florida, Tampa/St. Petersburg, Florida and Ft. Lauderdale, Florida.

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Our business strategy has evolved as our experienced management team has looked differently at the traditional way business has been conducted in the airline industry. We have consciously developed a different business model:

| <b>Traditional Airline Approach</b>  | <b>Allegiant Approach</b>   |
|--|---|
| Focus on business traveler   | Focus on leisure traveler   |
| Provide high frequency service   | Provide low frequency service from small cities   |
| Use smaller aircraft to provide connecting service from smaller markets through hubs   | Use larger jet aircraft to provide nonstop service from small cities direct to leisure destinations |
| Sell through various intermediaries  | Sell only directly to travelers without participation in global distribution systems                |
| Offer flight connections   | No connecting flights offered   |
| Use frequent flyer programs and code-share arrangements to increase passenger traffic  | Do not use frequent flyer programs or code-share arrangements                                       |
| Our business model has allowed us to grow rapidly and to achieve attractive rates of profitability even during periods of high fuel costs. |   |

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**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 Transporting Travelers From Small Cities to Leisure Destinations.* As of April 30, 2009, we provide nonstop low fare scheduled air service from 59 small cities (including seasonal service) primarily to the leisure destinations of Las Vegas, Nevada, Phoenix, Arizona, Orlando, Florida, Tampa/St. Petersburg, Florida, and Ft. Lauderdale, Florida. We will begin service to Los Angeles, California from 13 of our small city markets beginning in May 2009. Generally, 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.

By focusing on underserved small cities, we believe we avoid the intense competition presently seen in high traffic domestic air corridors. In our typical small city market, travelers faced high airfares and cumbersome connections or long drives to major airports to reach our leisure destinations before we started providing service. As of April 30, 2009, we are the only carrier providing nonstop service on all but two of our 117 routes. Based on published data from the U.S. Department of Transportation ("DOT"), we believe the initiation of our service stimulates demand as there has been a substantial increase in traffic after we have begun service for new routes. We believe our market strategy has had the benefit of not appearing hostile to either legacy carriers, whose historical focus has been connecting small cities to business markets, or traditional low cost carriers or LCCs, which have tended to focus on larger markets than the small city markets we serve.

*Low Operating Costs.* We believe low costs are essential to competitive success in the airline industry. Our operating expense per available seat mile or "CASM" was 10.09¢ and 8.19¢ for the years ended December 31, 2008 and 2007, respectively. Excluding the cost of fuel, our CASM was 4.92¢ for 2008 and 4.25¢ for 2007.

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

*Cost-Driven Schedule.* We design our flight schedule to concentrate our aircraft each night in our crew bases. This concentration allows us to better utilize personnel, airport facilities, aircraft, spare parts inventories, and other assets. We can do this because we believe leisure travelers are generally less concerned about departure and arrival times than business travelers. Therefore, we are able to schedule flights at times that enable us to reduce our costs.

*Low Aircraft Ownership Costs.* We believe we properly balance low aircraft ownership costs and low operating costs to minimize our total costs. As of April 30, 2009, our operating fleet consists of 42 MD80 series aircraft. Used MD80 series equipment is widely available today, and we believe the ownership cost of the used MD80s sought by us are substantially lower than comparably sized new Airbus A320 and Boeing 737 aircraft.

*Highly Productive Workforce.* We believe we have one of the most productive workforces in the U.S. airline industry with approximately 35 full-time equivalent employees per operating aircraft for the three months ended March 31, 2009. We believe this compares favorably with the same ratio for other airlines based on recent publicly available industry data for other airlines. 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. Additionally, our highly integrated automation system allows us to minimize corporate overhead functions. We benefit from a motivated, enthusiastic workforce committed to high standards of friendly and reliable service. We invest a significant amount of time and resources into carefully developing our training practices and selecting individuals to join our team who share our focus on ingenuity and continuous improvement. We conduct ongoing training programs to incorporate industry best

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practices and encourage strong and open communication channels among all of the members of our team so we can continue to improve the quality of the services we provide.

*Simple Product.* We believe offering a simple product is critical to achieving low operating costs. As such, we sell only nonstop flights; 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.* Our nontraditional distribution approach results in very low distribution costs. We do not sell our product through outside sales channels and, as such, avoid the fees charged by travel websites (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 reservation center or website. We actively encourage sales on our website. This is the least expensive form of distribution and accounted for 86.4% of our scheduled service revenue during 2008. We believe our percentage of website sales is among the highest in the U.S. airline industry. Further, we are 100% ticketless, which saves printing, postage, and back-office processing expenses.

*Growing Ancillary Revenues.* We earn ancillary revenues in conjunction with the sale of scheduled air service which represent a significant, growing revenue stream. Our ancillary revenues have grown from \$31.3 million in 2006, to \$65.0 million in 2007, and \$114.6 million in 2008. On a per scheduled service passenger basis, our ancillary revenues increased from \$21.53 per scheduled service passenger in 2007 to \$29.43 in 2008.

*Capacity Management.* We believe our ability to quickly adjust capacity allows us to operate profitably throughout a changing environment. As a result of the dramatic fuel price increase in late 2007 and the first three quarters of 2008, we reduced capacity with the elimination of long-haul flights and made substantial frequency variations in certain markets. These adjustments enabled us to achieve profitability in each quarter of 2008 despite the large losses incurred in the industry. During the second quarter of 2009, we plan to restore some capacity from these reductions, along with further expansion of our route network. We believe we can quickly reduce the growth and adjust appropriately our capacity from this planned expansion if necessary to seek to maintain profitability in the event of further deterioration of the economic environment.

*Strong Financial Position.* We have a strong financial position with significant cash balances. On December 31, 2008, we had \$174.8 million of cash, cash equivalents and short-term investments. As of December 31, 2008, our total debt was \$64.7 million and our debt to total capitalization ratio was 21.7%. We also have a history of growing profitably, having generated net income in 22 of the last 25 quarters through March 31, 2009. 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., which is known today as AirTran Holdings, Inc. Two of our other executive officers are former managers of ValuJet.

**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



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adding flights on existing routes, entering additional small cities, connecting our existing small cities to more of our leisure destinations, expanding our relationships with premier leisure companies, and providing service to more leisure destinations.

The following are the key elements of our strategy:

*Capitalize on Significant Growth Opportunities in Transporting Travelers from 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 leisure destinations as existing carriers are generally focused on connecting the small city "spokes" to their business hubs. We aim to become the premier travel brand for leisure travelers in the small cities served by us.

Since the beginning of 2004, we have expanded our scheduled air service, including seasonal service, from 6 to 59 small cities as of April 30, 2009. These 59 small cities have an aggregate population in excess of 50 million people within a 50-mile radius of the airports in those cities. In most of these cities, we provide service to more than one of our leisure destinations. We expect to grow our service to leisure destinations by adding frequency from some existing markets and initiating service from additional small cities. We believe our business model would be suitable for approximately 100 small cities in the U.S., Canada and Mexico.

We also believe there are several other major leisure destinations that share many of the same characteristics as Las Vegas, Phoenix, Orlando, Tampa/St. Petersburg, Ft. Lauderdale, and Los Angeles. These potential markets include several popular vacation destinations in the U.S. (including the expansion of the current limited service we offer to Palm Springs, Oakland and San Diego, California; Punta Gorda, Florida; and Myrtle Beach, South Carolina), Mexico and the Caribbean.

*Develop New Sources of Revenue.* We have identified three key areas where we have built and 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. As such, we have created new sources of revenue by charging fees for services many U.S. airlines historically bundled 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. For example, we do not offer complimentary advance seat assignments; however, any customer can purchase advance seat assignments for a small incremental cost. We also sell snacks and beverages on board the aircraft so our customers can pay for only the items they value. We aim to continue to increase ancillary revenue by unbundling our air travel product.

*Expand and Add Partnerships with Premier Leisure Companies.* We currently work with many premier leisure companies in our leisure destinations that provide ancillary products and services we sell to our customers. For example, we have contracts with Harrah's Entertainment and MGM MIRAGE, among others, that allow us to provide hotel rooms sold in packages to our customers. During 2008, we generated revenue from the sale of more than 400,000 hotel rooms. 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 86% (during 2008) of our scheduled service revenue is purchased directly through our website, 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. We intend to develop sales approaches for each of these opportunities. In addition, we market products and services to our customers during the flight. We

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believe the breadth of options we can offer them allows us to provide a "one-stop" shopping solution.

*Continue to Focus on Reducing Our Operating Costs.* We intend to continue to focus on reducing costs to remain one of the lowest cost airlines in the world, which we believe is instrumental to both increasing and maintaining profitability. We expect to drive operational efficiency and reduce costs in part 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 increasing the number of leisure destinations, all of which permit us to increase the utilization of our employees and assets, spreading our fixed costs over a larger number of departures and passengers.

*Minimize Fixed Costs to Increase Strategic Flexibility.* We believe our low aircraft ownership costs and the lower 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 provides 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.

### **Routes and Schedules**

Our current scheduled air service predominantly consists of limited frequency, nonstop flights into Las Vegas, Phoenix, Orlando, Tampa/St. Petersburg and Ft. Lauderdale from small cities (including seasonal service) across the continental United States. In addition, we will begin service to Los Angeles, California from 13 of our small city markets beginning in May 2009. As of April 30, 2009, our scheduled service route network is summarized below (including routes served seasonally).

|                                |            |
|--------------------------------|------------|
| Routes to Las Vegas            | 39         |
| Routes to Orlando              | 30         |
| Routes to Tampa/St. Petersburg | 20         |
| Routes to Phoenix              | 15         |
| Routes to Ft. Lauderdale       | 6          |
| Other Routes                   | 7          |
| <b>Total Routes</b>            | <b>117</b> |

As of April 30, 2009, we provide scheduled service to 70 cities (including leisure destinations) in 34 states.

Our fixed fee flying predominately consists of flying under an agreement with Harrah's Entertainment Inc. with one aircraft based each in Tunica, Mississippi, Reno, Nevada, and Laughlin, Nevada, and an additional aircraft available for use at Laughlin, Nevada on select days of the week. We began a one-year charter program in January 2009 under an agreement with Beau Rivage Resorts, Inc., with use of one aircraft based out of Tampa/St. Petersburg. We also provide charter service on a seasonal and ad hoc basis for other customers, including the U.S. Department of Defense.

### **General Information**

Our principal executive offices are located at 8360 South Durango Drive, Las Vegas, Nevada 89113. Our telephone number is (702) 851-7300. Our website address is <http://www.allegianttravel.com>. We have not incorporated by reference into this prospectus supplement 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. Our annual report, quarterly reports, current reports and amendments to those reports are made available free of charge through our website at <http://ir.allegianttravel.com>, as soon as reasonably practicable after electronically filed with or furnished to the Securities and Exchange Commission ("SEC").

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**The Offering**

|  |  |
|--|--|
| Common stock offered by this prospectus supplement | 2,300,000 shares in the aggregate, of which 2,250,000 shares are offered by PAR Investment Partners, L.P., our second-largest shareholder as of April 30, 2009, and 50,000 shares are offered by Timothy P. Flynn, a member of our board of directors. |
|--|--|

|  |                   |
|--|-------------------|
| Common stock outstanding immediately before and after the offering | 20,209,936 shares |
|--|-------------------|

|                       |   |
|-----------------------|---|
| Over-allotment option | We, along with Maurice J. Gallagher, Jr., chairman of our board of directors and our president and chief executive officer, have granted the underwriter a 30-day option to purchase up to an additional 345,000 shares to cover any over-allotments. |
|-----------------------|---|

Mr. Gallagher and we will not sell any shares in this offering unless the underwriter exercises its option to purchase additional shares to cover over-allotments. If the underwriter exercises its option to purchase additional shares in full, Mr. Gallagher will sell 100,000 shares, and we will issue and sell 245,000 shares.

|                 |  |
|-----------------|--|
| Use of proceeds | We will not receive any of the proceeds from the sale of common stock by the selling stockholders. |
|-----------------|--|

If the underwriter exercises its option to purchase additional shares to cover over-allotments in full, we estimate that the net proceeds to us from this offering, after deducting estimated expenses relating to this offering, will be approximately \$11.9 million. We intend to use any net proceeds for general corporate purposes.

|                                    |      |
|------------------------------------|------|
| Nasdaq Global Select Market Symbol | ALGT |
|------------------------------------|------|

|              |   |
|--------------|---|
| Risk Factors | Investing in our common stock involves risks. You should carefully consider the risks discussed under the caption "Risk Factors" beginning on page S-12 of this prospectus supplement and page 2 of the accompanying prospectus, and under any similar caption in the documents that we subsequently file with the Securities and Exchange Commission that are incorporated by reference in this prospectus supplement and the accompanying prospectus. |
|--------------|---|

The number of shares outstanding before and after this offering is based on the number of shares outstanding as of May 1, 2009 and as of such date:

excludes 749,000 shares of common stock reserved for issuance upon exercise of outstanding stock options at a weighted average exercise price of \$30.13 per share; and

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excludes 162,500 shares of common stock subject to issuance upon exercise of outstanding warrants at an exercise price of \$4.40 per share.

Unless otherwise stated, all figures assume no exercise of the underwriter's option to purchase additional shares to cover over-allotments.

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**Summary Financial and Operations Data**

The following tables set forth our summary consolidated financial and other information for the periods ended and as of the dates indicated. The summary consolidated statement of income data for each of the three years ended December 31, 2008 and the summary consolidated balance sheet data as of December 31, 2008 and 2007 were derived from our audited consolidated financial statements incorporated by reference into this prospectus supplement. The summary consolidated balance sheet data as of December 31, 2006 was derived from our audited consolidated financial statements not included or incorporated by reference into this prospectus supplement. The summary consolidated statement of income data for the three months ended March 31, 2009 and March 31, 2008 was derived from our unaudited consolidated financial statements incorporated by reference into this prospectus supplement. Such interim data includes, in the opinion of management, all adjustments, which are of a normal recurring nature (other than non-recurring adjustments which have been separately disclosed), necessary for a fair presentation of the results for the interim periods presented. Historical results are not necessarily indicative of future results. Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. You should read the data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes incorporated by reference into this prospectus supplement. See "Where You Can Find More Information" in this prospectus supplement.

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|  | Three months ended<br>March 31, |           | For the year ended<br>December 31, |            |            |
|--|---------------------------------|-----------|------------------------------------|------------|------------|
|  | 2009                            | 2008      | 2008                               | 2007       | 2006       |
| (in thousands, except per share data)  |                                 |           |                                    |            |            |
| <b>STATEMENT OF INCOME DATA:</b>   |                                 |           |                                    |            |            |
| OPERATING REVENUE:   |                                 |           |                                    |            |            |
| Scheduled service revenue  | \$ 90,196                       | \$ 91,736 | \$ 330,969                         | \$ 258,943 | \$ 178,349 |
| Fixed fee contract revenue   | 10,127                          | 14,257    | 52,525                             | 35,378     | 33,743     |
| Ancillary revenue  | 41,320                          | 27,147    | 114,625                            | 64,988     | 31,258     |
| Other revenue  | 476                             |           | 5,893                              | 1,264      |            |
| Total operating revenue  | 142,119                         | 133,140   | 504,012                            | 360,573    | 243,350    |
| OPERATING EXPENSES:  |                                 |           |                                    |            |            |
| Aircraft fuel  | 33,398                          | 63,494    | 229,640                            | 152,149    | 101,561    |
| Salary and benefits  | 23,409                          | 17,126    | 72,007                             | 55,593     | 37,453     |
| Station operations   | 13,133                          | 12,019    | 43,476                             | 33,724     | 24,866     |
| Maintenance and repairs  | 11,132                          | 10,453    | 41,465                             | 25,764     | 19,482     |
| Sales and marketing  | 4,467                           | 4,334     | 14,361                             | 12,803     | 9,293      |
| Aircraft lease rentals   | 405                             | 1,008     | 2,815                              | 3,004      | 5,102      |
| Depreciation and amortization  | 6,882                           | 5,015     | 23,489                             | 15,992     | 10,584     |
| Other  | 4,815                           | 5,327     | 20,911                             | 17,484     | 12,456     |
| Total operating expenses   | 97,641                          | 118,776   | 448,164                            | 316,513    | 220,797    |
| OPERATING INCOME   | 44,478                          | 14,364    | 55,848                             | 44,060     | 22,553     |
| <i>As a percent of total operating revenue</i>                               | 31.3%                           | 10.8%     | 11.1%                              | 12.2%      | 9.3%       |
| OTHER (INCOME) EXPENSE:  |                                 |           |                                    |            |            |
| Loss on fuel derivatives, net  |                                 | 11        | 11                                 | (2,613)    | 4,193      |
| Loss (earnings) from joint venture, net                                      | 7                               | (10)      | (96)                               | (457)      |            |
| Other expense  |                                 |           |                                    | 63         |            |
| Interest income  | (701)                           | (1,732)   | (4,730)                            | (9,161)    | (2,973)    |
| Interest expense   | 1,101                           | 1,415     | 5,411                              | 5,523      | 5,517      |
| Total other (income) expense   | 407                             | (316)     | 596                                | (6,645)    | 6,737      |
| INCOME BEFORE INCOME TAXES   | 44,071                          | 14,680    | 55,252                             | 50,705     | 15,816     |
| PROVISION FOR INCOME TAXES   |                                 |           |                                    |            |            |
| Recognition of net deferred tax liabilities upon<br>C-corporation conversion |                                 |           |                                    |            | 6,425      |
| Tax provision  | 15,909                          | 5,008     | 19,845                             | 19,196     | 651        |
| NET INCOME   | \$ 28,162                       | \$ 9,672  | \$ 35,407                          | \$ 31,509  | \$ 8,740   |
| Earnings per share:  |                                 |           |                                    |            |            |
| Basic  | \$ 1.39                         | \$ 0.47   | \$ 1.75                            | \$ 1.56    | \$ 1.23    |
| Diluted <sup>(1)</sup>   | \$ 1.37                         | \$ 0.47   | \$ 1.73                            | \$ 1.53    | \$ 0.52    |

(1) The dilutive effect of common stock subject to unvested restricted stock for 2006 was not material.

|   | As of December 31, |            |            |
|---|--------------------|------------|------------|
|   | 2008               | 2007       | 2006       |
| (in thousands)                                    |                    |            |            |
| <b>BALANCE SHEET DATA:</b>                        |                    |            |            |
| Cash, cash equivalents and short-term investments | \$ 174,788         | \$ 171,379 | \$ 136,081 |
| Total assets                                      | 423,976            | 405,425    | 305,726    |
| Long-term debt (including capital leases)         | 64,725             | 72,146     | 72,765     |
| Redeemable convertible preferred shares           |                    |            |            |
| Stockholders' equity                              | 233,921            | 210,331    | 153,471    |



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|   | Three months ended<br>March 31, |           | For the year ended<br>December 31, |           |           |
|---|---------------------------------|-----------|------------------------------------|-----------|-----------|
|   | 2009                            | 2008      | 2008                               | 2007      | 2006      |
| <b>OPERATING STATISTICS (unaudited)</b>               |                                 |           |                                    |           |           |
| <b>Total system statistics</b>                        |                                 |           |                                    |           |           |
| Passengers  | 1,294,608                       | 1,154,710 | 4,298,748                          | 3,264,506 | 2,179,367 |
| Revenue passenger miles (RPMs)<br>(thousands)         | 1,166,981                       | 1,062,464 | 3,863,497                          | 3,140,927 | 2,251,341 |
| Available seat miles (ASMs)<br>(thousands)            | 1,331,957                       | 1,270,247 | 4,442,463                          | 3,865,337 | 2,871,071 |
| Load factor   | 87.6%                           | 83.6%     | 87.0%                              | 81.3%     | 78.4%     |
| Operating revenue per ASM (cents)                     | 10.67                           | 10.48     | 11.35                              | 9.33      | 8.48      |
| Operating expense per ASM<br>(CASM) (cents)           | 7.33                            | 9.35      | 10.09                              | 8.19      | 7.69      |
| Fuel expense per ASM (cents)                          | 2.51                            | 5.00      | 5.17                               | 3.94      | 3.54      |
| CASM, excluding fuel (cents)                          | 4.82                            | 4.35      | 4.92                               | 4.25      | 4.15      |
| Operating expense per passenger                       | \$ 75.42                        | \$ 102.86 | \$ 104.25                          | \$ 96.96  | \$ 101.31 |
| Fuel expense per passenger                            | \$ 25.80                        | \$ 54.99  | \$ 53.42                           | \$ 46.61  | \$ 46.60  |
| Operating expense per passenger,<br>excluding fuel    | \$ 49.62                        | \$ 47.87  | \$ 50.83                           | \$ 50.35  | \$ 54.71  |
| Departures  | 10,624                          | 10,022    | 35,839                             | 28,788    | 20,074    |
| Block hours   | 24,408                          | 23,413    | 81,390                             | 68,488    | 50,584    |
| Average stage length (miles)                          | 843                             | 854       | 836                                | 906       | 966       |
| Average number of operating aircraft<br>during period | 39.4                            | 34.5      | 36.4                               | 27.8      | 20.8      |
| Total aircraft in service end of period               | 41                              | 36        | 38                                 | 32        | 24        |
| Average departures per aircraft per<br>day            | 3.00                            | 3.19      | 2.69                               | 2.83      | 2.64      |
| Full-time equivalent employees at<br>end of period    | 1,419                           | 1,280     | 1,348                              | 1,180     | 846       |
| Fuel gallons consumed (thousands)                     | 22,783                          | 22,028    | 76,972                             | 66,035    | 47,984    |
| Average fuel cost per gallon                          | \$ 1.47                         | \$ 2.88   | \$ 2.98                            | \$ 2.30   | \$ 2.12   |
| <b>Scheduled service statistics</b>                   |                                 |           |                                    |           |           |
| Passengers  | 1,210,325                       | 1,054,398 | 3,894,968                          | 3,017,843 | 1,940,456 |
| Revenue passenger miles (RPMs)<br>(thousands)         | 1,102,470                       | 973,248   | 3,495,956                          | 2,844,358 | 1,996,559 |
| Available seat miles (ASMs)<br>(thousands)            | 1,214,832                       | 1,120,013 | 3,886,696                          | 3,423,783 | 2,474,285 |
| Load factor   | 90.8%                           | 86.9%     | 89.9%                              | 83.1%     | 80.7%     |
| Departures  | 9,141                           | 8,291     | 29,548                             | 25,088    | 16,634    |
| Average passengers per departure                      | 132                             | 127       | 132                                | 120       | 117       |
| Block hours   | 21,867                          | 20,346    | 70,239                             | 60,607    | 43,391    |
| Yield (cents)   | 8.18                            | 9.43      | 9.47                               | 9.10      | 8.93      |
| Scheduled service revenue per ASM<br>(cents)          | 7.42                            | 8.19      | 8.51                               | 7.56      | 7.21      |
| Ancillary revenue per ASM (cents)                     | 3.40                            | 2.42      | 2.95                               | 1.90      | 1.26      |
| Total revenue per ASM (cents)                         | 10.83                           | 10.61     | 11.46                              | 9.46      | 8.47      |
| Average fare scheduled service                        | \$ 74.52                        | \$ 87.00  | \$ 84.97                           | \$ 85.80  | \$ 91.91  |
| Average fare ancillary                                | \$ 34.14                        | \$ 25.75  | \$ 29.43                           | \$ 21.53  | \$ 16.11  |
| Average fare total                                    | \$ 108.66                       | \$ 112.75 | \$ 114.40                          | \$ 107.33 | \$ 108.02 |
| Average stage length (miles)                          | 887                             | 907       | 882                                | 923       | 1,006     |
| Percent of sales through website<br>during period     | 87.4%                           | 87.8%     | 86.4%                              | 86.6%     | 85.9%     |





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The following terms used in this section and elsewhere in this prospectus supplement have the meanings indicated below:

"*Available seat miles*" or "*ASMs*" represents the number of seats available for passengers multiplied by the number of miles the seats are flown.

"*Average fuel cost per gallon*" represents total aircraft fuel expense divided by the total number of fuel gallons consumed.

"*Average stage length*" represents the average number of miles flown per flight.

"*Load factor*" represents the percentage of aircraft seating capacity that is actually utilized (revenue passenger miles divided by available seat miles).

"*Operating expense per ASM*" or "*CASM*" represents operating expenses divided by available seat miles.

"*Operating CASM, excluding fuel*" represents operating expenses, less aircraft fuel, divided by available seat miles. Although Operating CASM, excluding fuel is not a calculation based on generally accepted accounting principles and should not be considered as an alternative to Operating Expenses as an indicator of our financial performance, this statistic provides management and investors the ability to measure and monitor our cost performance absent fuel price volatility. Both the cost and availability of fuel are subject to many economic and political factors and therefore are beyond our control.

"*Operating revenue per ASM*" or "*RASM*" represents operating revenue divided by available seat miles.

"*Revenue passengers*" represents the total number of passengers flown on all flight segments.

"*Revenue passenger miles*" or "*RPMs*" represents the number of miles flown by revenue passengers.

"*Yield*" represents scheduled service revenue divided by scheduled service revenue passenger miles.

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**RISK FACTORS**

*An investment in our common stock involves a high degree of risk. Before deciding whether to invest, you should carefully consider the following risk factors, as well as the risks discussed under the caption "Risk Factors" beginning on page 2 of the accompanying prospectus and in our annual report on Form 10-K for the year ended December 31, 2008 and our quarterly report on Form 10-Q for the three months ended March 31, 2009, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus, and in any documents we subsequently file with the SEC that are incorporated by reference into this prospectus supplement and the accompanying prospectus. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects, may cause actual results, events or performances to differ materially from those expressed in any forward-looking statements we made in this prospectus supplement and the accompanying prospectus, and may cause the value of our common stock to decline, which could cause you to lose all or part of your investment.*

**Risks Related to Our Common Stock and This Offering**

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

The market price for our common stock has been volatile as it has fluctuated from a low of \$15.89 to a high of \$57.52 over the past 12 months. 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;

announcements concerning our business strategy, such as the introduction of a new aircraft type;

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,

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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;

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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.

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.

***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. 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.

***The value of our common stock may be negatively affected by additional issuances of common stock or preferred stock by us and general market factors.***

Future issuances or sales of our common stock or convertible preferred stock by us will likely be dilutive to our existing common stockholders. Future issuances or sales of common or preferred stock by us, or the availability of such stock for future issue or sale, could have a negative impact on the price of our common stock prevailing from time to time. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could also adversely affect the prevailing price of our common stock.

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

If our insiders or significant stockholders sell a large number of shares of our common stock or the public market perceives insiders or significant stockholders might sell shares of our common stock, the market price of our common stock could decline significantly. We, each of our executive officers and directors, and PAR Investment Partners, L.P. have agreed, with limited exceptions, that we and they will not, without the prior written consent of Morgan Stanley & Co. Incorporated, directly or indirectly, offer to sell, sell or otherwise dispose of any shares of our common stock or file a registration statement with the Securities and Exchange Commission relating to the offering of any shares of our common stock. Such restrictions will apply to us, PAR Investment Partners, L.P., Maurice J. Gallagher, Jr. and Timothy P. Flynn during the period ending 90 days after the date of this prospectus supplement and during the period ending 60 days after the date of this prospectus supplement for all other executive officers and directors. All of our outstanding shares are otherwise 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.

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**USE OF PROCEEDS**

We will not receive any of the proceeds from the sale of common stock by the selling stockholders.

We will not receive any proceeds from this offering of common stock unless the underwriter exercises its over-allotment option. If the underwriter's over-allotment option is exercised in full, then we will receive approximately \$11.9 million in net proceeds after deducting underwriting discounts and commissions and estimated expenses of the offering payable by us. Any net proceeds received by us from this offering will be used for general corporate purposes. Pending the use of the net proceeds, we intend to invest these funds in investment-grade, short-term interest bearing securities.

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**SELLING STOCKHOLDERS**

Set forth below is information relating to the beneficial ownership of our common stock as of April 30, 2009, by PAR Investment Partners, L.P., Timothy P. Flynn and Maurice J. Gallagher, Jr., the selling stockholders under this prospectus supplement.

Each stockholder's percentage ownership in the following table is based on 20,209,936 shares of common stock outstanding as of April 30, 2009 and treating as outstanding all options held by that stockholder and exercisable within 60 days of April 30, 2009.

Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them.

| Name of Selling Stockholder                  | Shares Beneficially Owned Prior to Offering |         | Shares being Offered | Shares Beneficially Owned After Offering |         |
|--|---|---------|----------------------|--|---------|
|  | Number                                      | Percent |                      | Number                                   | Percent |
| PAR Investment Partners, L.P. <sup>(1)</sup> | 4,161,150                                   | 20.6%   | 2,250,000            | 1,911,150                                | 9.5%    |
| Timothy P. Flynn                             | 101,000                                     | *       | 50,000               | 51,000                                   | *       |
| Maurice J. Gallagher, Jr. <sup>(2)</sup>     | 4,315,583                                   | 21.3    | 100,000              | 4,215,583                                | 20.6    |

\* Represents beneficial ownership of less than one percent.

(1) Information is based on a Schedule 13G/Amendment #3 filed with the Securities and Exchange Commission on February 17, 2009. The shares are held directly by PAR Investment Partners, L.P. ("PAR"). PAR Capital Management, Inc. ("PCM"), as the general partner of PAR Group, L.P., which is the general partner of PAR, has investment discretion and voting control over shares held by PAR. No stockholder, director, officer or employee of PCM has beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of any shares held by PAR. The address of PAR is One International Place, Suite 2401, Boston, Massachusetts 02110.

(2) These shares include 198,000 shares of common stock held by two entities controlled by Mr. Gallagher. Includes options to purchase 6,000 shares which are presently exercisable. The shares to be offered for sale by Mr. Gallagher will only be sold if the underwriter's over-allotment option is exercised. Mr. Gallagher's ownership percentage after the offering is calculated on the basis that the underwriter's over-allotment option is exercised in full and that we issue and sell 245,000 shares in the offering. The address of Mr. Gallagher is 8360 S. Durango Drive, Las Vegas, Nevada 89113.

The registration statement of which this prospectus supplement is a part also covers up to an additional 245,000 shares of common stock that may be sold by selling stockholders to be identified in a subsequent prospectus supplement or free writing prospectus.

**Relationships with Selling Stockholders**

In December 2006, concurrently with the closing of our initial public offering, PAR purchased an aggregate of 1,750,000 shares of our common stock from certain of our investors for \$17.19 per share. Since that time, PAR has purchased additional shares in open market transactions. PAR has not had any material relationship with us within the past three years except for the transaction in which PAR purchased shares from certain of our investors in December 2006.

Timothy P. Flynn is one of the selling stockholders, serves on our board of directors and has been involved in transactions with us as described under "Related Party Transactions" in the Annual Report on Form 10-K/A incorporated by reference into this prospectus supplement.

Maurice J. Gallagher, Jr. will be a selling stockholder if the underwriter exercises its over-allotment option. Mr. Gallagher serves as our president, chief executive officer and chairman of the board and has been involved in transactions with us as described under "Related Party Transactions" in the Annual Report on Form 10-K/A incorporated by reference into this prospectus supplement.





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**MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS FOR  
NON-U.S. HOLDERS OF COMMON STOCK**

The following is a general discussion of the material U.S. federal income and estate tax considerations applicable to non-U.S. holders with respect to their ownership and disposition of shares of our common stock. In general, a "non-U.S. holder" is any holder other than:

a citizen or resident of the United States;

a corporation (or any entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, (the "Code") existing and proposed Treasury regulations promulgated thereunder, current administrative rulings and judicial decisions, all of which are subject to change. Any change, which may or may not be retroactive, could alter the tax consequences to non-U.S. holders described in this prospectus supplement. We assume in this discussion that a non-U.S. holder holds shares of our common stock as a capital asset (generally property held for investment). This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder subject to special treatment under the U.S. federal income tax laws including partnerships or other pass-through entities, banks and insurance companies, dealers in securities, holders of securities held as part of a "straddle," "hedge," "conversion transaction" or other risk-reduction transaction, controlled foreign corporations, passive foreign investment companies, foreign personal holding companies, tax-exempt organizations, former U.S. citizens or residents, holders subject to the alternative minimum tax, and persons who hold or receive common shares as compensation.

If an entity treated as a partnership for U.S. federal income tax purposes holds common stock, the tax treatment of a partner in such partnership generally will depend on the tax status of the partner and the activities of the partnership. A beneficial owner of common stock who is a partner of a partnership that holds common stock should consult such beneficial owner's tax advisors.

Accordingly, prospective investors should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of shares of our common stock in light of their particular circumstances.

**Distributions on Our Common Stock**

We have not declared or paid distributions on our common stock since our inception (other than to defray the income tax liability incurred by our owners with respect to their allocable share of our taxable income while we were a pass-through entity for income tax purposes). We do not intend to pay any distributions on our common stock in the foreseeable future. See the section under the caption "Dividend Policy" in our Annual Report on Form 10-K which is incorporated by reference into this prospectus supplement. In the event we do pay distributions on our common stock, however, these distributions generally will constitute dividend income for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a

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distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the holder's investment, up to the holder's basis in the common stock. Any remaining excess will be treated as capital gain.

Dividends paid to non-U.S. holders on our common stock that are not effectively connected with the conduct of a U.S. trade or business will be subject to U.S. withholding tax at a 30% rate or, if a tax treaty applies, a lower rate specified by the treaty. To receive a reduced treaty rate, non-U.S. holders must furnish to us or our paying agent a duly completed Form W-8BEN (or a substitute form) of the Internal Revenue Service ("IRS") certifying under penalty of perjury that the holder is eligible for the reduced rate under the treaty and provide other additional information as required. Where dividends are paid to a non-U.S. holder that is a partnership or other pass-through entity, persons holding an interest in the entity may also be required to provide the certification.

If a non-U.S. holder satisfies specified certification and disclosure requirements, the following dividends are not subject to U.S. federal withholding tax:

dividends that are effectively connected with the conduct of a trade or business by such non-U.S. holder within the United States; and

if an income tax treaty applies, dividends that are attributable to a permanent establishment, or, in the case of an individual, a fixed base in the United States, as provided in the applicable treaty.

The non-U.S. holder would be required to provide us or our paying agent with a properly executed IRS Form W-8ECI, for effectively connected income, or W-8BEN, for treaty benefits, or such successor form as the IRS designates. In such cases, dividends are subject to U.S. federal income tax on a net income basis at applicable graduated individual or corporate rates. In addition, a "branch profits tax" may be imposed at a 30% rate (or any lower rate that may be specified by an applicable income tax treaty) on dividends received by a foreign corporation that are effectively connected with its conduct of a trade or business in the United States.

**Gain On Sale or Other Disposition of Common Stock**

In general, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon such holder's sale or other disposition of shares of our common stock unless:

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States, in which case the non-U.S. holder will be subject to U.S. federal income tax on the gain, on a net income basis, at the graduated rates as if it were a resident of the United States, unless an applicable treaty provides otherwise, and a non-U.S. holder that is a foreign corporation also may be subject to the branch profits tax referred to above;

the non-U.S. holder is an individual and is present in the United States for 183 or more days in the taxable year of the sale or other disposition, and meets certain other conditions, in which case such non-U.S. holder will be subject to a flat 30% tax on the gain (unless an applicable income tax treaty provides otherwise), which may be offset by certain U.S.-source capital losses, even though the individual is not considered a resident of the United States; or

we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purpose at any time within the shorter of the five year period ending on the date of disposition or the period that the non-U.S. holder held our common stock. We do not believe we have been, currently are, or will become, a U.S. real property holding corporation. If we were or were to become a U.S. real property holding corporation at any time during the applicable period, however, any gain recognized on a disposition of our common stock by a non-U.S. holder that did not own (directly, indirectly or constructively) more than 5% of our common stock during the applicable period would

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not be subject to U.S. federal income tax, provided that our common stock continues to be regularly traded on an established securities market.

**Estate Tax**

Shares of our common stock owned or treated as owned by an individual who is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and, therefore, may be subject to U.S. federal estate tax. Estates of non-resident non-citizens are generally allowed a statutory credit, which has the effect of offsetting the U.S. federal estate tax imposed on the first \$60,000 of the taxable estate.

**Backup Withholding, Information Reporting And Other Reporting Requirements**

A non-U.S. holder may have to comply with specific certification procedures to establish that the holder is not a United States person in order to avoid backup withholding with respect to our payments of dividends on the common stock. We must report annually to the IRS and to each non-U.S. holder the amount of any dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was not required because the dividends were effectively connected dividends or withholding was reduced or eliminated by an applicable tax treaty. Copies of this information also may be made available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established.

The payment of proceeds from the disposition of shares of our common stock by or through a U.S. office of any broker will be subject to information reporting and backup withholding, unless the non-U.S. holder, under penalties of perjury, certifies, among other things, its status as a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code) or otherwise establishes an exemption. The payment of proceeds from the disposition of shares of our common stock by or through a foreign office of a foreign broker generally will not be subject to backup withholding and information reporting. However, information reporting (but not backup withholding) will apply to the payment of proceeds from a disposition of shares of our common stock effected outside the United States by a foreign office of a broker if the broker is:

a U.S. person (as defined for U.S. federal income tax purposes);

a "controlled foreign corporation" for U.S. federal income tax purposes;

a foreign person 50% or more of whose gross income from certain periods is effectively connected with a U.S. trade or business; or

a foreign partnership with particular U.S. connections.

Such payments will be subject to information reporting, but not backup withholding, unless the broker has documentary evidence in its files that the owner is a non-U.S. holder and certain other conditions are satisfied, or the non-U.S. holder otherwise establishes an exemption (and the broker has no actual knowledge to the contrary). In addition, backup withholding may apply in such cases unless specified certification requirements are satisfied or an exemption is otherwise established and the broker has no actual knowledge or reason to know that the holder is a U.S. person (as defined under the Code).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS in a timely manner.

*The foregoing discussion of certain U.S. federal income tax considerations is for general information only. Accordingly, all prospective non-U.S. holders of our common stock should consult their tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of our common stock.*

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**UNDERWRITING**

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, Morgan Stanley & Co. Incorporated as the underwriter has agreed to purchase, and the selling stockholders have agreed to sell to it, 2,300,000 shares of our common stock.

The underwriting agreement provides that the obligations of Morgan Stanley & Co. Incorporated to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by its counsel and to certain other conditions. Morgan Stanley & Co. Incorporated is obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares of common stock are taken. However, Morgan Stanley & Co. Incorporated is not required to take or pay for the shares of common stock covered by the over-allotment option described below.

Morgan Stanley & Co. Incorporated initially proposes to offer part of the shares of common stock directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of \$0.525 a share under the public offering price. After the initial offering of the common stock, the offering price and other selling terms may from time to time be varied by Morgan Stanley & Co. Incorporated.

Maurice J. Gallagher, Jr. and we have granted to Morgan Stanley & Co. Incorporated an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an additional 345,000 shares of our common stock at the public offering price set forth on the cover page hereof, less underwriting discounts and commissions. Morgan Stanley & Co. Incorporated may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus supplement.

We will not receive any proceeds from this offering of common stock unless Morgan Stanley & Co. Incorporated exercises its over-allotment option. If Morgan Stanley & Co. Incorporated exercises its over-allotment option in full, the total price to the public would be \$132,250,000, total underwriter's discounts and commissions would be \$2,314,375, total proceeds to the selling stockholders would be \$117,900,000, and total proceeds to us, excluding estimated expenses related to this offering, would be \$12,035,625.

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$175,000.

Our shares of common stock are listed on the Nasdaq Global Select Market under the trading symbol "ALGT".

We, our executive officers, directors and PAR Investment Partners, L.P. have agreed, with certain exceptions (including the sale of shares of common stock pursuant to Rule 10b5-1 trading plans in effect on the date hereof or acceptable to Morgan Stanley & Co. Incorporated), not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock without first obtaining the written consent of Morgan Stanley & Co. Incorporated. Such restrictions will apply to us, PAR Investment Partners, L.P., Maurice J. Gallagher, Jr. and Timothy P. Flynn during the period ending 90 days after the date of this prospectus supplement and during the period ending 60 days after the date of this prospectus supplement for all other executive officers and directors. Specifically, we and these other individuals have agreed, with certain limited exceptions, not to directly or indirectly:

offer, pledge, sell or contract to sell any common stock;

sell any option or contract to purchase any common stock;

purchase any option or contract to sell any common stock;

grant any option, right or warrant for the sale of any common stock;

lend or otherwise dispose of or transfer any common stock;

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make any announcement of, or filing with, the Securities and Exchange Commission with respect to any of the foregoing;

request or demand that we file a registration statement related to the common stock; or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequences of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

In order to facilitate the offering of common stock, Morgan Stanley & Co. Incorporated may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, Morgan Stanley & Co. Incorporated may sell more shares of common stock than it is obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares of common stock available for purchase by the underwriter under the over-allotment option. Morgan Stanley & Co. Incorporated can close out a covered short sale by exercising the over-allotment option or purchasing shares of common stock in the open market. In determining the source of common stock to close out a covered short sale, Morgan Stanley & Co. Incorporated will consider, among other things, the open market price of shares of common stock compared to the price available under the over-allotment option. Morgan Stanley & Co. Incorporated may also sell shares of common stock in excess of the over-allotment option, creating a naked short position. Morgan Stanley & Co. Incorporated must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if Morgan Stanley & Co. Incorporated is concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, Morgan Stanley & Co. Incorporated may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. Morgan Stanley & Co. Incorporated is not required to engage in these activities and may end any of these activities at any time.

We, the selling stockholders and Morgan Stanley & Co. Incorporated have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the underwriter may be required to make in respect of those liabilities.

A prospectus supplement in electronic format may be made available on websites maintained by Morgan Stanley & Co. Incorporated, or selling group members, if any, participating in this offering. Morgan Stanley & Co. Incorporated may agree to allocate a number of shares of common stock for sale to online brokerage account holders. Internet distributions will be allocated by Morgan Stanley & Co. Incorporated on the same basis as other allocations.

Morgan Stanley & Co. Incorporated (1585 Broadway, New York, New York) and its affiliates from time to time perform investment banking and other financial services for us and our affiliates for which they receive customary advisory or transaction fees, as applicable, plus out-of-pocket expenses.

In compliance with the guidelines of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the maximum discount or commission to be received by any FINRA member or independent broker-dealer may not exceed 8% of the aggregate offering price of the shares offered hereby.

Other than in the United States, no action has been taken by us or Morgan Stanley & Co. Incorporated that would permit a public offering of the shares of common stock offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The shares of common stock offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any

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restrictions relating to the offering and the distribution of this prospectus supplement. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any shares of common stock offered by this prospectus supplement in any jurisdiction in which such an offer or a solicitation is unlawful.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, with effect from and including the date on which the Prospectus Directive is implemented in that Member State an offer of common stock to the public may not be made in that Member State, other than:

- (a) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of common stock to the public" in relation to any common stock in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common stock to be offered so as to enable an investor to decide to purchase or subscribe the common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State.

**United Kingdom**

This prospectus supplement is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The shares of common stock are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares of common stock will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**LEGAL MATTERS**

The validity of our securities issued hereunder will be passed upon for us by Ellis Funk, P.C., Atlanta, Georgia. As of April 30, 2009, members of Ellis Funk, P.C., beneficially owned in the aggregate fewer than 5,000 shares of our common stock. Certain legal matters relating to the offering will be passed upon for the underwriter by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

**EXPERTS**

The consolidated financial statements of Allegiant Travel Company appearing in Allegiant Travel Company's Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of Allegiant Travel Company's internal control over financial reporting as of December 31, 2008, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon incorporated herein by reference. Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of



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Ernst & Young LLP pertaining to such financial statements and the effectiveness of our internal control over financial reporting as of the respective dates (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings also are available to you at the SEC's website at <http://www.sec.gov> and on our website at [www.allegianttravel.com](http://www.allegianttravel.com). Information on our website is not incorporated into this prospectus supplement or the accompanying prospectus and should not be relied upon in determining whether to invest in our securities.

We have filed with the SEC a registration statement on Form S-3 relating to the securities covered by this prospectus supplement or the accompanying prospectus. This prospectus supplement and the accompanying prospectus are part of the registration statement and do not contain all the information in the registration statement. You will find additional information about us in the registration statement. Any statement made in this prospectus concerning a contract or other document of ours is not necessarily complete, and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter. Each such statement is qualified in all respects by reference to the document to which it refers. You may inspect without charge a copy of the registration statement at the SEC's Public Reference Room in Washington D.C., as well as through the SEC's website.

The SEC allows us to "incorporate by reference" the information we file with them into this prospectus, which means that we can disclose important information to you by referring you to those documents and those documents will be considered part of this prospectus. Information that we file later with the SEC will automatically update and supersede the previously filed information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (i) after the date of the filing of this prospectus supplement and (ii) until this offering or offerings have been completed.

Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on March 3, 2009, as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on April 27, 2009.

Quarterly Report on Form 10-Q for the three months ended March 31, 2009, filed with the SEC on May 4, 2009.

Current Reports on Form 8-K filed with the SEC on January 27, 2009 (Item 8.01 only), March 2, 2009 and March 24, 2009.

The description of our common stock contained in our registration statement on Form 8-A, filed pursuant to Section 12(g) of the Securities Exchange Act of 1934 on November 22, 2006.

You may request copies of these filings at no cost, by writing or telephoning our Investor Relations Department at the following address:

Allegiant Travel Company  
8360 South Durango Drive  
Las Vegas, Nevada 89113  
(702) 851-7300  
Attention: Investor Relations

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**FORWARD LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus contain or incorporate by reference "forward-looking statements" within the meaning of the the Private Securities Litigation Reform Act of 1995. You can generally identify forward-looking statements by our use of forward-looking words including "believe," "expect," "intend," "may," "will," "should," "could," "anticipate" or "plan" or the negative or other variations of these terms or comparable terminology, or by discussion of strategies that involve risks and uncertainties. These forward-looking statements are not historical facts, but 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 involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. Important risk factors that could cause our results to differ materially from those expressed in the forward-looking statements are listed under "Risk Factors" in this prospectus supplement and may also be found in our periodic reports filed with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). These risk factors include, without limitation, increases in fuel prices, terrorist attacks, risks inherent to airlines, demand for air services to our 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, the competitive environment, problems with our aircraft, dependence on fixed fee customers, our reliance on our automated systems, 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.

Any forward-looking statements are based on information available to us today and we undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

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**Allegiant Travel Company**

Senior Debt Securities, Subordinated Debt Securities,  
Common Stock, Preferred Stock, Depositary Shares, Warrants,  
Stock Purchase Contracts, Stock Purchase Units and Units

This prospectus is part of a registration statement that we filed with the SEC utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the following types of securities described in this prospectus in one or more offerings up to a total dollar amount of \$150,000,000:

our debt securities, in one or more series, which may be senior debt securities or subordinated debt securities, in each case consisting of notes, debentures or other unsecured evidences of indebtedness

shares of our common stock

shares of our preferred stock

depositary shares representing a fraction of a share of our preferred stock

warrants to purchase debt securities, preferred stock, depositary shares or common stock

stock purchase contracts

stock purchase units

units consisting of one or more shares of common stock, shares of preferred stock, depositary shares, and warrants, or

any combination of these securities.

This prospectus may be used by the following stockholders to sell shares of common stock for their own accounts: PAR Investment Partners, L.P., a significant stockholder of ours, may sell up to 2,250,000 shares of common stock; Maurice J. Gallagher, Jr., our chairman of the board and chief executive officer, may sell up to 100,000 shares of common stock; Timothy P. Flynn, a director of ours, may sell up to 50,000 shares of common stock; and other non-affiliated stockholders may sell up to 162,500 shares of common stock.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus.

**This prospectus may not be used to sell securities unless accompanied by a prospectus supplement or a free writing prospectus.**

## Edgar Filing: Allegiant Travel CO - Form 424B5

We may sell the securities directly or to or through underwriters or dealers, and also to other purchasers or through agents or a combination of these methods. To the extent not described in this prospectus, the names of any underwriters or agents participating in a sale of securities to you, and any applicable commissions or discounts, will be stated in an accompanying prospectus supplement. For general information about the distribution of securities offered, please see "Plan of Distribution" on page 29 in this prospectus.

You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information" before you invest in our securities.

Our common stock is traded on the Nasdaq Global Select Market under the symbol "ALGT." We will make application to list any shares of common stock sold by us under this prospectus and any prospectus supplement on the Nasdaq Global Select Market. We will provide information in any applicable prospectus supplement regarding any listing of securities other than shares of our common stock on any securities exchange.

**Investing in our securities involves risks. You should carefully read and consider the risk factors included in this prospectus, in our periodic reports, in any prospectus supplements relating to specific offerings of securities and in other documents that we file with the Securities and Exchange Commission. See "Risk Factors" beginning on page 2 of this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is May 4, 2009.

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**ALLEGIANT TRAVEL COMPANY**

We are a leisure travel company focused on linking small cities to leisure destinations such as Las Vegas, Nevada, Phoenix, Arizona, Los Angeles, California, Ft. Lauderdale, Florida, Orlando, Florida and Tampa/St. Petersburg, Florida. We operate a low-cost passenger airline marketed primarily 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 revenue* currently consists of limited frequency nonstop flights between our small city markets and our leisure destinations.

*Ancillary revenue* is generated from the sale of hotel rooms, rental cars, advance seat assignments, in-flight products, checked bag fees, and other items sold in conjunction with our scheduled air service.

*Fixed fee contract revenue* consists largely of fixed fee flying agreements with affiliates of Harrah's Entertainment Inc. that provide for a predictable revenue stream. We also provide charter service on a seasonal and ad hoc basis for other customers.

Our strategy is to develop the leisure travel market in small cities by providing nonstop low fare scheduled service to leisure destinations. We currently provide service primarily to Las Vegas, Nevada, Phoenix, Arizona, Ft. Lauderdale, Florida, Orlando, Florida and Tampa/St. Petersburg, Florida. We have announced we will start service in May 2009 to Los Angeles, California, from 13 of our small city markets.

Our business strategy has evolved as our experienced management team has looked differently at the traditional way business has been conducted in the airline industry. We have consciously developed a different business model:

**Traditional Airline Approach**

Focus on business traveler  
Provide high frequency service  
  
Use smaller aircraft to provide connecting service from smaller markets through hubs  
Sell through various intermediaries  
  
Offer flight connections  
Use frequent flyer programs and code-share arrangements to increase passenger traffic

**Allegiant Approach**

Focus on leisure traveler  
Provide low frequency service from small cities  
Use larger jet aircraft to provide nonstop service from small cities direct to leisure destinations  
Sell only directly to travelers without participation in global distribution systems  
No connecting flights offered  
No frequent flyer programs or code-share arrangements

Our principal executive offices are located at 8360 South Durango Drive, Las Vegas, Nevada 89113. 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.**



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**RISK FACTORS**

*An investment in our securities involves a high degree of risk. Investors should carefully consider the risks described below before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price or value of our securities could decline due to any of these risks, and investors may lose all or part of your investment.*

**Risks Related to Allegiant**

**The economic downturn may adversely affect travel from our small city markets to our leisure destinations.**

The U.S. economy has been weakened by a financial crisis, significant declines in the stock markets and increasing unemployment, which may reduce the wealth and tighten spending of consumers. It is uncertain to what extent these economic conditions may impact demand for airline travel in our small city markets or to our leisure destinations.

**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 (more than 50% during 2008). Significant increases in fuel costs have negatively affected our operating results in 2008 and future price increases could harm our financial condition and results of operations.

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 price and future availability of fuel cannot be predicted with any degree of certainty. A fuel supply shortage or higher fuel prices could result in curtailment of our service.

**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 smaller than most airlines, an accident would likely adversely affect us to a greater degree than a larger, more established airline.

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, or aging aircraft requirements affecting, 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 Federal Aviation Administration ("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.



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**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. Any failure by us to handle our automation needs could negatively affect our Internet sales and customer service and result in increased costs.

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 could reduce the attractiveness of our services. Any disruption in these systems could result in the loss of important data, loss of revenue, increase our expenses and generally harm our business.

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.

**Our maintenance costs will increase as our fleet ages.**

Our aircraft range from 12 to 22 years old, with an average age of 19.4 years as of April 2009. In general, the cost to maintain aircraft increases as they age and exceeds the cost to maintain new aircraft. FAA regulations require additional and enhanced maintenance inspections for older aircraft. These regulations include 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 continue to 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 which could increase our 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 and flight attendants have formed in-house associations to negotiate matters of concern with us. Although we have negotiated mutually acceptable arrangements with our pilots and flight attendants, our costs could be adversely affected by the cumulative results of discussions with employee groups in the future.

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

Almost all of our scheduled flights and announced service have Las Vegas, Phoenix, Orlando, Tampa/St. Petersburg, Ft. Lauderdale or Los Angeles as either their destination or origin. Our business

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could be harmed by any circumstances causing a reduction in demand for air transportation to one or more of these markets, such as adverse changes in local economic conditions, negative public perception of the particular city, significant price increases, or the impact of future terrorist attacks.

**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.

**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 sometimes require 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 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.

**Risks Associated with the Airline and Travel Industry**

**The airline industry is highly competitive and future competition in our small city markets could harm our business.**

The airline industry is highly competitive. 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.

**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 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

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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, in 2006 the FAA adopted regulations requiring airlines to monitor their third-party vendors' compliance with drug testing standards applicable to mechanics and maintenance personnel in addition to monitoring the airline's own compliance. Similarly, as a result of the terrorist attacks in New York and Washington, D.C. in September 2001, the FAA and the Transportation Security Administration or TSA have imposed more stringent security procedures on airlines. We cannot predict what other new regulations may be imposed on airlines and there is no assurance these laws or regulations, or any laws or regulations enacted in the future, will not materially adversely affect our financial condition or results of operations.

Our ability to operate as an airline is dependent upon our maintaining certifications issued to us by the U.S. 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.

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, could have a material effect on our future operations.

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**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.

**Risks Related to Our Common Stock and This Offering**

**The market price of our common stock may be volatile, which could cause the value of an investment in our stock 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
- announcements concerning our business strategy, such as the introduction of a new aircraft type
- 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
- 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.**

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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

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a limitation on who may call stockholder meetings

the ability of our board of directors to issue up to 5,000,000 shares of preferred stock without a stockholder vote.

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.

**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. 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.

**The value of our common stock may be negatively affected by additional issuances of common stock or preferred stock by us and general market factors.**

Future issuances or sales of our common stock or convertible preferred stock by us will likely be dilutive to our existing common stockholders. Future issuances or sales of common or preferred stock by us, or the availability of such stock for future issue or sale, could have a negative impact on the price of our common stock prevailing from time to time. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could also adversely affect the prevailing price of our common stock.

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**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.