

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 001-33166



Allegiant Travel Company

(Exact Name of Registrant as Specified in Its Charter)

Nevada

20-4745737

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

1201 North Town Center Drive

Las Vegas, Nevada

(Address of Principal Executive Offices)

89144

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(702) 851-7300**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$.001	ALGT	NASDAQ Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2020, the registrant had 16,389,481 shares of common stock, \$.001 par value per share, outstanding.

ALLEGIANT TRAVEL COMPANY
FORM 10-Q
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PART I. FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements****ALLEGIANT TRAVEL COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands)**

	September 30, 2020	December 31, 2019
	(unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 268,042	\$ 121,888
Restricted cash	17,426	14,897
Short-term investments	441,764	335,928
Accounts receivable	166,924	25,516
Expendable parts, supplies and fuel, net	26,305	28,375
Prepaid expenses and other current assets	30,742	35,617
TOTAL CURRENT ASSETS	951,203	562,221
Property and equipment, net	2,004,829	2,236,808
Long-term investments	—	15,542
Deferred major maintenance, net	127,457	129,654
Operating lease right-of-use assets, net	114,573	22,081
Deposits and other assets	25,031	44,497
TOTAL ASSETS:	\$ 3,223,093	\$ 3,010,803
CURRENT LIABILITIES		
Accounts payable	\$ 64,674	\$ 27,667
Accrued liabilities	130,665	159,031
Current operating lease liabilities	13,814	2,662
Air traffic liability	334,061	249,950
Current maturities of long-term debt and finance lease obligations, net of related costs	233,680	173,274
TOTAL CURRENT LIABILITIES	776,894	612,584
Long-term debt and finance lease obligations, net of current maturities and related costs	1,316,171	1,248,579
Deferred income taxes	292,661	232,520
Noncurrent operating lease liabilities	101,864	21,290
Other noncurrent liabilities	23,805	12,279
TOTAL LIABILITIES:	2,511,395	2,127,252
SHAREHOLDERS' EQUITY		
Common stock, par value \$.001	23	23
Treasury shares	(648,118)	(617,579)
Additional paid in capital	315,150	289,933
Accumulated other comprehensive income, net	183	98
Retained earnings	1,044,460	1,211,076
TOTAL EQUITY:	711,698	883,551
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:	\$ 3,223,093	\$ 3,010,803

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
OPERATING REVENUES:				
Passenger	\$ 181,916	\$ 391,222	\$ 677,347	\$ 1,265,978
Third party products	11,337	18,207	35,756	53,557
Fixed fee contracts	5,284	19,797	17,440	42,859
Other	2,447	7,283	12,969	17,498
Total operating revenues	200,984	436,509	743,512	1,379,892
OPERATING EXPENSES:				
Salary and benefits	95,829	107,586	303,264	340,589
Aircraft fuel	52,540	104,583	168,711	324,253
Depreciation and amortization	45,291	39,436	132,285	114,112
Station operations	39,954	43,522	108,359	128,357
Maintenance and repairs	14,038	24,768	48,866	68,470
Sales and marketing	7,967	17,591	35,331	59,057
Aircraft lease rental	3,015	—	5,404	—
Other	19,755	26,907	70,225	73,756
CARES Act grant recognition	(77,909)	—	(152,448)	—
Special charges	33,585	—	280,852	—
Total operating expenses	234,065	364,393	1,000,849	1,108,594
OPERATING INCOME (LOSS)	(33,081)	72,116	(257,337)	271,298
OTHER (INCOME) EXPENSES:				
Interest expense	11,943	19,506	44,149	58,531
Capitalized interest	—	(903)	(4,067)	(3,444)
Interest income	(868)	(3,335)	(4,596)	(10,038)
Loss on debt extinguishment	—	—	1,222	3,677
Special charges	—	—	26,632	—
Other, net	552	(57)	1,173	(41)
Total other expenses	11,627	15,211	64,513	48,685
INCOME (LOSS) BEFORE INCOME TAXES	(44,708)	56,905	(321,850)	222,613
INCOME TAX PROVISION (BENEFIT)	(15,565)	12,976	(166,595)	51,017
NET INCOME (LOSS)	\$ (29,143)	\$ 43,929	\$ (155,255)	\$ 171,596
Earnings (loss) per share to common shareholders:				
Basic	\$ (1.82)	\$ 2.70	\$ (9.75)	\$ 10.55
Diluted	\$ (1.82)	\$ 2.70	\$ (9.75)	\$ 10.54
Shares used for computation:				
Basic	16,006	16,037	15,953	16,037
Diluted	16,006	16,039	15,953	16,045
Cash dividends declared per share:	\$ —	\$ 0.70	\$ 0.70	\$ 2.10

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
NET INCOME (LOSS)	\$ (29,143)	\$ 43,929	\$ (155,255)	\$ 171,596
Other comprehensive income (loss):				
Change in available for sale securities, net of tax	(292)	16	32	669
Foreign currency translation adjustments	51	17	53	21
Total other comprehensive income	(241)	33	85	690
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ (29,384)	\$ 43,962	\$ (155,170)	\$ 172,286

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

Three Months Ended September 30, 2020

	Common stock outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at June 30, 2020	16,240	\$ 23	\$ 310,628	\$ 424	\$ 1,073,603	\$ (648,118)	\$ 736,560
Share-based compensation	58	—	4,099	—	—	—	4,099
Other comprehensive income (loss)	—	—	—	(241)	—	—	(241)
CARES Act warrant issuance	—	—	423	—	—	—	423
Net loss	—	—	—	—	(29,143)	—	(29,143)
Balance at September 30, 2020	16,298	\$ 23	\$ 315,150	\$ 183	\$ 1,044,460	\$ (648,118)	\$ 711,698

Nine Months Ended September 30, 2020

	Common stock outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income	Retained earnings	Treasury shares	Total shareholders' equity
Balance at December 31, 2019	16,303	\$ 23	\$ 289,933	\$ 98	\$ 1,211,076	\$ (617,579)	\$ 883,551
Share-based compensation	171	—	23,842	—	—	—	23,842
Shares repurchased by the Company and held as treasury shares	(217)	—	—	—	—	(33,773)	(33,773)
Stock issued under employee stock purchase plan	41	—	—	—	—	3,234	3,234
Cash dividends declared, \$0.70 per share	—	—	—	—	(11,361)	—	(11,361)
Other comprehensive income (loss)	—	—	—	85	—	—	85
CARES Act warrant issuance	—	—	1,375	—	—	—	1,375
Net loss	—	—	—	—	(155,255)	—	(155,255)
Balance at September 30, 2020	16,298	\$ 23	\$ 315,150	\$ 183	\$ 1,044,460	\$ (648,118)	\$ 711,698

Three Months Ended September 30, 2019

	Common stock outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at June 30, 2019	16,305	\$ 23	\$ 280,783	\$ (4)	\$ 1,128,822	\$ (605,115)	\$ 804,509
Share-based compensation	—	—	4,535	—	—	—	4,535
Shares repurchased by the Company and held as treasury shares	(110)	—	—	—	—	(15,540)	(15,540)
Cash dividends declared, \$0.70 per share	—	—	—	—	(11,409)	—	(11,409)
Other comprehensive income (loss)	—	—	—	33	551	—	584
Net income	—	—	—	—	43,929	—	43,929
Balance at September 30, 2019	<u>16,195</u>	<u>\$ 23</u>	<u>\$ 285,318</u>	<u>\$ 29</u>	<u>\$ 1,161,893</u>	<u>\$ (620,655)</u>	<u>\$ 826,608</u>

Nine Months Ended September 30, 2019

	Common stock outstanding	Par value	Additional paid- in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at December 31, 2018	16,183	\$ 23	\$ 270,935	\$ (661)	\$ 1,025,061	\$ (605,037)	\$ 690,321
Share-based compensation	124	—	14,383	—	—	—	14,383
Shares repurchased by the Company and held as treasury shares	(132)	—	—	—	—	(18,549)	(18,549)
Stock issued under employee stock purchase plan	20	—	—	—	—	2,931	2,931
Cash dividends, \$2.10 per share	—	—	—	—	(34,214)	—	(34,214)
Other comprehensive income (loss)	—	—	—	690	—	—	690
Net income	—	—	—	—	171,596	—	171,596
Cumulative effect of the New Lease Standard	—	—	—	—	(550)	—	(550)
Balance at September 30, 2019	<u>16,195</u>	<u>\$ 23</u>	<u>\$ 285,318</u>	<u>\$ 29</u>	<u>\$ 1,161,893</u>	<u>\$ (620,655)</u>	<u>\$ 826,608</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ (155,255)	\$ 171,596
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	132,285	114,112
Special charges	279,114	—
Other adjustments	89,342	60,135
Changes in certain assets and liabilities:		
Air traffic liability	84,111	55,446
Other - net	(152,872)	(79,862)
Net cash provided by operating activities	<u>276,725</u>	<u>321,427</u>
Cash flows from investing activities:		
Purchase of investment securities	(511,667)	(397,504)
Proceeds from maturities of investment securities	421,658	413,038
Purchase of property and equipment	(198,567)	(350,187)
Proceeds from sale-leaseback transactions	78,185	—
Other investing activities	1,247	10,647
Net cash used in investing activities	<u>(209,144)</u>	<u>(324,006)</u>
Cash flows from financing activities:		
Cash dividends paid to shareholders	(11,361)	(34,214)
Proceeds from the issuance of debt	272,548	770,435
Repurchase of common stock	(33,773)	(18,549)
Principal payments on debt and finance lease obligations	(146,416)	(670,148)
Debt issuance costs	(4,505)	(32,592)
Other financing activities	4,609	325
Net cash provided by financing activities	<u>81,102</u>	<u>15,257</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	148,683	12,678
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	136,785	95,911
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 285,468</u>	<u>\$ 108,589</u>
CASH PAYMENTS (RECEIPTS) FOR:		
Interest paid, net of amount capitalized	\$ 36,801	\$ 53,089
Income tax refunds	(95,258)	(2,227)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Right-of-use (ROU) assets acquired	\$ 103,499	\$ 2,213
Purchases of property and equipment in accrued liabilities	19,294	6,091

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGiant TRAVEL COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Allegiant Travel Company (the "Company") and its majority-owned operating subsidiaries. The Company's investments in unconsolidated affiliates, which are 50 percent or less owned, are accounted for under the equity or cost method, and are insignificant to the consolidated financial statements. All intercompany balances and transactions have been eliminated.

These unaudited consolidated financial statements reflect all normal recurring adjustments which management believes are necessary to present fairly the financial position, results of operations, and cash flows of the Company for the respective periods presented. Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto included in the annual report of the Company on Form 10-K for the year ended December 31, 2019 and filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Recent Accounting Pronouncements

On June 16, 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. The standard requires the use of an "expected loss" model on certain types of financial instruments. The standard also amends the impairment model for available-for-sale debt securities and requires estimated credit losses to be recorded as allowances instead of reductions to amortized cost of the securities. The Company adopted this accounting standard prospectively as of January 1, 2020, and it did not have a significant impact on its consolidated financial statements.

On December 18, 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes. The standard simplifies the accounting and disclosure requirements for income taxes by clarifying existing guidance to improve consistency in application of ASC 740. The standard also removes the requirement to calculate income tax expense for the stand-alone financial statements of wholly-owned subsidiaries. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2020, with early adoption permitted in any interim period within that year. The Company plans to adopt this accounting standard effective January 1, 2021.

Note 2 — Impact of the COVID-19 Pandemic

The rapid spread of COVID-19 and the related government restrictions, social distancing measures, and consumer fears have impacted flight loads, resulted in unprecedented cancellations of bookings and substantially reduced demand for new bookings throughout the airline industry. Starting in March 2020, the Company experienced a severe reduction in air travel, which has continued. Demand in the foreseeable future will continue to be affected by fluctuations in COVID-19 cases, hospitalizations, deaths, treatment efficacy and the availability of a vaccine. The Company is continuously reevaluating flight schedules based on demand trends.

The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted in March 2020, providing support for the airline industry and other businesses and individuals.

On April 20, 2020, the Company through its airline operating subsidiary Allegiant Air, LLC entered into a Payroll Support Program Agreement (the "PSPA") with the U.S. Department of the Treasury ("*Treasury*") for an award Allegiant Air would receive under the CARES Act. The total amount initially allocated to Allegiant Air under the PSP was \$171.9 million, all of which was received by the end of July 2020. On September 30, 2020, the Company received an additional installment of \$5.0 million for a total aggregate of \$176.9 million under the PSPA. The proceeds of the award were used exclusively for wages, salaries and benefits during the second and third quarters 2020, in accordance with the agreement.

The \$176.9 million received under the PSPA during the second and third quarters of 2020 includes direct grants, a \$23.1 million loan, and warrants to purchase 27,681 shares of the Company's common stock, as further discussed below.

In consideration for the grant, Allegiant Air issued to Treasury a low-interest rate, senior unsecured term promissory note (the "PSP Note") which will mature 10 years after issuance. The principal amount of the PSP Note is \$23.1 million. The PSP Note is guaranteed by the Company and is prepayable at any time at par (see Note 5).

Also in consideration for the grant, the Company issued warrants (the "PSP Warrants") to Treasury to purchase 27,681 shares of common stock of the Company at a price of \$83.33 per share (based on the closing price of the Company's common stock on The Nasdaq Global Select Market on April 9, 2020). Warrants to purchase 19,700 shares (valued at \$1.0 million) were issued in May and June 2020, and warrants for the remaining 7,981 shares (valued at \$0.4 million) were issued in July and September 2020. The PSP Warrants expire five years after issuance, and will be exercisable either through net share settlement or cash, at the Company's option. The PSP Warrants include customary anti-dilution provisions, do not have any voting rights and are freely transferable, with registration rights.

In connection with the PSPA, the Company is required to comply with the relevant provisions of the CARES Act, including those prohibiting the repurchase of common stock and the payment of common stock dividends until September 30, 2021, as well as those restricting the payment of certain executive compensation for periods through March 24, 2022.

Given the Company's efforts to conserve and raise liquidity and the Company's assumptions about the future impact of COVID-19 on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, the Company expects to meet its cash obligations as well as remain in compliance with the debt covenants in its existing financing agreements for the next 12 months based on its current level of unrestricted cash and short-term investments, its anticipated access to liquidity and tax refunds, and projected cash flows from operations.

Special Charges

The effects of COVID-19 triggered an impairment review, and a non-cash impairment charge was recognized during the nine months ended September 30, 2020 (see Note 12 - Impairment for additional detail). The Company also identified expenses that were unique and specific to COVID-19. The impairment charges and other expenses that resulted from the effects of COVID-19 are recorded as special charges within both operating and non-operating expenses during the nine months ended September 30, 2020. See the table below for a summary of operating and non-operating special charges recorded by segment during the three and nine months ended September 30, 2020.

(in thousands)	Airline	Sunseeker Resort	Other non-airline	Total
Three Months Ended September 30, 2020				
Operating	\$ 32,617	\$ —	\$ 968	\$ 33,585
Non-operating	—	—	—	—
Total special charges	\$ 32,617	\$ —	\$ 968	\$ 33,585
Nine Months Ended September 30, 2020				
Operating	\$ 118,059	\$ 135,443	\$ 27,350	\$ 280,852
Non-operating	—	26,632	—	26,632
Total special charges	\$ 118,059	\$ 162,075	\$ 27,350	\$ 307,484

Additional detail for the \$307.5 million total special charges (operating and non-operating) for the nine months ended September 30, 2020 appears below:

- \$168.4 million in impairment charges
 - Includes Airline - \$5.0 million; Sunseeker Resort - \$136.8 million; Other non-airline - \$26.6 million
- \$89.3 million adjustment resulting from the accelerated retirements of seven airframes and five engines, loss on sale leaseback transactions of seven aircraft, and write-offs of other aircraft related assets
- \$21.5 million adjustment for additional salary and benefits expense in relation to the elimination of positions as well as other non-recurring compensation expense associated with the acceleration of certain existing stock awards
 - Includes Airline - \$21.1 million; Sunseeker Resort - \$0.4 million
- \$19.8 million related to the termination of the loan agreement with Sixth Street Partners (formerly TSSP) intended to finance the development of Sunseeker Resorts Charlotte Harbor
 - \$14.9 million paid during the third quarter 2020 and remaining \$4.9 million recorded in accrued liabilities (subsequently paid in October 2020)
- \$5.0 million related to suspension of construction at Sunseeker
- \$3.5 million write-down on various non-aircraft assets and other various expenses

Note 3 — Revenue Recognition

Passenger Revenue

Passenger revenue is the most significant category in the Company's reported operating revenues. Passenger revenue is primarily composed of scheduled service revenue (including passenger ticket sales and credit voucher breakage), revenue from ancillary air-related charges (including seat fees, baggage fees, and other travel-related services performed in conjunction with a passenger's flight), as well as co-brand credit card point redemptions, as outlined below:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Scheduled service	\$ 79,464	\$ 200,233	\$ 325,404	\$ 672,690
Ancillary air-related charges	100,262	187,776	342,520	583,003
Co-brand redemptions	2,190	3,213	9,423	10,285
Total passenger revenue	<u>\$ 181,916</u>	<u>\$ 391,222</u>	<u>\$ 677,347</u>	<u>\$ 1,265,978</u>

Sales of passenger tickets not yet flown are recorded in air traffic liability. Passenger revenue is recognized when transportation is provided or when ticket voucher breakage occurs, to the extent different from estimated breakage. As of September 30, 2020, approximately 34.7 percent of the air traffic liability balance was related to forward bookings, with the remaining 65.3 percent related to credit vouchers for future travel.

The normal contract term of passenger tickets is twelve months and revenue associated with future travel will principally be recognized within this time frame. During the nine months ended September 30, 2020, \$204.1 million was recognized into passenger revenue that was recorded in the air traffic liability balance of \$250.0 million at December 31, 2019.

In April 2020, the Company announced that credits issued for canceled travel in April through the end of the COVID-19 pandemic will have an extended expiration date of two years from the original booking date. This change has been considered in estimating the future breakage rate, which represents the value of credit vouchers that are not expected to be redeemed prior to their contractual expiration date.

Co-brand redemptions

In relation to the travel component of the co-branded credit card contract with Bank of America, the Company has a performance obligation to provide cardholders with points to be used for future travel award redemptions. Therefore, consideration received from Bank of America related to the travel component is deferred based on its relative selling price and is recognized into passenger revenue when the points are redeemed and the transportation is provided. In September 2020, the Company amended its existing co-brand agreement, which among other things extended the term of the agreement through August 2029 and provided for the pre-purchase of credit card points. This transaction was treated as a financing transaction for accounting purposes using an effective interest rate consistent with the Company's credit rating.

The following table presents the activity of the co-brand point liability as of the dates indicated:

(in thousands)	Nine Months Ended September 30,	
	2020	2019
Balance at January 1	\$ 15,613	\$ 10,708
Points awarded (deferral of revenue)	15,018	14,308
Points redeemed (recognition of revenue)	(9,510)	(10,285)
Balance at September 30	<u>\$ 21,121</u>	<u>\$ 14,731</u>

As of September 30, 2020 and 2019, \$11.8 million and \$10.6 million, respectively, of the current points liability is reflected in Accrued liabilities and represents the Company's current estimate of revenue to be recognized in the next twelve months based on historical trends, with the remaining balance reflected in other noncurrent liabilities expected to be recognized into revenue in periods thereafter. Given the inherent uncertainty of the current operating environment due to COVID-19, the Company will continue to monitor redemption patterns and may adjust its estimates in the future.

Note 4 — Property and Equipment

The following table summarizes the Company's property and equipment as of the dates indicated:

(in thousands)	September 30, 2020	December 31, 2019
Flight equipment, including pre-delivery deposits	\$ 2,259,358	\$ 2,289,157
Computer hardware and software	151,602	171,516
Land and buildings/leasehold improvements	86,825	98,885
Other property and equipment	80,156	161,760
Total property and equipment	2,577,941	2,721,318
Less accumulated depreciation and amortization	(573,112)	(484,510)
Property and equipment, net	\$ 2,004,829	\$ 2,236,808

Accrued capital expenditures as of September 30, 2020 and December 31, 2019 were \$19.3 million and \$16.5 million, respectively.

Note 5 — Long-Term Debt

The following table summarizes the Company's Long-term debt and finance lease obligations as of the dates indicated:

(in thousands)	September 30, 2020	December 31, 2019
Fixed-rate debt and finance lease obligations due through 2029	\$ 363,080	\$ 235,071
Variable-rate debt due through 2029	1,186,771	1,186,782
Total long-term debt and finance lease obligations, net of related costs	1,549,851	1,421,853
Less current maturities, net of related costs	233,680	173,274
Long-term debt and finance lease obligations, net of current maturities and related costs	\$ 1,316,171	\$ 1,248,579
Weighted average fixed-interest rate on debt	3.9 %	3.7 %
Weighted average variable-interest rate on debt	2.4 %	4.5 %

Maturities of long-term debt and finance lease obligations for the remainder of 2020 and for the next four years and thereafter, in the aggregate, are: remaining in 2020 - \$44.7 million; 2021 - \$229.3 million; 2022 - \$135.5 million; 2023 - \$122.1 million; 2024 - \$656.3 million; and \$362.0 million thereafter.

CARES Act Payroll Support Program Loan

In April 2020 the Company entered into a low-interest rate, senior unsecured term promissory note (the "PSP" Note) with the Treasury under the CARES Act payroll support program. The PSP Note will mature 10 years after issuance and bears interest at a rate of 1.0 percent for the first five years, with interest at the secured overnight financing rate (SOFR) plus 2.0 percent thereafter. The PSP Note is prepayable at any time at par, without penalty.

During the second and third quarters 2020, the Company received \$23.1 million in funds under the PSP Note, which is recorded within noncurrent debt on the balance sheet.

In connection with the PSP Note, the Company is required to comply with the relevant provisions of the CARES Act, including those prohibiting the repurchase of common stock and the payment of common stock dividends until September 30, 2021, as well as those restricting the payment of certain executive compensation for periods through March 24, 2022.

Senior Secured Revolving Credit Facility

The Company has a senior secured revolving credit facility under which it is able to borrow up to \$81.0 million. The facility has a term of 24 months and the borrowing ability is based on the value of the Airbus A320 series aircraft placed in the collateral pool. In 2019 the Company drew down the entire \$81.0 million under this facility. A principal payment of \$11.7 million was made in September 2020, and the remaining balance as of September 30, 2020 is \$69.3 million. Aircraft remain in the collateral pool for up to two years, and, as of September 30, 2020, there were six aircraft in the collateral pool. The notes for the amounts borrowed under the facility bear interest at a floating rate based on LIBOR and are due in March 2021.

Other Secured Debt

In September 2020, the Company borrowed \$84.0 million under a loan agreement secured by two aircraft and eight spare engines. The note bears interest at a fixed rate, payable in monthly installments with maturity after five and six years for the spare engines and aircraft, respectively.

Term Loan

In February 2019, the Company entered into a Credit and Guaranty Agreement (the "Term Loan") to borrow \$450.0 million, guaranteed by all of the Company's subsidiaries, excluding Sunseeker Resorts Inc. and its subsidiaries, and other insignificant subsidiaries (the "Term Loan Guarantors"). In February 2020 the Company entered into an amendment to the Term Loan under which the interest rate was reduced by 150 basis points, and the principal amount of the debt was increased by a net amount of \$100.0 million to \$545.5 million. Quarterly principal payments increased under the amendment, but the remaining provisions were substantially unchanged, including the maturity date. The Term Loan is secured by substantially all property and assets of the Company and the Term Loan Guarantors, excluding aircraft and aircraft engines, and excluding certain other assets. The Term Loan bears interest based on LIBOR and provides for quarterly interest payments along with quarterly principal payments of \$1.4 million through February 2024, at which time the Term Loan is due. The Term Loan may be prepaid at any time without penalty.

Construction Loan Agreement

In March 2019, Sunseeker Florida, Inc. ("SFI"), a wholly-owned subsidiary of the Company, entered into a Construction Loan Agreement with certain lenders affiliated with TPG Sixth Street Partners, LLC (the "Lender"). Under the Construction Loan Agreement, SFI would have been able to borrow up to \$175.0 million (the "Loan") to fund the construction of Phase 1 of Sunseeker Resort -Charlotte Harbor. No amount was ever drawn under this agreement.

Due to the various impacts of COVID-19, the Company suspended construction of Sunseeker Resort, and it is uncertain when construction will resume. In light of these conditions, the Company reached a \$19.8 million settlement agreement with the Lender to terminate the Loan. During the third quarter 2020, the Company paid \$14.9 million of the settlement, and the remaining \$4.9 million was paid in October 2020. The expense is reflected within non-operating special charges on the statement of income for the nine months ended September 30, 2020.

Note 6 — Income Taxes

The Company recorded a \$15.6 million tax benefit (34.8 percent effective tax rate) compared to a \$13.0 million tax provision (22.8 percent effective tax rate) for the three months ended September 30, 2020 and 2019, respectively. The effective tax rate for the three months ended September 30, 2020 differed from the statutory federal income tax rate of 21.0 percent primarily due to the tax accounting impact of the CARES Act which allows the Company to carryback the 2020 net operating loss at the 35.0 percent tax rate applicable in earlier years.

The Company recorded a \$166.6 million tax benefit (51.8 percent effective tax rate) compared to a \$51.0 million tax provision (22.9 percent effective tax rate) for the nine months ended September 30, 2020 and 2019, respectively. The 51.8 percent effective tax rate for the nine months ended September 30, 2020 differed from the statutory federal income tax rate of 21.0 percent primarily due to the tax accounting impact of the CARES Act which includes a \$40.9 million discrete federal income tax benefit related to the full utilization of 2018 and 2019 net operating losses as well as the ability to carryback the 2020 net operating loss at a 35.0 percent rate applicable in earlier years. The effective tax rate was also impacted by the remeasurement of deferred taxes and state taxes.

Note 7 — Leases

The Company evaluates all operating leases and they are measured on the balance sheet with a lease liability and right-of-use asset (“ROU”) at inception. ROU assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make scheduled lease payments. Airport terminal leases mostly include variable lease payments outside of those based on a fixed index, and are therefore not recorded as ROU assets.

The following table summarizes the Company’s total assets and liabilities related to leases as of the dates indicated:

(in thousands)	Classification on the Balance Sheet	September 30, 2020	December 31, 2019
Assets			
Operating lease assets ⁽¹⁾	Operating lease right-of-use assets	\$ 114,573	\$ 22,081
Finance lease assets ⁽²⁾	Property and equipment, net	106,777	111,665
Total lease assets		<u>\$ 221,350</u>	<u>\$ 133,746</u>
Liabilities			
Current			
Operating ⁽¹⁾	Current operating lease liabilities	\$ 13,814	\$ 2,662
Finance ⁽²⁾	Current maturities of long-term debt and finance lease obligations	7,922	7,666
Noncurrent			
Operating ⁽¹⁾	Noncurrent operating lease liabilities	101,864	21,290
Finance ⁽²⁾	Long-term debt and finance lease obligations	101,955	107,930
Total lease liabilities		<u>\$ 225,555</u>	<u>\$ 139,548</u>

(1) Represents assets and liabilities of ten aircraft, office equipment, certain airport and terminal facilities, and other assets under operating leases

(2) Represents assets and liabilities of five aircraft under finance leases

Sale-Leaseback Transaction

During the nine months ended September 30, 2020, the Company entered into two separate sale-leaseback transactions involving seven total aircraft. The transactions qualified as sales, and generated \$78.2 million of proceeds. As a result of the sales, the aircraft were removed from property and equipment in the Company’s balance sheet, resulting in a \$49.8 million loss on the sales. The loss is reflected within operating special charges on the statement of income since the Company would not likely have completed the transactions absent cash conservation efforts as a result of COVID. The leased aircraft were subsequently recorded within operating lease right-of-use assets, with the related lease liabilities recorded within current and noncurrent operating lease liabilities on the balance sheet. The proceeds from the sales of aircraft in these transactions are treated as cash inflows from investing activities on the statement of cash flows.

Note 8 — Fair Value Measurements

The Company utilizes the market approach to measure the fair value of its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The assets classified as Level 2 primarily utilize quoted market prices or alternative pricing sources including transactions involving identical or comparable assets and models utilizing market observable inputs for valuation of these securities. No changes in valuation techniques or inputs occurred during the nine months ended September 30, 2020.

Financial instruments measured at fair value on a recurring basis:

(in thousands)	September 30, 2020			December 31, 2019		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash equivalents						
Money market funds	\$ 80,121	\$ 80,121	\$ —	\$ 42,653	\$ 42,653	\$ —
Commercial paper	22,783	—	22,783	5,807	—	5,807
Municipal debt securities	10,205	—	10,205	1,202	—	1,202
Federal agency debt securities	1,340	—	1,340	—	—	—
Total cash equivalents	114,449	80,121	34,328	49,662	42,653	7,009
Short-term						
Commercial paper	212,992	—	212,992	161,286	—	161,286
Corporate debt securities	139,659	—	139,659	145,975	—	145,975
Municipal debt securities	52,437	—	52,437	12,237	—	12,237
Federal agency debt securities	35,389	—	35,389	13,515	—	13,515
US Treasury bonds	1,287	—	1,287	2,915	—	2,915
Total short-term	441,764	—	441,764	335,928	—	335,928
Long-term						
Corporate debt securities	—	—	—	15,396	—	15,396
US Treasury bonds	—	—	—	146	—	146
Total long-term	—	—	—	15,542	—	15,542
Total financial instruments	\$ 556,213	\$ 80,121	\$ 476,092	\$ 401,132	\$ 42,653	\$ 358,479

None of the Company's debt is publicly held and as a result, the Company has determined the estimated fair value of these notes to be Level 3. Certain inputs used to determine fair value are unobservable and, therefore, could be sensitive to changes in inputs. The Company utilizes the discounted cash flow method to estimate the fair value of Level 3 debt.

Carrying value and estimated fair value of long-term debt, including current maturities and without reduction for related costs, are as follows:

(in thousands)	September 30, 2020		December 31, 2019		Hierarchy Level
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	
Non-publicly held debt	\$ 1,461,705	\$ 1,349,111	\$ 1,329,882	\$ 1,140,232	3

Due to their short-term nature, the carrying amounts of cash, cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value.

Note 9 — Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed pursuant to the two-class method. Under this method, the Company attributes net income (loss) to two classes: common stock and unvested restricted stock. Unvested restricted stock awards granted to employees under the Company's Long-Term Incentive Plan are considered participating securities as they receive non-forfeitable rights to cash dividends at the same rate as common stock.

Diluted net income per share is calculated using the more dilutive of the two methods. Under both methods, the exercise of employee stock options is assumed using the treasury stock method. The assumption of vesting of restricted stock, however, differs:

1. Assume vesting of restricted stock using the treasury stock method.
2. Assume unvested restricted stock awards are not vested, and allocate earnings to common shares and unvested restricted stock awards using the two-class method.

For the three and nine months ended September 30, 2019, the second method, which assumes unvested awards are not vested, was used in the computation because it was more dilutive than the first method.

The following table sets forth the computation of net income (loss) per share, on a basic and diluted basis, for the periods indicated (share count and dollar amounts other than per-share amounts in the table are in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic:				
Net income (loss)	\$ (29,143)	\$ 43,929	\$ (155,255)	\$ 171,596
Less income allocated to participating securities	—	(578)	(236)	(2,441)
Net income (loss) attributable to common stock	\$ (29,143)	\$ 43,351	\$ (155,491)	\$ 169,155
Earnings (loss) per share, basic	\$ (1.82)	\$ 2.70	\$ (9.75)	\$ 10.55
Weighted-average shares outstanding	16,006	16,037	15,953	16,037
Diluted:				
Net income (loss)	\$ (29,143)	\$ 43,929	\$ (155,255)	\$ 171,596
Less income allocated to participating securities	—	(578)	(236)	(2,440)
Net income (loss) attributable to common stock	\$ (29,143)	\$ 43,351	\$ (155,491)	\$ 169,156
Earnings (loss) per share, diluted	\$ (1.82)	\$ 2.70	\$ (9.75)	\$ 10.54
Weighted-average shares outstanding ⁽¹⁾	16,006	16,037	15,953	16,037

(1) Dilutive effect of common stock equivalents excluded from the diluted per share calculation is not material.

Note 10 — Commitments and Contingencies

As of September 30, 2020, the Company had commitments to purchase eight Airbus A320 aircraft as well as purchase agreements for two spare engines.

The Company's contractual purchase commitments consist primarily of aircraft and engine acquisitions. The total future commitments are as follows:

(in thousands)	September 30, 2020
Remaining in 2020	\$ 110,762
2021	37,900
2022	21,000
Total commitments	\$ 169,662

Contingencies

The Company is subject to certain legal and administrative actions it considers routine to its business activities. The Company believes the ultimate outcome of any potential and pending legal or administrative matters will not have a material adverse impact on its financial position, liquidity or results of operations.

Note 11 — Segments

Operating segments are components of a company for which separate financial and operating information is regularly evaluated and reported to the Chief Operating Decision Maker ("CODM"), and is used to allocate resources and analyze performance. The Company's CODM is the executive leadership team, which reviews information about the Company's three operating segments: the Airline, Sunseeker Resort, and other non-airline.

Airline Segment

The Airline segment operates as a single business unit and includes all scheduled service air transportation, ancillary air-related products and services, third party products and services, fixed fee contract air transportation and other airline-related revenue. The CODM evaluation includes, but is not limited to, route and flight profitability data, ancillary and third party product and service offering statistics, and fixed fee contract information when making resource allocation decisions with the goal of optimizing consolidated financial results.

Sunseeker Resort Segment

The Sunseeker Resort segment represents activity related to the development and construction of Sunseeker Resort in Southwest Florida, as well as the operation of Kingsway Golf Course. Due to the various impacts of COVID-19, the Company suspended construction of Sunseeker Resort and temporarily closed operation of Kingsway Golf Course. At this time, it is uncertain when construction will resume and when the golf course will re-open.

Other non-Airline Segment

The other non-airline segment includes the Teesnap golf course management solution and Allegiant Nonstop family entertainment centers. Allegiant Nonstop family entertainment centers are comprised of games, attractions, and food facilities.

Due to the impacts of COVID-19, the Company temporarily closed the Allegiant Nonstop location in Warren, MI (which has subsequently opened as of early October 2020). The Company also permanently closed the Allegiant Nonstop location in Clearfield, Utah, and permanently discontinued all activity for the Allegiant Nonstop location in West Jordan, Utah, which was being developed.

In July 2019, management began evaluating strategic alternatives for Teesnap, and its business-to-business software as a service offering.

Selected information for the Company's segments and the reconciliation to the consolidated financial statement amounts are as follows:

(in thousands)	Airline	Sunseeker Resort	Other non- airline	Consolidated
Three Months Ended September 30, 2020				
Operating revenue:				
Passenger	\$ 181,916	\$ —	\$ —	\$ 181,916
Third party products	11,337	—	—	11,337
Fixed fee contract	5,284	—	—	5,284
Other	(224)	—	2,671	2,447
Operating income (loss) ⁽¹⁾	(28,836)	(2,619)	(1,626)	(33,081)
Interest expense, net	11,075	—	—	11,075
Depreciation and amortization	45,247	44	—	45,291
Capital expenditures	25,066	—	—	25,066
Three Months Ended September 30, 2019				
Operating revenue:				
Passenger	\$ 391,222	\$ —	\$ —	\$ 391,222
Third party products	18,207	—	—	18,207
Fixed fee contract	19,797	—	—	19,797
Other	1,648	251	5,384	7,283
Operating income (loss)	77,335	(1,281)	(3,938)	72,116
Interest expense, net	14,761	507	—	15,268
Depreciation and amortization	38,409	329	698	39,436
Capital expenditures	98,308	16,931	479	115,718

(in thousands)	Airline	Sunseeker Resort	Other non- airline	Consolidated
Nine Months Ended September 30, 2020				
Operating revenue:				
Passenger	\$ 677,347	\$ —	\$ —	\$ 677,347
Third party products	35,756	—	—	35,756
Fixed fee contract	17,440	—	—	17,440
Other	1,460	653	10,856	12,969
Operating income (loss) ⁽²⁾	(83,106)	(142,741)	(31,490)	(257,337)
Interest expense, net	34,925	561	—	35,486
Depreciation and amortization	130,938	577	770	132,285
Capital expenditures	155,810	45,160	442	201,412
Nine Months Ended September 30, 2019				
Operating revenue:				
Passenger	\$ 1,265,978	\$ —	\$ —	\$ 1,265,978
Third party products	53,557	—	—	53,557
Fixed fee contract	42,859	—	—	42,859
Other	3,578	1,526	12,394	17,498
Operating income (loss)	291,371	(4,199)	(15,874)	271,298
Interest expense, net	43,906	1,143	—	45,049
Depreciation and amortization	110,528	811	2,773	114,112
Capital expenditures	305,356	33,502	11,329	350,187

(1) For the three months ended September 30, 2020, Operating loss was impacted by special charges of: \$32.6 million for the Airline and \$1.0 million for Other non-airline.

(2) For the nine months ended September 30, 2020, Operating loss was impacted by special charges of: \$118.1 million for the Airline; \$135.4 million for Sunseeker Resort; and \$27.4 million for Other non-airline.

Total assets were as follows as of the dates indicated:

(in thousands)	September 30, 2020	December 31, 2019
Airline	\$ 3,170,834	\$ 2,830,236
Sunseeker Resort	37,264	133,362
Other non-airline	14,995	47,205
Consolidated	<u>\$ 3,223,093</u>	<u>\$ 3,010,803</u>

Note 12 — Impairment

Accounting Standards Codification (ASC) 360 - Property, Plant, and Equipment (ASC 360) requires long-lived assets to be assessed for impairment when events and circumstances indicate that the assets may be impaired.

As described in Note 2, in the first nine months of 2020, the Company's operations and liquidity were significantly impacted by decreased passenger demand and U.S. government travel restrictions and quarantine requirements due to COVID-19. As a result of these events and circumstances, the Company performed impairment tests on its long-lived assets in connection with the preparation of its financial statements.

In accordance with ASC 360, an impairment of a long-lived asset or group of long-lived assets exists only when the sum of the estimated undiscounted future cash flows expected to be generated directly by the assets is less than the carrying value of the assets. Assets were grouped by operating segment when estimating future cash flows, and further grouped within each segment as applicable. Estimates of future cash flows were generally based on historical results, and management's best estimate of future market and operating conditions.

Airline Segment

Long-lived assets for the Airline segment consist primarily of owned and leased flight and ground equipment. To test the recoverability of the Company's airline operating fleet, undiscounted future cash flows for each aircraft under the Company's current expected operating fleet plan were assessed and it was determined that there was no impairment as of September 30, 2020. As the Company obtains greater clarity about the duration and extent of reduced demand and potentially executes further capacity adjustments, the Company will continue to evaluate its current fleet compared to network requirements and may decide to permanently retire additional aircraft.

The Airline has an equity investment in a technology company. A \$5.0 million charge was recorded to impair the investment in the second quarter 2020. As a result of the impairment, net book value of the investment is zero. This decision reflects management's best estimate of the fair value of this investment based on recent market trends.

Sunseeker Resort Segment

Long-lived assets for Sunseeker Resort and related Kingsway Golf Course consist primarily of the land, construction in process, building, and other various equipment. As a result of the impairment tests performed, the Company determined the sum of the undiscounted cash flows was less than the long-lived assets' carrying value. A \$136.8 million impairment charge was recorded in the first quarter 2020 to reflect the difference between the carrying values of these assets and their fair values. Fair value reflects management's best estimate, including valuation inputs from third parties and recent market transactions. Based on an evaluation of impairment indicators in the second and third quarters 2020, no additional impairment was recognized.

Other non-Airline Segment

Long-lived assets for Allegiant Nonstop family entertainment centers consist primarily of leasehold improvements, arcade games, various equipment, and ROU assets. As a result of the impairment tests performed, the Company determined the sum of the undiscounted cash flows were less than the long-lived assets' carrying value. An \$18.3 million impairment charge was recorded in the first quarter 2020 to reflect the difference between the carrying values of these assets and their fair values. Fair value reflects management's best estimate, including valuation inputs from third parties and recent market trends. Based on an evaluation of impairment indicators in the second and third quarters 2020, no additional impairment was recognized.

Long-lived assets for Teesnap consist primarily of capitalized software and computer equipment. As a result of the impairment tests performed, the Company determined the sum of the undiscounted cash flows was less than the long-lived assets' carrying value. Management does not expect to recover any of the book value of the assets through operations, and an \$8.3 million impairment charge was recorded in the first quarter 2020 to write down all long-lived assets to a net book value of zero. This reflects management's best estimate of the fair value of these assets based on recent market trends.

Note 13 — Subsequent Events

In October 2020, the Company closed on the private offering of \$150.0 million principal amount of a 8.5 percent Senior Secured Note due 2024. The Notes and related guarantees are secured by first priority security interests in substantially all of the property and assets of the Company and the guarantors of the Notes (excluding aircraft, aircraft engines and certain other assets). The guarantors of the Notes include all significant subsidiaries other than Sunseeker Resorts, Inc. and its subsidiaries.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis presents factors that had a material effect on our results of operations during the three and nine months ended September 30, 2020 and 2019. Also discussed is our financial position as of September 30, 2020 and December 31, 2019. You should read this discussion in conjunction with our unaudited consolidated financial statements, including the notes thereto, appearing elsewhere in this Form 10-Q and our consolidated financial statements appearing in our annual report on Form 10-K for the year ended December 31, 2019. This discussion and analysis contains forward-looking statements. Please refer to the section below entitled "Cautionary Note Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

NETWORK

As of September 30, 2020, we were selling 520 routes versus 466 as of the same date last year, which represents an 11.6 percent increase. Our total number of origination cities and leisure destinations (for operating routes) were 97 and 29, respectively, as of September 30, 2020.

Our unique model is predicated around expanding and contracting capacity to meet seasonal travel demands. We are currently leveraging this core strength, just at a much more significant contracting level than normal seasonal demand changes would dictate. We are maintaining a broad network and selling presence. We consistently monitor flights to assess for cash profitability.

TRENDS

The COVID-19 pandemic and shelter-in-place directives have greatly impacted our operating results for the nine months ending September 30, 2020 and will continue to do so into the future. Air traffic demand is down substantially and base air fares are down as well. We cannot predict when air travel will return to customary levels or at what pace. In the meantime, our revenues will be adversely affected. We believe that demand in the foreseeable future will continue to fluctuate in response to fluctuations in COVID-19 cases, hospitalizations, deaths, treatment efficacy and the availability of a vaccine.

The impacts of the pandemic have resulted in a reduction in our flight schedule. It is likely that reduced schedules will continue into the future. We are closely monitoring bookings and making decisions on schedule changes as necessary based on demand.

Though we cannot control the current demand environment, our primary focus at the current time has been to conserve cash, and we have taken immediate and extensive measures to reduce daily cash burn. We have reduced management and support teams by roughly 300 positions. We have suspended payment of cash dividends and stock buybacks. We have suspended construction of the Sunseeker Resort in Southwest Florida as well as spend on our other non-airline subsidiaries. We have reduced airline capital expenditures for this year and into the future. We have eliminated other nonessential expenditures and have renegotiated arrangements with outside vendors, all in an effort to conserve cash until revenues recover.

We will continue to focus on conserving cash, along with managing capacity to meet demand, which we believe is a core strength of our business model.

RESPONSES TO THE COVID-19 PANDEMIC

Beginning in March and continuing throughout 2020, we have taken many actions to mitigate the effects of COVID-19 on our business, as outlined below:

Network and Customer Experience

- Reduced third quarter system-wide capacity by 9.4 percent
- Continually evaluating forward schedules to adjust capacity according to demand trends
- Waived change and cancellation fees for all customers
- Extended expiry on credit vouchers to two years
- Offered opt-in option in the booking path for customers to receive notification that their flight has reached 65.0 percent capacity with option to re-book on another flight with no fee or receive a refund

Cash Outlay Reduction

- Suspended all stock buybacks and dividends
- Enacted a hiring freeze and offered voluntary leaves
- Reduced management and support teams by approximately 300 positions (includes 220 positions previously disclosed in the prior quarter), a 25 percent reduction in these work groups
- Furloughed 100 pilots as of October 1, 2020, and an additional 27 furloughs as of November 1, 2020
- Suspended nearly all contractor positions, subscriptions, non-essential training and travel
- Suspended all non-essential capital expenditures including, but not limited to, Sunseeker Resorts, Teesnap and Allegiant Nonstop family entertainment centers

Liquidity Response

- Implemented immediate and meaningful cash spend reductions
- Obtained \$84 million in proceeds from financings secured by A320 aircraft and CFM engines in September
- Received proceeds of \$30.0 million in September through a sale-leaseback transaction on three aircraft
- As of September 30, 2020, we had 21 unencumbered aircraft and two unencumbered spare engines
- During the second and third quarters, received \$176.9 million under the payroll support program agreement ("*PSPA*") with the Treasury, comprised of direct grants, a \$23.1 million low-interest 10-year loan, and warrants to purchase 27,681 shares of our common stock.
- Received \$94.3 million of tax refunds during the second and third quarters related to the 2018 and 2019 net operating loss carrybacks due to the change in loss carryback period under the CARES Act
 - Under current law, we expect a sizable federal income tax refund to be received in the first half of 2021 related to 2020 net operating losses
- Deferring payment of the employer portion of Social Security taxes, as permitted under the CARES Act, to provide additional liquidity - \$7.8 million in Social Security taxes deferred as of September 30, 2020 (half to be paid by December 31, 2021 and the other half to be paid by December 31, 2022)

Health and Safety

Amid various uncertainties and public concern during the COVID-19 pandemic, we have implemented the below measures to ensure health and safety for all traveling on our flights. Due to our focus on these health and safety measures, we were ranked by Safe Travel Barometer in August 2020 as the #1 airline among North American carriers and among the top five worldwide for best COVID-19 Traveler Safety Measures, with results based on an independent audit of more than 150 airlines.

- Maintain a comprehensive cleaning program for all aircraft that includes a regular schedule of standard and deep-clean procedures that exceed both CDC and Airbus guidance
- Aircraft receive regular treatment with an advanced antimicrobial protectant that kills viruses, germs and bacteria on contact for 14 days
- Utilize VOC (volatile organic compound) filters on board every aircraft, which remove additional organic compounds and ensure that cabin air is changed, on average, every three minutes, exceeding HEPA standards
- Effective July 2, 2020, require customers to wear face coverings through all phases of travel, including at the ticket counter, in the gate area and during flight
- Complimentary health and safety kits, which include a single-use face mask, a pair of non-latex disposable gloves and cleaning wipes, provided to all of our customers
- Crew members required to wear face masks on board and during any interaction with customers
- Social distancing principles at check-in, boarding and on-board, including limiting adjacent row seating and allowing only customers on the same itinerary to utilize middle seats as practicable
- Treat hard surfaces in all office areas, including airport station offices, maintenance facilities, headquarters/administrative offices, with antimicrobial disinfectant/protectant, and utilize wall-mounted and handheld thermometers for employee and crew member temperature checks
- Partner with Quest Diagnostics to provide at home COVID-19 test kits to employees in the event local testing is not immediately available

RESULTS OF OPERATIONS

Comparison of three months ended September 30, 2020 to three months ended September 30, 2019

Operating Revenue

Passenger revenue. For the third quarter 2020, passenger revenue decreased 53.5 percent compared to third quarter 2019. The decrease was due to a 46.6 percent decline in scheduled service passengers from a 36.3 percentage point decrease in load factor. These declines are largely due to a dramatic decline in passenger demand and government travel restrictions and quarantine requirements related to COVID-19, which continued during the third quarter 2020. Additionally, we reduced our scheduled service capacity by 6.5 percent during the third quarter, in response to passenger demand trends. Average total passenger fare (includes scheduled service and air ancillary) decreased 12.9 percent year over year, driven by a 24.8 percent decrease in scheduled service average base fare as fares were reduced in an effort to stimulate demand.

Third party products revenue. Third party products revenue for the third quarter 2020 decreased 37.7 percent, compared to the same period in 2019. This is primarily due to decreased net revenue from both rental cars and hotels, as a result of substantially fewer passengers as well as reduced hotel room inventory, particularly in the Las Vegas market.

Fixed fee contract revenue. Fixed fee contract revenue for the third quarter 2020 decreased 73.3 percent year over year due to decreases in demand. Departures decreased 57.9 percent resulting from a significant drop in ad hoc charter opportunities in the third quarter 2020. The decreases in fixed fee revenue are related to COVID-19.

Other revenue. Other revenue decreased 66.4 percent for the third quarter 2020 from 2019. The decrease was due to decreased activity in the non-airline segments, especially for Kingsway Golf Course and our family entertainment centers. As a result of the COVID-19 pandemic, we temporarily closed our family entertainment center in Warren, Michigan and permanently discontinued all activity for our locations in Utah. We also temporarily closed Kingsway Golf Course, initially for renovation but now the renovation has been delayed as a result of our cash conservation efforts.

Operating Expenses

We primarily evaluate our expense management by comparing our costs per ASM across different periods, which enables us to assess trends in each expense category. The following table presents airline-only unit costs on a per ASM basis, or CASM, for the indicated periods. Excluding fuel on a per ASM basis 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 beyond our control.

Airline only unitized costs (in cents)	Three Months Ended September 30,		Percent Change
	2020	2019	
Salary and benefits	2.68	2.66	0.8 %
Depreciation and amortization	1.28	0.99	29.3
Station operations	1.13	1.12	0.9
Maintenance and repairs	0.40	0.64	(37.5)
Sales and marketing	0.23	0.45	(48.9)
Aircraft lease rentals	0.09	—	NM
Other	0.43	0.54	(20.4)
CARES Act grant recognition	(2.21)	—	NM
Operating Special charges	0.93	—	NM
Airline CASM, excluding fuel	4.96	6.40	(22.5)
Aircraft fuel	1.49	2.69	(44.6)
Airline CASM	6.45	9.09	(29.0)

NM - Not meaningful

Salary and benefits expense. Salary and benefits expense decreased \$11.8 million, or 10.9 percent, for the third quarter 2020 when compared to the same period in 2019. Although the average number of full-time equivalent employees was relatively flat year over year, overall expense decreased due to temporary voluntary leave programs offered to employees, voluntary pay reductions, and suspension of the bonus accrual during the year. We expect the number of full-time equivalent employees to decline by up to 9.0 percent during fourth quarter 2020 due to furloughs and reductions in force.

Aircraft fuel expense. Aircraft fuel expense decreased \$52.0 million, or 49.8 percent, for the third quarter 2020 compared to third quarter 2019, largely due to a decrease in system average fuel cost per gallon of 38.9 percent year over year as fuel prices

declined due to lower worldwide demand caused by the pandemic. System fuel gallons consumed decreased by 17.9 percent on a 9.4 percent decrease in ASMs as we reduced capacity in light of the pandemic. Fuel efficiency (measured as ASMs per gallon) increased 10.2 percent year over year due to fuel saving initiatives, as well as less weight on many of our flights, due to a 36.3 percentage point year-over-year decrease in load factor.

Depreciation and amortization expense. Depreciation and amortization expense for the third quarter 2020 increased \$5.9 million, or 14.8 percent, year over year, as the average number of aircraft in service increased 3.5 percent year over year.

Accounting for a large portion of this increase, amortization of major maintenance costs was \$9.5 million for the third quarter 2020 compared to \$6.8 million for the third quarter 2019, due to an increase in the number of aircraft and related deferred maintenance costs associated with them. We expect these costs will continue to increase as our fleet ages.

Station operations expense. Station operations expense for the third quarter 2020 decreased \$3.6 million, or 8.2 percent, on a 9.6 percent decrease in scheduled service departures as we reduced the number of flights offered due to reduced demand.

Maintenance and repairs expense. Maintenance and repairs expense for the third quarter 2020 decreased \$10.7 million, or 43.3 percent, compared to the same period in 2019. Routine maintenance costs decreased as aircraft utilization was down 14.9 percent during the quarter.

Sales and marketing expense. Sales and marketing expense for the third quarter 2020 decreased by 54.7 percent compared to the same period in 2019. There was a decrease in net credit card fees as a result of a 53.5 percent decrease in passenger revenue year over year. Additionally, advertising spend has been intentionally pulled back this year due to the pandemic.

Other operating expense. Other expense decreased \$7.2 million for the third quarter 2020 compared to third quarter 2019, mostly due to decreased activity in our non-airline subsidiaries.

CARES Act grant recognition. We received a total of \$176.9 million in funds during the second and third quarters 2020 through the Payroll Support Program Agreement (the "PSPA") under the CARES Act. Of the total, \$152.4 million of these funds relate to direct grants, and were recognized as a credit to operating expense on our statement of income, over the periods for which the funds were intended to compensate - second and third quarters 2020. Of this total amount, we recognized a \$77.9 million credit to operating expense on our statement of income during the third quarter of 2020.

Operating Special charges. Special charges of \$33.6 million were recorded within operating expenses for the third quarter 2020. We did not have any special charges for the same period in 2019. The special charges relate to expenses that were unique and specific to COVID-19. These charges include accelerated depreciation on airframes and engines resulting from an accelerated retirement plan, losses on the sale-leaseback transactions, a portion of salary and benefits expense, and losses within our non-airline subsidiaries. See Note 2 of Notes to Consolidated Financial Statements (unaudited) for further information.

Non-operating Special charges

There were no special charges recorded within non-operating expenses for the third quarter 2020. We did not have any special charges for the same period in 2019.

Interest Expense

Interest expense for the quarter ended September 30, 2020 declined by \$7.6 million, or 38.8 percent, as we were able to reduce the interest rate on our Term Loan with a principal balance of approximately \$542.7 million after we amended the Term Loan in February 2020 and as a result of declines in LIBOR impacting our variable rate debt.

Income Tax Expense

We recorded a \$15.6 million tax benefit (34.8 percent effective tax rate) compared to a \$13.0 million tax provision (22.8 percent effective tax rate) for the three months ended September 30, 2020 and 2019, respectively. The effective tax rate for the three months ended September 30, 2020 differed from the statutory federal income tax rate of 21.0 percent primarily due to the tax accounting impact of the CARES Act which allows us to carryback the 2020 net operating loss at the 35.0 percent tax rate applicable in earlier years.

Sunseeker and Other Non-airline expenses

Non-airline expenses are included in the various line items discussed above, as appropriate. The non-airline expenses include those from our Other non-Airline Segment (our Teesnap golf management business and Allegiant Nonstop family entertainment centers), and operating expenses attributable to Sunseeker Resort and Kingsway Golf Course (most of the Sunseeker Resort expenses were capitalized during the construction period). As of September 30, 2020, nearly all non-airline spend has been suspended.

Comparison of nine months ended September 30, 2020 to nine months ended September 30, 2019

Operating Revenue

Passenger revenue. For the nine months ended September 30, 2020, passenger revenue decreased 46.5 percent compared with the same period in 2019 due to a 43.2 percent decline in scheduled service passengers from a 24.5 percent decrease in load factor. These declines are attributable to a substantial decline in passenger demand and government travel restrictions and quarantine requirements related to COVID-19, since March 2020. Average total fare per passenger decreased by 5.8 percent, during the nine month period as a 3.4 percent increase in average air-related ancillary revenue per passenger partially offset a 13.7 percent decrease in scheduled service average base fare. Increases in our customer baggage fees and convenience fee contributed to the increase in air-related ancillary revenue to \$53.32 per passenger.

Third party products revenue. Third party products revenue for the nine months ended September 30, 2020 decreased 33.2 percent over the same period in 2019. This is primarily due to decreased net revenue from both rental cars and hotels, as a result of substantially fewer passengers as well as reduced hotel room inventory, particularly in the Las Vegas market. The decline in revenue from rental cars and hotels was slightly offset by a 1.3 percent increase in third-party revenue from our co-branded credit card program during the nine months ended September 30, 2020 compared to the same period in 2019.

Fixed fee contract revenue. Fixed fee contract revenue for the nine months ended September 30, 2020 decreased 59.3 percent compared with the same period in 2019, primarily due to decrease in demand resulting in a 45.6 percent decrease in related departures. The decrease in departures is mainly due to a significant drop in ad hoc charter opportunities and the cancellation of events such as the NCAA March Madness basketball tournament during 2020 due to COVID-19.

Other revenue. Other revenue decreased by 25.9 percent for the nine months ended September 30, 2020 compared to the same period in 2019. The decrease is primarily driven by decreases in subsidiary revenue through the third quarter 2020. As a result of the COVID-19 pandemic, we temporarily closed our family entertainment center in Warren, Michigan and permanently discontinued all activity for our locations in Utah. We also temporarily closed Kingsway Golf Course, initially for renovation but now the renovation has been delayed as a result of our cash conservation efforts.

Operating Expenses

We primarily evaluate our expense management by comparing our costs per ASM across different periods, which enables us to assess trends in each expense category. The following table presents airline-only unit costs on a per ASM basis, or CASM, for the indicated periods. Excluding fuel on a per ASM basis 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 beyond our control.

Airline only unitized costs (in cents)	Nine Months Ended September 30,		Percent Change
	2020	2019	
Salary and benefits	3.01	2.68	12.3 %
Depreciation and amortization	1.33	0.90	47.8
Station operations	1.10	1.05	4.8
Maintenance and repairs	0.50	0.56	(10.7)
Sales and marketing	0.36	0.47	(23.4)
Aircraft lease rentals	0.06	—	NM
Other	0.58	0.47	23.4
CARES Act grant recognition	(1.55)	—	NM
Operating Special charges	1.20	—	NM
Airline CASM, excluding fuel	6.59	6.13	7.5
Aircraft fuel	1.72	2.65	(35.1)
Airline CASM	8.31	8.78	(5.4)

NM - Not meaningful

Salary and benefits expense. Salary and benefits expense decreased \$37.3 million, or 11.0 percent, for the nine months ended September 30, 2020 compared to the same period in 2019. Although the average number of full-time equivalent employees was relatively flat year over year, temporary voluntary leave programs offered to employees, voluntary pay reductions, and suspension of the bonus accrual during the year resulted in decreased expenses. Additionally, a large portion of the \$9.5 million special charges specific to COVID-19 during the first quarter of 2020 consisted of salary and benefits expense.

Aircraft fuel expense. Aircraft fuel expense decreased \$155.5 million, or 48.0 percent, for the nine months ended September 30, 2020 compared to the same period in 2019 largely due to a decrease in system average fuel cost per gallon of 30.7 percent year over year as fuel prices declined due to lower worldwide demand caused by the pandemic. Additionally, system fuel gallons consumed decreased 24.9 percent on a 19.9 percent decrease in ASMs as we reduced capacity in light of the pandemic. Fuel efficiency (measured as ASMs per gallon) increased 6.6 percent year over year due to fuel saving initiatives as well as less weight on many of our flights, due to a 24.5 percentage point year-over-year decrease in load factor.

Depreciation and amortization expense. Depreciation and amortization expense for the nine months ended September 30, 2020 increased \$18.2 million, or 15.9 percent, compared to the same period in 2019. The average number of aircraft in service increased 9.5 percent year over year.

Amortization of major maintenance costs was \$28.3 million for the nine months ended September 30, 2020 compared to \$17.7 million for the same period in 2019. We expect these costs will continue to increase as our fleet ages.

Station operations expense. Station operations expense for the nine months ended September 30, 2020 decreased 15.6 percent on a 20.3 percent decrease in scheduled service departures compared to the same period in 2019 as we reduced the number of flights offered due to reduced demand.

Maintenance and repairs expense. Maintenance and repairs expense for the nine months ended September 30, 2020 decreased 28.6 percent compared to the same period in 2019 mostly due to a decrease in both major and routine maintenance costs as aircraft utilization was down 29.3 percent as we flew fewer ASMs and departures during the period.

Sales and marketing expense. Sales and marketing expense for the nine months ended September 30, 2020 decreased \$23.7 million compared to the same period in 2019. There was a decrease in net credit card fees as a result of a 46.5 percent decrease in passenger revenue year over year. Additionally advertising spend was intentionally pulled back after the onset of the pandemic in March 2020.

Other operating expense. Other expense decreased \$3.5 million year over year, mostly due to a decrease in non-airline related expenses and other various expenses.

CARES Act grant recognition. We received a total of \$176.9 million in funds during the second and third quarters 2020 through the Payroll Support Program Agreement under the CARES Act. We recognized \$152.4 million, the amount relating to direct grants, as a credit to operating expense on our statement of income during the nine months ended September 30, 2020.

Operating Special charges. Special charges of \$280.9 million were recorded within operating expenses for the nine months ended September 30, 2020. We did not have any special charges for the same period in 2019. The special charges relate to expenses that were unique and specific to COVID-19, and include impairment charges, accelerated depreciation on seven airframes and five engines resulting from an accelerated retirement plan, losses on sale-leaseback transactions, a portion of salary and benefits expense, and other various expenses. See Note 2 of Notes to Consolidated Financial Statements (unaudited) for further information.

Non-operating Special charges

Special charges of \$26.6 million were recorded within non-operating expenses for the nine months ended September 30, 2020. We did not have any special charges for the same period in 2019. Of these special charges, \$19.8 million relates to the termination of the loan agreement with Sixth Street Partners (formerly TSSP) intended to finance the development of Sunseeker Resorts Charlotte Harbor. The remaining \$6.8 million relates to impairment charges for Sunseeker Resort during the first quarter 2020.

Interest Expense

Interest expense for the nine months ended September 30, 2020 declined by \$14.4 million, or 24.6 percent, as we were able to reduce the interest rate on our Term Loan with a principal balance of approximately \$542.7 million after we amended the Term Loan in February 2020 and as a result of declines in LIBOR impacting our variable rate debt.

Income Tax Expense

We recorded a \$166.6 million tax benefit (51.8 percent effective tax rate) compared to a \$51.0 million tax provision (22.9 percent effective tax rate) for the nine months ended September 30, 2020 and 2019, respectively. The 51.8 percent effective tax rate for the nine months ended September 30, 2020 differed from the statutory federal income tax rate of 21.0 percent primarily due to the tax accounting impact of the CARES Act which includes a \$40.9 million discrete federal income tax benefit related to the full utilization of 2018 and 2019 net operating losses as well as the ability to carryback the 2020 net operating loss at the 35.0 percent tax rate applicable in earlier years. The effective tax rate was also impacted by the remeasurement of deferred taxes and state taxes.

Sunseeker and Other Non-airline expenses

Non-airline expenses are included in the various line items discussed above, as appropriate. The non-airline expenses include those from our Other non-Airline Segment (our Teesnap golf management business and Allegiant Nonstop family entertainment centers), and operating expenses attributable to Sunseeker Resort and Kingsway Golf Course (most of the Sunseeker Resort expenses were capitalized during the construction period).

Comparative Consolidated Operating Statistics

The following tables set forth our operating statistics for the periods indicated:

	Three Months Ended September 30,		Percent Change ⁽¹⁾
	2020	2019	
Operating statistics (unaudited):			
Total system statistics:			
Passengers	2,016,241	3,806,369	(47.0)
Available seat miles (ASMs) (thousands)	3,521,508	3,888,400	(9.4)
Airline operating expense per ASM (CASM) (cents)	6.45	9.09	(29.0)
Fuel expense per ASM (cents)	1.49	2.69	(44.6)
Airline operating CASM, excluding fuel (cents)	4.96	6.40	(22.5)
ASMs per gallon of fuel	88.5	80.3	10.2
Departures	24,365	27,707	(12.1)
Block hours	52,238	59,678	(12.5)
Average stage length (miles)	834	823	1.3
Average number of operating aircraft during period	90.7	87.6	3.5
Average block hours per aircraft per day	6.3	7.4	(14.9)
Full-time equivalent employees at end of period	4,275	4,267	0.2
Fuel gallons consumed (thousands)	39,786	48,443	(17.9)
Average fuel cost per gallon	\$ 1.32	\$ 2.16	(38.9)
Scheduled service statistics:			
Passengers	2,003,648	3,753,611	(46.6)
Revenue passenger miles (RPMs) (thousands)	1,714,622	3,170,826	(45.9)
Available seat miles (ASMs) (thousands)	3,449,339	3,687,473	(6.5)
Load factor	49.7 %	86.0 %	(36.3)
Departures	23,710	26,238	(9.6)
Block hours	51,057	56,576	(9.8)
Total passenger revenue per ASM (TRASM) (cents) ⁽²⁾	5.60	11.10	(49.5)
Average fare - scheduled service ⁽³⁾	\$ 40.75	\$ 54.20	(24.8)
Average fare - air-related charges ⁽³⁾	\$ 50.04	\$ 50.03	—
Average fare - third party products	\$ 5.66	\$ 4.85	16.7
Average fare - total	\$ 96.45	\$ 109.08	(11.6)
Average stage length (miles)	839	824	1.8
Fuel gallons consumed (thousands)	38,853	46,038	(15.6)
Average fuel cost per gallon	\$ 1.32	\$ 2.17	(39.2)
Rental car days sold	255,800	482,944	(47.0)
Hotel room nights sold	44,655	99,991	(55.3)
Percent of sales through website during period	92.3 %	93.1 %	(0.8)

(1) Except load factor and percent of sales through website during period, which are presented as a percentage point change.

(2) Various components of this measure do not have a direct correlation to ASMs. This measure is provided on a per ASM basis so as to facilitate comparison with airlines reporting revenues on a per ASM basis.

(3) Reflects division of passenger revenue between scheduled service (base fare) and air-related charges in our booking path.

	Nine Months Ended September 30,		Percent Change ⁽¹⁾
	2020	2019	
Operating statistics (unaudited):			
Total system statistics:			
Passengers	6,464,949	11,426,183	(43.4)
Available seat miles (ASMs) (thousands)	9,809,934	12,245,704	(19.9)
Airline operating expense per ASM (CASM) (cents)	8.31	8.78	(5.4)
Fuel expense per ASM (cents)	1.72	2.65	(35.1)
Airline operating CASM, excluding fuel (cents)	6.59	6.13	7.5
ASMs per gallon of fuel	87.6	82.2	6.6
Departures	65,766	83,454	(21.2)
Block hours	147,350	187,829	(21.6)
Average stage length (miles)	862	858	0.5
Average number of operating aircraft during period	92.1	84.1	9.5
Average block hours per aircraft per day	5.8	8.2	(29.3)
Full-time equivalent employees at end of period	4,275	4,267	0.2
Fuel gallons consumed (thousands)	111,929	148,980	(24.9)
Average fuel cost per gallon	\$ 1.51	\$ 2.18	(30.7)
Scheduled service statistics:			
Passengers	6,424,331	11,307,004	(43.2)
Revenue passenger miles (RPMs) (thousands)	5,747,639	9,964,948	(42.3)
Available seat miles (ASMs) (thousands)	9,588,031	11,800,788	(18.8)
Load factor	59.9 %	84.4 %	(24.5)
Departures	63,877	80,149	(20.3)
Block hours	143,651	180,674	(20.5)
Total passenger revenue per ASM (TRASM) (cents) ⁽²⁾	7.44	11.18	(33.5)
Average fare - scheduled service ⁽³⁾	\$ 52.12	\$ 60.40	(13.7)
Average fare - air-related charges ⁽³⁾	\$ 53.32	\$ 51.56	3.4
Average fare - third party products	\$ 5.57	\$ 4.74	17.5
Average fare - total	\$ 111.00	\$ 116.70	(4.9)
Average stage length (miles)	867	861	0.7
Fuel gallons consumed (thousands)	109,082	143,433	(23.9)
Average fuel cost per gallon	\$ 1.50	\$ 2.17	(30.9)
Rental car days sold	872,382	1,495,502	(41.7)
Hotel room nights sold	149,431	319,197	(53.2)
Percent of sales through website during period	93.2 %	93.4 %	(0.2)

(1) Except load factor and percent of sales through website during period, which are presented as a percentage point change.

(2) Various components of this measure do not have a direct correlation to ASMs. This measure is provided on a per ASM basis so as to facilitate comparison with airlines reporting revenues on a per ASM basis.

(3) Reflects division of passenger revenue between scheduled service (base fare) and air-related charges in our booking path.

LIQUIDITY AND CAPITAL RESOURCES

Current liquidity

Cash, cash equivalents and investment securities (short-term and long-term) increased to \$709.8 million at September 30, 2020, from \$473.4 million at December 31, 2019. Investment securities represent highly liquid marketable securities which are available-for-sale.

Restricted cash represents escrowed funds under fixed fee contracts and cash collateral against letters of credit required by hotel properties for guaranteed room availability, airports and certain other parties. Under our fixed fee flying contracts, we require our customers to prepay for flights to be provided by us. The prepayments are escrowed until the flight is completed and are recorded as restricted cash with a corresponding amount reflected as air traffic liability.

We received a total of \$176.9 million in assistance through the payroll support program under the CARES Act. The funds were paid in installments, and we received \$154.7 million during the second quarter 2020 and the remaining \$22.2 million in the third quarter 2020.

Due to changes in the net operating loss carryback period under the CARES Act, we received a federal income tax refund of \$45.6 million in May 2020 and an additional refund of \$48.7 million in July 2020, both of which related to 2018 and 2019 net operating loss carrybacks. In the first half of 2021, we expect to receive under current law a federal income tax refund in excess of \$125 million related to a 2020 net operating loss carryback. We received a \$13 million federal excise tax refund related to net customer refunds issued for the first quarter 2020. We are also anticipating an additional \$16 million in federal excise tax refunds in the first half of 2021.

In September 2020, we received proceeds of \$84.0 million from a financing secured by two aircraft and eight spare engines. As of September 30, 2020, we had 21 unencumbered aircraft and two unencumbered spare engines.

In September 2020, we received \$30.0 million of proceeds through a sale-leaseback transaction on three aircraft and a fourth closed in October for an additional \$10.0 million.

We have suspended share repurchases and our quarterly cash dividend, as part of cash preservation efforts in response to the effects of COVID-19 on our business. In connection with our receipt of financial support under the payroll support program, we agreed not to repurchase shares or pay cash dividends through September 30, 2021. We have also suspended all non-airline capital expenditures and have reduced airline capital expenditures.

We believe we have more than adequate liquidity resources through our cash balances, operating cash flows, borrowings and expected tax refunds, to meet our future contractual obligations. We will continue to consider raising funds through debt financing on an opportunistic basis.

Debt

Our debt and finance lease obligations balance, without reduction for related issuance costs, increased from \$1.4 billion as of December 31, 2019 to \$1.5 billion as of September 30, 2020. During the third quarter of 2020, we borrowed a net amount of \$90.7 million, including additional debt of \$84.0 million secured by aircraft, and an additional \$6.7 million of debt related to the PSP Note under the CARES Act Payroll Support Program. We also received an advance of \$6.2 million from the pre-purchase of credit card points related to our amended co-branded credit card contract, which is recorded within debt on our balance sheet.

Despite net losses and substantially lower revenues caused by the pandemic, our net debt (total debt less cash, cash equivalents and investment securities) declined by \$108.5 million from December 31, 2019 until September 30, 2020.

In October 2020, We closed on a private offering of \$150.0 million principal amount of 8.5 percent Senior Secured Notes due 2024. The Notes and related guarantees are secured by first priority security interests in substantially all of our property and assets (excluding aircraft, aircraft engines, the Sunseeker development, and certain other assets).

Sources and Uses of Cash

Operating Activities. Operating cash inflows are primarily derived from providing air transportation and related ancillary products and services to customers. During the nine months ended September 30, 2020, our operating activities provided \$276.7 million of cash compared to \$321.4 million during the same period of 2019. Although net income for the nine months ended September 30, 2020 decreased by \$326.9 million compared to 2019, the cash effect of this fluctuation was largely offset by the non-cash nature of \$279.1 million in special charges during the nine months ended September 30, 2020.

Investing Activities. Cash used in investing activities was \$209.1 million during the nine months ended September 30, 2020 compared to \$324.0 million for the same period in 2019. The decrease in cash used is due to a \$151.6 million year-over-year decrease in cash outlays for the purchase of property and equipment and \$78.2 million in proceeds received from sale-leaseback

transactions. These decreases in the use of cash were partially offset by a \$105.5 million increase in cash used for investment security activity, as purchases of investment securities (net of maturities) were \$90.0 million for the nine months ended September 30, 2020, compared to \$15.5 million in proceeds from investment security maturities (net of purchases) for the same period in 2019.

Financing Activities. Cash provided by financing activities for the nine months ended September 30, 2020 was \$81.1 million, compared to \$15.3 million for the same period in 2019. The year-over-year increase is mostly due to the net effect of debt activity, as debt proceeds net of principal payments and debt issuance cost payments were \$121.6 million during the nine months ended September 30, 2020, compared to \$67.7 million during the same period in 2019. Additionally, there was an increase in share repurchases, which were \$33.8 million in the first quarter of 2020 (before the share repurchase program was suspended) compared to \$18.5 million during the first nine months of 2019. Dividends paid decreased by \$22.9 million year-over-year as dividend payments were also suspended due to the pandemic.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this quarterly report on Form 10-Q, and in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” that are based on our management’s beliefs and assumptions, and on information currently available to our management. Forward-looking statements include our statements regarding future airline operations and capacity, the efficacy of cost saving measures, future expenditures, aircraft financings, the timing of aircraft acquisitions and retirements, expected capital expenditures, as well as other information concerning future results of operations, business strategies, financing plans and industry environment. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project” or similar expressions.

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 may be found in our periodic reports filed with the Securities and Exchange Commission at www.sec.gov. These risk factors include, without limitation, the impact and duration of the COVID-19 pandemic on airline travel and the economy, liquidity issues resulting from the effect of the COVID-19 pandemic on our business, restrictions imposed on us as a result of accepting government grants under the CARES Act, an accident involving, or problems with, our aircraft, public perception of our safety, our reliance on our automated systems, our reliance on third parties to deliver aircraft under contract to us on a timely basis, risk of breach of security of personal data, volatility of fuel costs, labor issues and costs, the ability to obtain regulatory approvals as needed, the effect of economic conditions on leisure travel, debt covenants and balances, the ability to finance aircraft to be acquired, terrorist attacks, risks inherent to airlines, our competitive environment, our reliance on third parties who provide facilities or services to us, the possible loss of key personnel, economic and other conditions in markets in which we operate, the ability to successfully develop and finance a resort in Southwest Florida, governmental regulation, increases in maintenance costs 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 publicly update any forward-looking statements, whether as a result of future events, new information or otherwise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting estimates during the nine months ended September 30, 2020. For information regarding our critical accounting policies and estimates, see disclosures in the Consolidated Financial Statements and accompanying notes contained in our 2019 Form 10-K, and in Note 1 of Notes to Consolidated Financial Statements (unaudited).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to certain market risks, including commodity prices (specifically aircraft fuel). The adverse effects of changes in these markets could pose potential losses as discussed below. The sensitivity analysis provided does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Aircraft Fuel

Our results of operations can be significantly impacted by changes in the price and availability of aircraft fuel, as aircraft fuel expense represented 16.9 percent of our operating expenses for the nine months ended September 30, 2020. Increases in fuel prices, or a shortage of supply, could have a material impact on our operations and operating results. Based on our fuel consumption for the three and nine months ended September 30, 2020, a hypothetical ten percent increase in the average price per gallon of fuel would have increased fuel expense by approximately \$5.2 million and \$17.1 million, respectively. We have not hedged fuel price risk for many years.

Interest Rates

As of September 30, 2020, we had \$1.2 billion in variable-rate debt, including current maturities and without reduction for related costs. A hypothetical 100 basis point increase in market interest rates for the three and nine months ended September 30, 2020 would have affected interest expense by approximately \$3.1 million and \$9.4 million, respectively.

As of September 30, 2020, we had \$255.2 million of fixed-rate debt, including current maturities and without reduction for related costs.

Item 4. Controls and Procedures

As of September 30, 2020, under the supervision and with the participation of our management, including our chief executive officer ("CEO") and chief financial officer ("CFO"), we evaluated the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the "Exchange Act") as of the end of the period covered by this report. Based on that evaluation, management, including our CEO and CFO, has concluded that our disclosure controls and procedures are designed, and are effective, to give reasonable assurance that the information we are required to disclose is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ending September 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to certain legal and administrative actions we consider routine to our business activities. We believe the ultimate outcome of any pending legal or administrative matters will not have a material adverse impact on our financial position, liquidity or results of operations.

Item 1A. Risk Factors

We have evaluated our risk factors and determined there are no changes to those set forth in Part I, Item 1A of our Annual Report on Form 10-K and those additional Risk Factors disclosed in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and filed with the Commission on August 4, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Our Repurchases of Equity Securities

(a) As previously disclosed, in connection with funding that we have received under the CARES Act, we have issued to the Treasury warrants to purchase up to 27,681 shares of our common stock since April 2020 under an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. Of these warrants, warrants to purchase 19,700 shares were issued on or prior to June 30, 2020 and warrants for an additional 7,981 shares were issued in third quarter 2020. For additional information regarding the Warrants, see Note 2 of the Notes to Consolidated Financial Statements (unaudited).

(b) Not applicable

(c) We did not repurchase any common stock during the third quarter 2020.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

- [3.1](#) [Articles of Incorporation \(1\)](#)
- [3.2](#) [Bylaws of the Company as amended on May 6, 2020 \(2\)](#)
- [4.1](#) [Indenture, dated as of October 7, 2020, by and among Allegiant Travel Company, the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, governing the 8.500% Senior Secured Notes due 2024 \(3\)](#)
- [4.2](#) [Form of 8.500% Senior Secured Notes due 2024 \(incorporated by reference to Exhibit A to Exhibit 4.1 above\)](#)
- [4.3](#) [First Lien Intercreditor Agreement, dated as of October 7, 2020, between Barclays Bank PLC, as Authorized Representative for the Credit Agreement Secured Parties, Wilmington Trust, National Association, as First Lien Notes Collateral Agent and Authorized Representative for the First Lien Notes Secured Parties \(3\)](#)
- [10.1](#) [Employment Agreement effective as of August 1, 2020, between the Company and D. Scott Sheldon](#)
- [10.2](#) [Employment Agreement effective as of August 1, 2020, between the Company and Gregory C. Anderson](#)
- [10.3](#) [Employment Agreement dated as of September 1, 2020, between the Company and Robert P. Wilson, III](#)
- [10.4](#) [Employment Agreement dated as of September 1, 2020, between the Company and Scott DeAngelo](#)
- [12](#) [Calculation of Ratio of Earnings to Fixed Charges of Allegiant Travel Company](#)
- [31.1](#) [Rule 13a - 14\(a\) / 15d - 14\(a\) Certification of Principal Executive Officer](#)
- [31.2](#) [Rule 13a - 14\(a\) / 15d - 14\(a\) Certification of Principal Financial Officer](#)
- [32](#) [Section 1350 Certifications](#)
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Labels Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to Exhibit filed with Registration Statement #333-134145 filed by the Company with the Commission and amendments thereto.

(2) Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Commission on May 12, 2020.

(3) Incorporated by reference to respective Exhibit to the Current Report on Form 8-K filed with the Commission on October 7, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLEGIANT TRAVEL COMPANY

Date: November 5, 2020

By: /s/ Gregory Anderson

Gregory Anderson, as duly authorized officer of the Company (Chief Financial Officer) and as Principal Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of August, 2020 by and between D.SCOTT SHELDON (hereinafter "Executive"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144, and ALLEGIANT TRAVEL COMPANY, a Nevada corporation (hereinafter "the Company"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144.

W I T N E S S E T H

WHEREAS, the Company desires to employ Executive as its executive vice president and chief operating officer, and Executive desires to be so employed pursuant to and in accordance with the terms and conditions hereinafter set forth; and

NOW, THEREFORE, for and in consideration of the above premises, the terms and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Executive and the Company, it is hereby agreed as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon all of the terms and conditions as are hereinafter set forth. Terms of employment with the Company are also governed by the Company's employment policies in effect from time to time. The Company shall provide a copy of such employment policies to Executive upon request. In the event of any conflict between the terms of this Agreement and the generally applicable employment policies, the terms of this Agreement shall prevail.

2. Scope of Services.

A. Executive shall be employed by the Company as the executive vice president and chief operating officer of the Company and its operating subsidiaries. Executive shall report to the Company's President or such other officer as the Company's Board of Directors may designate ("Supervising Officer"). Executive's duties shall include those indicated above and such other duties assigned to him by the Supervising Officer from time to time.

Executive's services are mutually agreed to be unique personal services. Executive acknowledges that the Company is relying upon Executive's experience, expertise and other qualifications in entering into this Agreement. Executive shall not assign or delegate any right, obligation or duty hereunder to any other person or entity without the express written consent of the Company.

B. During Executive's period of service hereunder, Executive agrees to perform such services not inconsistent with Executive's position as shall from time to time be assigned to Executive by the Supervising Officer. During the term of this Agreement, except for disability, illness and vacation periods, Executive shall devote Executive's full productive time, attention and energies to the positions of executive vice president and chief operating officer of the Company and its operating subsidiaries.

C. Executive shall be required to reside in Las Vegas, Nevada during his employment under this Agreement.

D. Executive's expenditure of reasonable amounts of time in connection with outside activities, not competitive with the business of the Company, such as outside directorships or charitable activities, shall not be considered in contravention of this Agreement so long as such activities do not interfere with his performance of this Agreement. Further, it is understood and agreed by the parties hereto that Executive is entitled to engage in passive and personal investment activities not interfering with his performance of this Agreement.

3. Limitations of Duties. Executive shall not, without consent first being given by the Company, which consent may be general authority from the Company:

- A. Take part in activities detrimental to the best interests of the Company, including rendering any services to any other firm or entity which conflict or interfere with the performance of Executive's duties hereunder.
- B. Exceed any limitations on his authority that may be established by the Board.
- C. Enter into any contract, oral or written, in the name of, for or on behalf of the Company other than in the ordinary course of business.
- D. Use any money belonging to the Company or pledge its credit other than in the ordinary course of business.
- E. Commit or suffer to be committed any act whereby the Company's property may be subject to attachment or seizure.
- F. Cause the Company to become a guarantor, surety or endorser or give any note for the benefit of any other person whomsoever.

Upon a breach of any provision under this Item 3, the Company shall have the right to terminate this Agreement for Cause as set forth in Item 6E hereof and to pursue any other remedies available to the Company as a result of such breach.

Executive shall indemnify and hold the Company harmless from and against any and all damages, actions, causes of action, claims and other liabilities, contingent or otherwise, directed toward the Company by others as a result of Executive's violation of any of the provisions of this Item 3.

4. Compensation.

A. Base Compensation. As base compensation ("Base Salary") for providing services hereunder, Executive shall be paid Two Hundred Sixty Thousand Dollars (\$260,000) per annum to be paid monthly or in more frequent installments as may be agreed upon by the Company and Executive. The salary payable to Executive shall be inclusive of any fees received by Executive as an officer of the Company or any other company or corporate body in which Executive holds an office as a nominee or representative of the Company.

B. Annual Bonus. Subject to the limitations in Paragraph N below, Executive shall be entitled to participate in the Company's annual bonus program (if any) as in effect from time to time and subject to meeting any requirements established for participation in the bonus program and may also be granted a discretionary bonus in such amount as may be determined by the Board of Directors (the "Board") in its sole discretion.

C. Time-Based Restricted Stock. Executive will be granted shares of restricted stock (the "T-B Restricted Stock") under the Company's 2016 Long-Term Incentive Plan as follows: (i) upon the effective date of this Agreement, 18,300 shares; (ii) upon the first anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$2,100,000 divided by the closing price of the Company's stock on such date; and (iii) upon the second anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$2,100,000 divided by the closing price of the Company's stock on such date. Each of these grants of T-B Restricted Stock will vest in three (3) equal annual installments commencing on the first anniversary of each date of grant. In other words, the 2020 grant of T-B Restricted Stock will vest in 2021, 2022 and 2023; the 2021 grant of T-B Restricted Stock will vest in 2022, 2023 and 2024; and the 2022 grant of T-B Restricted Stock will vest in 2023, 2024 and 2025. In the event a Change of Control transaction is consummated prior to the forfeiture of any of T-B Restricted Stock, any unvested T-B Restricted Stock shall automatically vest. Each grant of T-B Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. Executive shall be entitled to vote all vested and unvested shares of T-B Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of T-B Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

D. Grant on Expiration of CARES Act Compensation Limitations. As a recipient of financial support under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"), the Company is subject to certain restrictions on executive compensation for employees who made over \$425,000 in 2019. These restrictions will continue to apply until at least March 24, 2022 and possibly longer. At such time as the Company is no longer subject to the restrictions on executive compensation under the CARES Act, the Company shall grant to Executive an additional 10,000 shares of restricted stock (the "Additional Restricted Stock") under the Company's 2016 Long-Term Incentive Plan provided that the Executive remains actively employed as of such date. The Additional Restricted Stock will vest on the first anniversary of the date of grant. In the event a Change of Control transaction is consummated prior to the forfeiture of the Additional Restricted Stock, any unvested Additional Restricted Stock shall automatically vest. The Additional Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. From and after grant, Executive shall be entitled to vote all vested and unvested shares of the Additional Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of Additional Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

E. Participation in Future Equity Grants. Subject to the limitations in Paragraph N below, Executive shall be considered for participation in equity awards to senior management which may be granted by the Board in the future.

F. Fringe Benefits. The Company shall provide Executive health and dental insurance for Executive and his spouse (if married) and family and such vacation time, sick leave and other fringe benefits, including but not limited to participation in any pension, 401(k) and employee benefit plans that may be maintained by the Company from time to time as are made generally available to other management employees of the Company in accordance with Company policies. The Company reserves the right to change the benefits available under its benefit plans at any time or times.

G. Change of Control Benefits. In the event Executive's employment with Company shall cease within one (1) year after a "Change of Control" (as defined below) as a result of termination by the Company without "Cause" (as defined in Item 6C) or termination by Executive with "Good Reason" (as defined in Item 6D), Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

H. Definition of Change of Control. For all purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if at any time after the date this Agreement is signed: (i) by any method, transaction or series of related transactions, more than 50% of the outstanding shares of Company or beneficial ownership thereof are acquired within a period of one year by a person or group (as defined in Section 13(d) of the Securities Exchange Act of 1934) other than the members of Company's Board, those persons who were more than 5% owners of the Company prior to the date of this Agreement, employees of the Company and any of their immediate family members and affiliates; (ii) there is a merger or consolidation of the Company in which the Company is not the continuing or surviving entity or in which the stockholders of the Company immediately before such transaction do not own in the aggregate at least 50% of the outstanding voting shares of the continuing or surviving entity immediately after such transaction; (iii) there is a merger or consolidation of the Company pursuant to which the Company's shares are converted into cash, securities or other property; or (iv) the Company sells, leases or exchanges all or substantially all of its assets or the Company's stockholders approve the liquidation or dissolution of the Company.

I. Positive Space Travel. In recognition of Executive's service in a senior management role for the Company for many years, the following benefit is provided. During the term of his employment with the Company and for a period of five (5) years thereafter, Executive shall be entitled to passes for air travel on the flights of the Company (and any successor-in-interest to the Company) for Executive, his wife and children (up to age 21) on a positive space basis at no cost to Executive.

J. Expense Reimbursement. In addition, the Company shall reimburse Executive for any expenses incurred by Executive in connection with the business of the Company, as approved by the Company. These

expenses may include expenses for travel, business promotion, association memberships, and any other expenses as may be approved by the Supervising Officer from time to time. The Company shall reimburse Executive for such out-of-pocket expenses by the tenth (10th) day of the month following the month in which such expenses were incurred (and appropriate documentation thereof has been provided to the Company). The Company may issue to Executive a company credit card. In such event, Executive agrees to use such card only for the expenses reimbursable under this paragraph. Executive agrees to keep the card securely. In the event of loss or theft, the issuing authority and the Company shall be informed immediately. The card shall be returned to the Company forthwith on the termination of Executive's employment for any reason whatsoever.

K. Payroll Taxes. Executive shall bear full responsibility for the employee portion of all payroll taxes. Such amounts may be paid, at Executive's request, by the cancellation of such number of shares of Restricted Stock as may be necessary to fund the payroll tax obligation based on a value equal to the closing stock price of the Company's stock on the last trading day prior to the date of vesting.

L. Deductions. Deductions shall be made from Executive's salary for social security, Medicare, federal and state withholding taxes, and any other such taxes as may from time to time be required by governmental authority.

M. Clawback Agreement. In accordance with the Company's clawback policy, Executive hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) the Executive engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to the Executive in the amount by which the Executive's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

N. CARES Act Limitations on Compensation. Notwithstanding anything herein to the contrary, in no event shall any cash or stock-based compensation under this Agreement (whether upon payment, grant, vesting or accelerated vesting) exceed the limitations imposed upon the Company by virtue of accepting support from the U.S. Treasury under the CARES Act so long as those restrictions remain in effect. In the event of any such restriction, the parties agree to use good faith to negotiate an arrangement to provide the same value of compensation to Executive at a later time or on other terms but in compliance with the CARES Act.

O. Release Required for Post-Termination Benefits. Notwithstanding anything herein to the contrary, the acceleration of vesting of Restricted Stock, continued payment of salary after termination and other post-termination benefits shall be available to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D in each case, if and only if Executive has executed and delivered to the Company a release in the form attached hereto as Exhibit A or in such other form agreed to by the parties and only so long as Executive has not revoked such general release.

5. Term. The initial term of this Agreement shall commence as of the date hereof (the "Effective Date") and shall continue until July 31, 2023. The term of the Agreement shall expire on such date absent a renewal signed by both parties.

6. Termination:

A. This Agreement shall be terminated upon Executive's death or upon a physician certified disability which permanently or indefinitely renders Executive unable to perform his usual duties on behalf of the Company. In the event of Executive's termination of employment as a result of death or such a disability, all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

B. Executive may, without “Good Reason” (as defined in paragraph D below), terminate this Agreement by giving to the Company sixty (60) days written notice and such termination shall be effective on the date specified by Executive but in no event earlier than the sixtieth (60th) day following the date of such notice. In such event, Executive shall continue to render his services up to the Termination Date (as hereinafter defined) if so requested by the Company. In the event of such a resignation without Good Reason, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

C. The Company may, without “Cause” (as defined in paragraph E below), terminate this Agreement at any time by giving to Executive written notice and such termination shall be effective on the date specified by the Company. At the option of the Company, Executive shall immediately cease performing his duties hereunder upon receipt of the notice. If terminated without Cause pursuant to this paragraph C, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement (but in no event for less than six (6) months following Executive’s termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

D. Executive may terminate this Agreement immediately for “Good Reason”. For purposes of this Agreement, Good Reason shall be defined as (i) failure of the Company to make any payment or provide any benefit to Executive hereunder, which failure is not cured within thirty (30) days after the Company’s receipt of written notice of such default, or (ii) a material diminution of Executive’s duties and responsibilities or his title without Executive’s consent, or (iii) the principal location at which Executive is to perform his duties is relocated to a place more than fifty (50) miles from Las Vegas, Nevada. Any termination under this paragraph D shall take effect immediately upon the Company’s receipt of written notice from Executive after the expiration of any applicable cure period. If Executive terminates this Agreement for “Good Reason” pursuant to this paragraph D, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive’s termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

E. The Company may terminate this Agreement immediately for “Cause”. For purposes of this Agreement, “Cause” shall be defined as any of the following: (i) Executive shall commit a felony or other act involving moral turpitude, which other act is materially detrimental to the Company; (ii) Executive shall knowingly commit any act of prohibited conduct as set forth in Item 3 of this Agreement; (iii) Executive shall commit any act, specifically including but not limited to drug or alcohol abuse, which act is materially harmful to the Company, or which in the reasonable opinion of the Company’s Board brings the Company into disrepute; (iv) Executive shall commit any act of fraud, dishonesty, theft or misappropriation, whether or not related to his activities on behalf of the Company, including providing false reports or accounts to the Company or deliberately making false statements about the Company, its services, employees, customers or suppliers; (v) intentional or repeated material neglect of Executive’s duties; (vi) breach by Executive of any other material provision of this Agreement; (vii) Executive shall become the subject of a bankruptcy proceeding or otherwise make an arrangement or composition with creditors generally; (viii) Executive shall engage in anti-social behavior (such as fighting, indecency, harassment, sexual or racial harassment or discrimination, intimidation of others, physical violence or assault) during the course of performing duties for the Company or against another employee outside of work; (ix) Executive shall have possession of illegal drugs at the Company’s workplace; or (x) Executive shall perform duties in a negligent or dangerous manner which causes or is likely to cause material loss or injury. This Agreement may not be terminated by the Company under subclause (v), (vi) or (x) of this Item unless and until the Company has provided Executive with written notice of such violative conduct and Executive has failed to cure (or fails to commence and thereafter diligently pursue the cure) such act within thirty (30) days after Executive’s receipt of such written notice; provided, however, that no right to cure shall be available for a second or subsequent violation of the same provision within any twelve (12) month period. Any termination under this paragraph E shall take effect immediately upon Executive’s receipt of written notice from the Company or expiration of any applicable cure period, whichever is later. The failure of the Company to terminate this Agreement for cause as a result of any of the foregoing at any one or more times shall not affect the Company’s ability to terminate this Agreement for cause as a result of the subsequent occurrence of any act giving rise to “cause” hereunder, provided that Executive is still provided with a notice to cure if applicable in accordance with the above. In the event of a termination for Cause, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

F. Upon termination, Executive shall have no obligation to provide any additional services, and except as expressly provided above, the Company shall only be obligated pay to Executive the portion of any amounts due as of the termination date, together with all unreimbursed out-of-pocket expenses incurred by Executive.

G. Termination of Executive's Obligations. In the event of the termination of Executive's employment during the term of this Agreement, Executive's obligations under Item 7 of this Agreement shall survive the expiration of the term of this Agreement without renewal and termination of Executive's employment as provided in such Item. Unless the parties to this Agreement mutually agree to extend the term of this Agreement, the restrictions under Item 7 of this Agreement shall no longer apply after the expiration of the term of this Agreement if Executive continues to be employed by the Company at that time.

H. Resignation of Positions upon Termination. On the termination of this Agreement for any reason whatsoever, Executive shall at the request of the Company immediately resign (without prejudice to any claims which Executive may have against the Company arising out of this Agreement or the termination thereof) from all and any offices which Executive may hold as an officer or member of the Board of the Company and from all other appointments or offices which Executive holds as a nominee or representative of the Company and if Executive should fail to do so, the Company is hereby irrevocably authorized to appoint another person in Executive's name and on Executive's behalf to sign any documents or do any thing necessary or requisite to effect such resignation(s) and/or transfers.

I. Termination Date. For all purposes of this Agreement the "Termination Date" shall refer to the effective date of termination as set forth above.

7. Restrictive Covenants. As a material inducement to the Company's employment of Executive, the provisions of this Item 7 shall apply.

A. For purposes of this Item, the following terms and provisions shall have the following meanings:

(i) "Prohibited Time Period" shall mean the period beginning on the date of execution hereof and ending on the date that is twelve (12) months after the termination of employment for any reason whatsoever of Executive.

(ii) "Prohibited Business" shall mean the business of providing charter or scheduled airline service. The Prohibited Business shall include, but is not limited to, employment with an existing airline or with a group which within one (1) year prior to the termination of Executive's employment or after the termination of employment, begins to take steps to form a start-up airline.

(iii) "Prohibited Geographic Area" shall mean the conduct of the Prohibited Business within the United States or to the United States from Mexico, Canada or the Caribbean, whether he is physically located in the Prohibited Geographic Area or whether he is in contact with others located in the Prohibited Geographic Area. Executive acknowledges that he and the Company have agreed that Executive's services will benefit the Company throughout the Prohibited Geographic Area.

(iv) "Prohibited Capacity" shall mean service in the capacity of an executive or in such other management position or as a significant equity owner or consultant, in which capacities Executive acknowledges that he has served or will serve the Company and its subsidiaries during the course of his employment for the Company.

(v) "Prohibited Party" shall mean all travel partners of the Company who (a) have contracted for regular chartered air service with the Company during the one (1) year period prior to the date of termination of employment, or (b) whose services are sold by the Company to produce ancillary third party revenue (such as Enterprise Rent-a-Car), (c) have been solicited as potential travel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive.

(vi) "Prohibited Employee" means any employee, independent contractor or consultant of the Company who worked for the Company at any time within six (6) months prior to the termination of

employment of Executive; provided, however, that the term "Prohibited Employee" shall not include any employee who had not been employed by the Company within the one (1) year period immediately preceding the date contacted by Executive for subsequent employment.

B. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, serve in a Prohibited Capacity in the Prohibited Business in the Prohibited Geographic Area.

C. Executive covenants and agrees that during the Prohibited Time Period, he shall not, for any reason, directly or indirectly (whether as officer, director, consultant, employee, representative, agent, partner, owner, stockholder or otherwise), (i) solicit charter air services from, or market charter air services to, any Prohibited Party, or (ii) enter into a transaction with such Prohibited Party as a result of which the Prohibited Party does, or is likely to, reduce the amount of business between the Prohibited Party and the Company.

D. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, hire any Prohibited Employee or request or induce any Prohibited Employee to terminate that person's employment or relationship with the Company or to accept employment with any other person.

E. The parties agree that: (i) the covenants and agreements of Executive contained in this Item are reasonably necessary to protect the interests of the Company in whose favor said covenants and agreements are imposed in light of the nature of the Company's business and the professional involvement of Executive in such business; (ii) the restrictions imposed by this Item are not greater than are necessary for the protection of the Company in light of the substantial harm that the Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) the covenants and agreements of Executive contained in this Item have been independently negotiated between the parties and served as a material inducement for the Company to enter into this Agreement; (iv) the period and geographical area of restriction referred to in this Item are fair and reasonably required for the protection of the Company; and (v) the nature, kind and character of the activities Executive is prohibited to engage in are reasonable and necessary to protect the Company in that the Company will rely on Executive for those important aspects of its business.

F. Executive acknowledges that a material breach by Executive of any part of this Item will result in irreparable and continuing damage to the Company and any material breach or threatened breach of the covenants provided in this Item shall be subject to specific performance by temporary as well as permanent injunction or any other equitable remedies of any court of competent jurisdiction.

G. The covenants and agreements on the part of Executive contained in this Item shall be construed as agreements independent of any other agreement between Executive and the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each of such covenants and agreements or otherwise affect the remedies to which the Company is entitled hereunder.

H. If the provisions of this Item 7 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitation permitted by applicable law.

I. Nothing contained in this Item shall restrict Executive from being a not more than 1% stockholder (but not an officer, director, employee, consultant or advisor) of any corporation that directly or indirectly competes with the Company provided the stock of such competing corporation is publicly held and listed on a national stock exchange.

8. Confidential Information.

A. During the period beginning on the execution date of this Agreement and ending on the fifth (5th) anniversary of any termination or expiration of this Agreement, Executive agrees that he shall not, except

in pursuit of the Company's business or with the prior written consent of the Company, for his own benefit or for the benefit of any other person or entity:

- i. directly or indirectly disclose, reveal, report, duplicate or transfer any Confidential Information to any other person or entity outside of the Company;
- ii. directly or indirectly aid, encourage, direct or allow any other person or entity outside of the Company to gain possession of or access to Confidential Information;
- iii. directly or indirectly copy or reproduce Confidential Information, except as required as part of Executive's duties; or
- iv. directly or indirectly use, sell or exploit any Confidential Information or aid, encourage, direct or allow any other person or entity to use, sell or exploit any Confidential Information.

This covenant shall not apply to any Confidential Information now or hereafter voluntarily disseminated by the Company to the public, or which otherwise has become part of the public domain through means other than a breach of Executive's duty of confidentiality hereunder. "Confidential Information", for purposes of this Agreement, shall mean information of the Company that constitutes a trade secret or confidential information under Nevada law and shall include, but not be limited to, all relevant information (whether or not reduced to writing and in any and all stages of development), concerning the Company and its services, plans, business practices, methods of operation, financial information, names or lists of names of employees, contractors, suppliers and customers, employee compensation and benefits, other personal employee information, interpretations, surveys, forecasts, marketing plans, development plans, notes, reports, market analyses, specialized software and databases and other information related to suppliers and customers that could be used as a competitive advantage by competitors if revealed or disclosed to such competitors or to persons or entities revealing or disclosing same to such competitors; together with any and all extracts, summaries and photo, electronic or other copies or reproductions, in whole or in part, stored in whatever medium. Confidential Information also includes business information of the Company now known by Executive, or in Executive's possession, or hereafter learned or acquired by Executive that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Confidential Information may be written or oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. Confidential Information also includes any information made available to the Company by its customers or other third parties and which the Company is obligated to keep confidential. Executive acknowledges that the Confidential Information is secret, confidential and proprietary to the Company and has been or will be disclosed to and/or obtained by Executive in confidence and trust for the sole purpose of using the same for the sole benefit of the Company.

B. Executive hereby acknowledges and agrees that (i) the Company has expended considerable and substantial time, effort and capital resources to develop the Confidential Information, (ii) the Confidential Information is innovative and must receive confidential treatment to protect the Company's competitive position in the market and the Company's proprietary interest therein from irreparable damage, (iii) Executive, by virtue of his relationship with the Company, has had and will have access to the Confidential Information, and (iv) the Confidential Information and all physical embodiments or other repositories of the same shall be and at all times remain the sole and exclusive property of the Company.

C. Since irreparable harm will otherwise result to the Company in the event of a breach or threatened breach by Executive of the provisions of Item 8A, the Company shall be entitled to an injunction restraining Executive from disclosing, in whole or in part, any Confidential Information, or from rendering any services to any person, firm, company, association or other entity to whom such Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Executive waives any requirement for the Company to post a bond or prove actual economic damage prior to seeking injunctive relief.

9. Company Property.

A. Executive acknowledges that all recorded information, including without limitation all notes, memoranda, records, laboratory reports, documents, papers, computer disks, tapes or other storage media and all other papers and documents whatsoever which may have been prepared by Executive or have come into Executive's possession or control in the course of employment with the Company (the "Documents") and other materials owned or used by the Company shall at all times remain the sole property of the Company.

B. Executive agrees to promptly, upon request of the Company and in any event upon the termination of Executive's employment with the Company for any reason whatsoever, forthwith return to the Company all property whatsoever belonging to the Company including, without limitation, any laptop computer belonging to the Company, security passes, credit cards and all copies of the Documents which have come into Executive's possession or control in the course of employment with the Company and Executive shall not be entitled to and shall not retain any copies thereof.

10. Professional Responsibility.

A. Executive agrees that he will provide in connection with the performance of all services under this Agreement the skill and diligence normally provided by competent professionals in the performance of services similar to that contemplated by this Agreement.

B. Both parties acknowledge and agree that a fiduciary and confidential relationship has commenced and will continue to exist between them and that said relationship will continue during the term of this Agreement.

C. Executive represents that he has no conflicts of interest in rendering his professional services to the Company.

D. Executive shall not during the course of his employment (except as a representative or nominee of the Company or otherwise with the prior consent in writing of the Board) be directly or indirectly engaged, concerned or interested in any other business which: (i) is wholly or partly in competition with any business carried on by the Company by itself or in partnership, common ownership or as a joint venture with any third party; or (ii) is a supplier to or customer of the Company, provided that Executive may own not more than one percent (1%) of the issued shares of any company which is publicly held and listed on a national stock exchange or on the Nasdaq Stock Market.

E. Subject to any regulations from time to time issued by the Company, Executive shall not receive or obtain directly or indirectly any discount, rebate, commission or other inducement in respect of any sale or purchase of any goods or services effected or other business transacted (whether or not by Executive) by or on behalf of the Company and if Executive (or any firm or company in which Executive is directly or indirectly engaged, concerned or interested) shall obtain any such discount, rebate, commission or inducement, Executive shall account to the Company for the amount received by Executive or the amount received by such firm or company.

F. As an inducement to the Company to enter into this Agreement, Executive represents and warrants that: (i) he is not a party to any other agreement or obligation for personal services; (ii) there exist no impediments or restraints, contractual or otherwise, on Executive's power, right or ability to enter into this Agreement and to perform his duties and obligations hereunder; (iii) the performance of his obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject; and (iv) Executive has not been involved in any legal proceedings that would be required to be disclosed in response to Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended. As an inducement to Executive to enter into this Agreement, the Company represents and warrants that there exist no impediments or restraints, contractual or otherwise, on the Company's power, right or ability to enter into this Agreement and to perform its duties and obligations hereunder.

11. Ownership of Works and Materials.

A. Executive agrees that all Works (as defined below) and Materials (as defined below) are the sole and exclusive property of the Company.

B. Executive also specifically acknowledges and agrees that any tangible expression of any Works or Materials were developed, made or invented exclusively for the benefit of and are the sole and exclusive property of the Company or its successors and assigns as “works for hire” under Section 201 of Title 17 of the United States Code.

C. In the event that any Works or Materials are deemed not to be a work for hire, Executive agrees to assign, and does hereby irrevocably assign, to the Company all of his right, title and interest in and to such Works and Materials. Executive further agrees to take any actions, including the execution of documents or instruments, which the Company may reasonably require to effect Executive’s assignment of rights pursuant to this Item 11C, and Executive hereby constitutes and appoints, with full power of substitution and resubstitution, the Company as Executive’s attorney-in-fact to execute and deliver any documents or instruments which Executive has agreed to execute and deliver pursuant to this Item 11C.

D. Executive hereby waives and releases in favor of Company all rights in and to the Works and Materials and agrees that Company shall have the right to revise, condense, abridge, expand, adapt, change, modify, add to, subtract from, re-title or otherwise modify the Works and Materials without Executive’s consent.

E. For purposes of this Item 11, “Works” means any work, studies, reports or analyses devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company, including, without limitation any and all compositions or works of authorship, concepts, compilations, abridgments, or other form in which Executive may directly or indirectly recast, transform or adapt any of the foregoing.

F. For purposes of this Item 11, “Materials” means any product, model, document, instrument, report, plan, proposal, specification, manual, tape, and all reproductions, copies or facsimiles thereof, or any other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic, digital or other form, any Works.

G. In order to avoid any ambiguity in connection with the creation of any Work which Executive claims is not covered by this Agreement, Executive agrees to disclose in writing to the Company complete details on any Works that are devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company. Such disclosure shall be made promptly upon development, design or formulation with respect to any Works created while Executive is employed by the Company, and shall be disclosed in writing pursuant to such form as the Company may from time to time provide

12. Business Opportunities. For so long as Executive is employed by the Company, Executive will not, without the prior written consent of the Company (which consent may be withheld by the Company in the exercise of its absolute discretion), engage, directly or indirectly, in any business, venture or activity that Executive is aware or reasonably should be aware that the Company or any affiliate of the Company is engaged in, intends at any time to become engaged in, or might become engaged in if offered the opportunity, or in any other business, venture or activity if the Company reasonably determines that such activity would adversely affect the business of the Company or any affiliate thereof or the performance by Executive of any of Executive’s duties or obligations to the Company.

13. Privacy Waivers.

A. The Company reserves the right to stop and search any employee or property of any employee when entering or leaving the Company’s premises.

B. The Company reserves the right to monitor at any time telephone calls, electronic communications and information transmitted on Company networks or on computer equipment which is owned by the Company or on computers on Company premises that are used for Company business.

14. Notice. All notices required or sent hereunder shall be sent by personal delivery, overnight priority mail via a nationally recognized overnight delivery company, or by certified mail, return receipt requested to the address

of the party entitled to receive the notice as set forth above. Notices sent in accordance with this paragraph shall be deemed received upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery company or five (5) days after mailed, as aforesaid.

15. Breach by the Company. If there is a dispute regarding the payment of any sum by the Company hereunder, the Company shall not be deemed to have failed to have made a payment hereunder if pending the resolution of such dispute, the Company pays the amount in dispute into court or into an escrow account at the Company's bank or with the Company's counsel.

16. Remedies Not Exclusive. The rights, remedies and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which any party may otherwise have.

17. Invalid Provisions. The invalidity of any one or more of the clauses or words contained in this Agreement shall not affect the reasonable enforceability of the remaining provisions of this Agreement, all of which are inserted herein conditionally upon being valid in law; and in the event that one or more of the words or clauses contained herein shall be invalid, this instrument shall be construed as if such invalid words or clauses had not been inserted or, alternatively, said words or clauses shall be reasonably limited to the extent that the applicable court interpreting the provisions of this Agreement considers to be reasonable.

18. Binding Effect. This Agreement, as it relates to restrictions applicable to Executive, is a personal contract and the rights and interests of Executive hereunder may not be sold, transferred, assigned, pledged or hypothecated. However, this Agreement shall inure to the benefit of and be binding upon Company and its successors and assigns including, without limitation, any corporation or other entity into which Company is merged or which acquires all or substantially all of the outstanding ownership interests or assets of Company.

19. Jurisdiction. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. Attorney's Fees. In the event an action is taken by either party to enforce this Agreement or resolve a dispute in connection herewith, the prevailing party shall be entitled to recover the costs incurred with the prosecution and defense of such action, including reasonable attorney's fees.

21. Miscellaneous. This Agreement shall be construed under and governed by the laws of the State of Nevada other than its conflicts of laws principles. This Agreement contains the complete understanding of the parties with respect to the subject matter of this Agreement and supersedes all other prior agreements, understandings and negotiations relating to the same subject matter. This Agreement may only be modified by a written instrument signed by each of the parties hereto. No provisions of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. Failure to require strict compliance with any term or provision of this Agreement shall not constitute a waiver of a party's right to insist upon strict compliance with each and every provision of this Agreement. No waiver of any terms and conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other term of condition. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and same instrument. The provisions of Item 3 (the last paragraph), 4D, 4I, 4M, 4N, 6H, 7, 8, 9, 11 and 14 through 21 shall survive the termination of this Agreement and Executive's employment with the Company. This Agreement may be executed by any party by delivery of a facsimile signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other party; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile. The paragraph headings contained in this Agreement are for reference only and shall not be deemed to

impart substantive meeting to any provision of this Agreement. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request and direction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms and without favor to any party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered as of the date and year first above written.

EXECUTIVE:

/s/ D. Scott Sheldon

COMPANY:

ALLEGIANT TRAVEL COMPANY

/s/ John Redmond

Title: President

**Exhibit A
Form of Release**

THIS RELEASE (the "Release") is entered into between D. Scott Sheldon ("Executive") and Allegiant Travel Company, a Nevada corporation (the "Company"), for the benefit of the Company. The entering into and non-revocation of this Release is a condition to Executive's right to receive certain payments under Items 4C, 4D, 4G, 4I, 6C and 6D of the Employment Agreement entered into by and between Executive and the Company, effective as of August 1, 2020 (the "Employment Agreement"). Capitalized terms used and not defined herein shall have the meaning provided in the Employment Agreement.

Accordingly, Executive and the Company agree as follows.

1. In consideration for the payments and other benefits provided to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement to which Executive would not otherwise be entitled, Executive represents and agrees, as follows:

(a) Executive, for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively "Releasors"), hereby irrevocably and unconditionally releases, acquits and forever discharges and agrees not to sue the Company or any of its subsidiaries, divisions, affiliates and related entities and its current and former directors, officers, shareholders, trustees, employees, consultants, independent contractors, representatives, agents, servants, successors and assigns and all persons acting by, through or under or in concert

with any of them (collectively "Releasees"), from all claims, rights and liabilities up to and including the date of this Release arising from or relating to Executive's employment with, or termination of employment from, the Company, under the Employment Agreement and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of actions, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected and any claims of wrongful discharge, breach of contract, implied contract, promissory estoppel, defamation, slander, libel, tortious conduct, employment discrimination or claims under any federal, state or local statute, law, order or ordinance, including any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq. ("ADEA"), or any other federal, state or municipal ordinance. Nothing contained herein shall restrict the parties' rights to enforce the terms of this Release.

(b) To the maximum extent permitted by law, Executive agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Release.

(c) Notwithstanding the foregoing, this Release specifically excludes (i) any unpaid base salary or benefits accrued through the date of Executive's termination of employment, (ii) Executive's rights and the Company's obligations under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement, (iii) claims for unemployment benefits, (iv) Executive's vested account balance, if any, in the Company's 401(k) plan, and (v) Executive's right, if any, to elect continued group health coverage for himself and his eligible family members under Part 6 of Title I of ERISA. Nothing contained in this Release shall release Executive from his obligations, including any obligations to abide by restrictive covenants under the Employment Agreement or any other agreement that continue or are to be performed following termination of employment.

(d) The parties agree that this Release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter "EEOC") to enforce ADEA and other laws. In addition, the parties agree that this Release shall not be used to justify interfering with Executive's protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that Executive knowingly and voluntarily waives all rights or claims (that arose prior to Executive's execution of this Release) the Releasers may have against the Releasees, or any of them, to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' fees, experts' fees) as a consequence of any investigation or proceeding conducted by the EEOC.

2. Executive acknowledges that the Company has specifically advised him of the right to seek the advice of an attorney concerning the terms and conditions of this Release. Executive further acknowledges that he has been furnished with a copy of this Release, and he has been afforded twenty-one (21) days in which to consider the terms and conditions set forth above prior to this Release. By executing this Release, Executive affirmatively states that he has had sufficient and reasonable time to review this Release and to consult with an attorney concerning his legal rights prior to the final execution of this Release. Executive further agrees that he has carefully read this Release and fully understands its terms. Executive understands that he may revoke this Release within seven (7) days after signing this Release. Revocation of this Release must be made in writing and must be received by [●] at [●] within the time period set forth above.

3. This Release will be governed by and construed in accordance with the laws of the state of Nevada, without giving effect to any choice of law or conflicting provision or rule (whether of the state of Nevada or any other jurisdiction) that would cause the laws of any jurisdiction other than the state of Nevada to be applied. In furtherance of the foregoing, the internal law of the state of Nevada will control the interpretation and construction of this agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply. The provisions of this Release are severable, and if any part or portion of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall become effective and enforceable on the eighth day following its execution by Executive, provided he does not exercise his right of revocation as described above. If Executive fails to sign and deliver this Release or revokes his signature, this Release will be without force or effect, and Executive shall not be entitled to those payments or benefits under Items 4C, 4D, 4G, 4I, 6C or 6D of the Employment Agreement, as applicable, which are conditioned upon the execution of this Release.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of August, 2020 by and between GREGORY C. ANDERSON (hereinafter "Executive"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144, and ALLEGIANT TRAVEL COMPANY, a Nevada corporation (hereinafter "the Company"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144.

W I T N E S S E T H

WHEREAS, the Company desires to employ Executive as its executive vice president and chief financial officer, and Executive desires to be so employed pursuant to and in accordance with the terms and conditions hereinafter set forth; and

NOW, THEREFORE, for and in consideration of the above premises, the terms and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Executive and the Company, it is hereby agreed as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon all of the terms and conditions as are hereinafter set forth. Terms of employment with the Company are also governed by the Company's employment policies in effect from time to time. The Company shall provide a copy of such employment policies to Executive upon request. In the event of any conflict between the terms of this Agreement and the generally applicable employment policies, the terms of this Agreement shall prevail.

2. Scope of Services.

A. Executive shall be employed by the Company as the executive vice president and chief financial officer of the Company and its operating subsidiaries. Executive shall report to the Company's President or such other officer as the Company's Board of Directors may designate ("Supervising Officer"). Executive's duties shall include those indicated above and such other duties assigned to him by the Supervising Officer from time to time.

Executive's services are mutually agreed to be unique personal services. Executive acknowledges that the Company is relying upon Executive's experience, expertise and other qualifications in entering into this Agreement. Executive shall not assign or delegate any right, obligation or duty hereunder to any other person or entity without the express written consent of the Company.

B. During Executive's period of service hereunder, Executive agrees to perform such services not inconsistent with Executive's position as shall from time to time be assigned to Executive by the Supervising Officer. During the term of this Agreement, except for disability, illness and vacation periods, Executive shall devote Executive's full productive time, attention and energies to the positions of executive vice president and chief financial officer of the Company and its operating subsidiaries.

C. Executive shall be required to reside in Las Vegas, Nevada during his employment under this Agreement.

D. Executive's expenditure of reasonable amounts of time in connection with outside activities, not competitive with the business of the Company, such as outside directorships or charitable activities, shall not be considered in contravention of this Agreement so long as such activities do not interfere with his performance of this Agreement. Further, it is understood and agreed by the parties hereto that Executive is entitled to engage in passive and personal investment activities not interfering with his performance of this Agreement.

3. Limitations of Duties. Executive shall not, without consent first being given by the Company, which consent may be general authority from the Company:

- A. Take part in activities detrimental to the best interests of the Company, including rendering any services to any other firm or entity which conflict or interfere with the performance of Executive's duties hereunder.
- B. Exceed any limitations on his authority that may be established by the Board.
- C. Enter into any contract, oral or written, in the name of, for or on behalf of the Company other than in the ordinary course of business.
- D. Use any money belonging to the Company or pledge its credit other than in the ordinary course of business.
- E. Commit or suffer to be committed any act whereby the Company's property may be subject to attachment or seizure.
- F. Cause the Company to become a guarantor, surety or endorser or give any note for the benefit of any other person whomsoever.

Upon a breach of any provision under this Item 3, the Company shall have the right to terminate this Agreement for Cause as set forth in Item 6E hereof and to pursue any other remedies available to the Company as a result of such breach.

Executive shall indemnify and hold the Company harmless from and against any and all damages, actions, causes of action, claims and other liabilities, contingent or otherwise, directed toward the Company by others as a result of Executive's violation of any of the provisions of this Item 3.

4. Compensation.

A. **Base Compensation.** As base compensation ("Base Salary") for providing services hereunder, Executive shall be paid Two Hundred Sixty Thousand Dollars (\$260,000) per annum to be paid monthly or in more frequent installments as may be agreed upon by the Company and Executive. The salary payable to Executive shall be inclusive of any fees received by Executive as an officer of the Company or any other company or corporate body in which Executive holds an office as a nominee or representative of the Company.

B. **Annual Bonus.** Subject to the limitations in Paragraph N below, Executive shall be entitled to participate in the Company's annual bonus program (if any) as in effect from time to time and subject to meeting any requirements established for participation in the bonus program and may also be granted a discretionary bonus in such amount as may be determined by the Board of Directors (the "Board") in its sole discretion.

C. **Time-Based Restricted Stock.** Executive will be granted shares of restricted stock (the "T-B Restricted Stock") under the Company's 2016 Long-Term Incentive Plan as follows: (i) upon the effective date of this Agreement, 17,400 shares; (ii) upon the first anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$1,975,000 divided by the closing price of the Company's stock on such date; and (iii) upon the second anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$1,975,000 divided by the closing price of the Company's stock on such date. Each of these grants of T-B Restricted Stock will vest in three (3) equal annual installments commencing on the first anniversary of each date of grant. In other words, the 2020 grant of T-B Restricted Stock will vest in 2021, 2022 and 2023; the 2021 grant of T-B Restricted Stock will vest in 2022, 2023 and 2024; and the 2022 grant of T-B Restricted Stock will vest in 2023, 2024 and 2025. In the event a Change of Control transaction is consummated prior to the forfeiture of any of T-B Restricted Stock, any unvested T-B Restricted Stock shall automatically vest. Each grant of T-B Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. Executive shall be entitled to vote all vested and unvested shares of T-B Restricted Stock and to receive all dividends paid thereon, until and unless such

time as such shares of T-B Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

D. Grant on Expiration of CARES Act Compensation Limitations. As a recipient of financial support under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"), the Company is subject to certain restrictions on executive compensation for employees who made over \$425,000 in 2019. These restrictions will continue to apply until at least March 24, 2022 and possibly longer. At such time as the Company is no longer subject to the restrictions on executive compensation under the CARES Act, the Company shall grant to Executive an additional 10,000 shares of restricted stock (the "Additional Restricted Stock") under the Company's 2016 Long-Term Incentive Plan provided that the Executive remains actively employed as of such date. The Additional Restricted Stock will vest on the first anniversary of the date of grant. In the event a Change of Control transaction is consummated prior to the forfeiture of the Additional Restricted Stock, any unvested Additional Restricted Stock shall automatically vest. The Additional Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. From and after grant, Executive shall be entitled to vote all vested and unvested shares of the Additional Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of Additional Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

E. Participation in Future Equity Grants. Subject to the limitations in Paragraph N below, Executive shall be considered for participation in equity awards to senior management which may be granted by the Board in the future.

F. Fringe Benefits. The Company shall provide Executive health and dental insurance for Executive and his spouse (if married) and family and such vacation time, sick leave and other fringe benefits, including but not limited to participation in any pension, 401(k) and employee benefit plans that may be maintained by the Company from time to time as are made generally available to other management employees of the Company in accordance with Company policies. The Company reserves the right to change the benefits available under its benefit plans at any time or times.

G. Change of Control Benefits. In the event Executive's employment with Company shall cease within one (1) year after a "Change of Control" (as defined below) as a result of termination by the Company without "Cause" (as defined in Item 6C) or termination by Executive with "Good Reason" (as defined in Item 6D), Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

H. Definition of Change of Control. For all purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if at any time after the date this Agreement is signed: (i) by any method, transaction or series of related transactions, more than 50% of the outstanding shares of Company or beneficial ownership thereof are acquired within a period of one year by a person or group (as defined in Section 13(d) of the Securities Exchange Act of 1934) other than the members of Company's Board, those persons who were more than 5% owners of the Company prior to the date of this Agreement, employees of the Company and any of their immediate family members and affiliates; (ii) there is a merger or consolidation of the Company in which the Company is not the continuing or surviving entity or in which the stockholders of the Company immediately before such transaction do not own in the aggregate at least 50% of the outstanding voting shares of the continuing or surviving entity immediately after such transaction; (iii) there is a merger or consolidation of the Company pursuant to which the Company's shares are converted into cash, securities or other property; or (iv) the Company sells, leases or exchanges all or substantially all of its assets or the Company's stockholders approve the liquidation or dissolution of the Company.

I. Positive Space Travel. In recognition of Executive's service in a senior management role for the Company for many years, the following benefit is provided. During the term of his employment with the Company and for a period of five (5) years thereafter, Executive shall be entitled to passes for air travel on the flights of the Company (and any successor-in-interest to the Company) for Executive, his wife and children (up to age 21) on a positive space basis at no cost to Executive.

J. Expense Reimbursement. In addition, the Company shall reimburse Executive for any expenses incurred by Executive in connection with the business of the Company, as approved by the Company. These expenses may include expenses for travel, business promotion, association memberships, and any other expenses as may be approved by the Supervising Officer from time to time. The Company shall reimburse Executive for such out-of-pocket expenses by the tenth (10th) day of the month following the month in which such expenses were incurred (and appropriate documentation thereof has been provided to the Company). The Company may issue to Executive a company credit card. In such event, Executive agrees to use such card only for the expenses reimbursable under this paragraph. Executive agrees to keep the card securely. In the event of loss or theft, the issuing authority and the Company shall be informed immediately. The card shall be returned to the Company forthwith on the termination of Executive's employment for any reason whatsoever.

K. Payroll Taxes. Executive shall bear full responsibility for the employee portion of all payroll taxes. Such amounts may be paid, at Executive's request, by the cancellation of such number of shares of Restricted Stock as may be necessary to fund the payroll tax obligation based on a value equal to the closing stock price of the Company's stock on the last trading day prior to the date of vesting.

L. Deductions. Deductions shall be made from Executive's salary for social security, Medicare, federal and state withholding taxes, and any other such taxes as may from time to time be required by governmental authority.

M. Clawback Agreement. In accordance with the Company's clawback policy, Executive hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) the Executive engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to the Executive in the amount by which the Executive's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

N. CARES Act Limitations on Compensation. Notwithstanding anything herein to the contrary, in no event shall any cash or stock-based compensation under this Agreement (whether upon payment, grant, vesting or accelerated vesting) exceed the limitations imposed upon the Company by virtue of accepting support from the U.S. Treasury under the CARES Act so long as those restrictions remain in effect. In the event of any such restriction, the parties agree to use good faith to negotiate an arrangement to provide the same value of compensation to Executive at a later time or on other terms but in compliance with the CARES Act.

O. Release Required for Post-Termination Benefits. Notwithstanding anything herein to the contrary, the acceleration of vesting of Restricted Stock, continued payment of salary after termination and other post-termination benefits shall be available to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D in each case, if and only if Executive has executed and delivered to the Company a release in the form attached hereto as Exhibit A or in such other form agreed to by the parties and only so long as Executive has not revoked such general release.

5. Term. The initial term of this Agreement shall commence as of the date hereof (the "Effective Date") and shall continue until July 31, 2023. The term of the Agreement shall expire on such date absent a renewal signed by both parties.

6. Termination:

A. This Agreement shall be terminated upon Executive's death or upon a physician certified disability which permanently or indefinitely renders Executive unable to perform his usual duties on behalf of the Company. In the event of Executive's termination of employment as a result of death or such a disability, all

outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

B. Executive may, without "Good Reason" (as defined in paragraph D below), terminate this Agreement by giving to the Company sixty (60) days written notice and such termination shall be effective on the date specified by Executive but in no event earlier than the sixtieth (60th) day following the date of such notice. In such event, Executive shall continue to render his services up to the Termination Date (as hereinafter defined) if so requested by the Company. In the event of such a resignation without Good Reason, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

C. The Company may, without "Cause" (as defined in paragraph E below), terminate this Agreement at any time by giving to Executive written notice and such termination shall be effective on the date specified by the Company. At the option of the Company, Executive shall immediately cease performing his duties hereunder upon receipt of the notice. If terminated without Cause pursuant to this paragraph C, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement (but in no event for less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

D. Executive may terminate this Agreement immediately for "Good Reason". For purposes of this Agreement, Good Reason shall be defined as (i) failure of the Company to make any payment or provide any benefit to Executive hereunder, which failure is not cured within thirty (30) days after the Company's receipt of written notice of such default, or (ii) a material diminution of Executive's duties and responsibilities or his title without Executive's consent, or (iii) the principal location at which Executive is to perform his duties is relocated to a place more than fifty (50) miles from Las Vegas, Nevada. Any termination under this paragraph D shall take effect immediately upon the Company's receipt of written notice from Executive after the expiration of any applicable cure period. If Executive terminates this Agreement for "Good Reason" pursuant to this paragraph D, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

E. The Company may terminate this Agreement immediately for "Cause". For purposes of this Agreement, "Cause" shall be defined as any of the following: (i) Executive shall commit a felony or other act involving moral turpitude, which other act is materially detrimental to the Company; (ii) Executive shall knowingly commit any act of prohibited conduct as set forth in Item 3 of this Agreement; (iii) Executive shall commit any act, specifically including but not limited to drug or alcohol abuse, which act is materially harmful to the Company, or which in the reasonable opinion of the Company's Board brings the Company into disrepute; (iv) Executive shall commit any act of fraud, dishonesty, theft or misappropriation, whether or not related to his activities on behalf of the Company, including providing false reports or accounts to the Company or deliberately making false statements about the Company, its services, employees, customers or suppliers; (v) intentional or repeated material neglect of Executive's duties; (vi) breach by Executive of any other material provision of this Agreement; (vii) Executive shall become the subject of a bankruptcy proceeding or otherwise make an arrangement or composition with creditors generally; (viii) Executive shall engage in anti-social behavior (such as fighting, indecency, harassment, sexual or racial harassment or discrimination, intimidation of others, physical violence or assault) during the course of performing duties for the Company or against another employee outside of work; (ix) Executive shall have possession of illegal drugs at the Company's workplace; or (x) Executive shall perform duties in a negligent or dangerous manner which causes or is likely to cause material loss or injury. This Agreement may not be terminated by the Company under subclause (v), (vi) or (x) of this Item unless and until the Company has provided Executive with written notice of such violative conduct and Executive has failed to cure (or fails to commence and thereafter diligently pursue the cure) such act within thirty (30) days after Executive's receipt of such written notice; provided, however, that no right to cure shall be available for a second or subsequent violation of the same provision within any twelve (12) month period. Any termination under this paragraph E shall take effect immediately upon Executive's receipt of written notice from the Company or expiration of any applicable cure period, whichever is later. The failure of the Company to terminate this Agreement for cause as a result of any of the foregoing at any one or more times shall not affect the Company's ability to terminate this Agreement for cause as a result of the subsequent occurrence of any act giving rise to "cause" hereunder, provided that Executive is still provided with a

notice to cure if applicable in accordance with the above. In the event of a termination for Cause, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

F. Upon termination, Executive shall have no obligation to provide any additional services, and except as expressly provided above, the Company shall only be obligated to pay to Executive the portion of any amounts due as of the termination date, together with all unreimbursed out-of-pocket expenses incurred by Executive.

G. Termination of Executive's Obligations. In the event of the termination of Executive's employment during the term of this Agreement, Executive's obligations under Item 7 of this Agreement shall survive the expiration of the term of this Agreement without renewal and termination of Executive's employment as provided in such Item. Unless the parties to this Agreement mutually agree to extend the term of this Agreement, the restrictions under Item 7 of this Agreement shall no longer apply after the expiration of the term of this Agreement if Executive continues to be employed by the Company at that time.

H. Resignation of Positions upon Termination. On the termination of this Agreement for any reason whatsoever, Executive shall at the request of the Company immediately resign (without prejudice to any claims which Executive may have against the Company arising out of this Agreement or the termination thereof) from all and any offices which Executive may hold as an officer or member of the Board of the Company and from all other appointments or offices which Executive holds as a nominee or representative of the Company and if Executive should fail to do so, the Company is hereby irrevocably authorized to appoint another person in Executive's name and on Executive's behalf to sign any documents or do any thing necessary or requisite to effect such resignation(s) and/or transfers.

I. Termination Date. For all purposes of this Agreement the "Termination Date" shall refer to the effective date of termination as set forth above.

7. Restrictive Covenants. As a material inducement to the Company's employment of Executive, the provisions of this Item 7 shall apply.

A. For purposes of this Item, the following terms and provisions shall have the following meanings:

(i) "Prohibited Time Period" shall mean the period beginning on the date of execution hereof and ending on the date that is twelve (12) months after the termination of employment for any reason whatsoever of Executive.

(ii) "Prohibited Business" shall mean the business of providing charter or scheduled airline service. The Prohibited Business shall include, but is not limited to, employment with an existing airline or with a group which within one (1) year prior to the termination of Executive's employment or after the termination of employment, begins to take steps to form a start-up airline.

(iii) "Prohibited Geographic Area" shall mean the conduct of the Prohibited Business within the United States or to the United States from Mexico, Canada or the Caribbean, whether he is physically located in the Prohibited Geographic Area or whether he is in contact with others located in the Prohibited Geographic Area. Executive acknowledges that he and the Company have agreed that Executive's services will benefit the Company throughout the Prohibited Geographic Area.

(iv) "Prohibited Capacity" shall mean service in the capacity of an executive or in such other management position or as a significant equity owner or consultant, in which capacities Executive acknowledges that he has served or will serve the Company and its subsidiaries during the course of his employment for the Company.

(v) "Prohibited Party" shall mean all travel partners of the Company who (a) have contracted for regular chartered air service with the Company during the one (1) year period prior to the date of termination of employment, or (b) whose services are sold by the Company to produce ancillary third party revenue

(such as Enterprise Rent-a-Car), (c) have been solicited as potential travel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive.

(vi) "Prohibited Employee" means any employee, independent contractor or consultant of the Company who worked for the Company at any time within six (6) months prior to the termination of employment of Executive; provided, however, that the term "Prohibited Employee" shall not include any employee who had not been employed by the Company within the one (1) year period immediately preceding the date contacted by Executive for subsequent employment.

B. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, serve in a Prohibited Capacity in the Prohibited Business in the Prohibited Geographic Area.

C. Executive covenants and agrees that during the Prohibited Time Period, he shall not, for any reason, directly or indirectly (whether as officer, director, consultant, employee, representative, agent, partner, owner, stockholder or otherwise), (i) solicit charter air services from, or market charter air services to, any Prohibited Party, or (ii) enter into a transaction with such Prohibited Party as a result of which the Prohibited Party does, or is likely to, reduce the amount of business between the Prohibited Party and the Company.

D. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, hire any Prohibited Employee or request or induce any Prohibited Employee to terminate that person's employment or relationship with the Company or to accept employment with any other person.

E. The parties agree that: (i) the covenants and agreements of Executive contained in this Item are reasonably necessary to protect the interests of the Company in whose favor said covenants and agreements are imposed in light of the nature of the Company's business and the professional involvement of Executive in such business; (ii) the restrictions imposed by this Item are not greater than are necessary for the protection of the Company in light of the substantial harm that the Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) the covenants and agreements of Executive contained in this Item have been independently negotiated between the parties and served as a material inducement for the Company to enter into this Agreement; (iv) the period and geographical area of restriction referred to in this Item are fair and reasonably required for the protection of the Company; and (v) the nature, kind and character of the activities Executive is prohibited to engage in are reasonable and necessary to protect the Company in that the Company will rely on Executive for those important aspects of its business.

F. Executive acknowledges that a material breach by Executive of any part of this Item will result in irreparable and continuing damage to the Company and any material breach or threatened breach of the covenants provided in this Item shall be subject to specific performance by temporary as well as permanent injunction or any other equitable remedies of any court of competent jurisdiction.

G. The covenants and agreements on the part of Executive contained in this Item shall be construed as agreements independent of any other agreement between Executive and the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each of such covenants and agreements or otherwise affect the remedies to which the Company is entitled hereunder.

H. If the provisions of this Item 7 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitation permitted by applicable law.

I. Nothing contained in this Item shall restrict Executive from being a not more than 1% stockholder (but not an officer, director, employee, consultant or advisor) of any corporation that directly or indirectly competes with the Company provided the stock of such competing corporation is publicly held and listed on a national stock exchange.

8. Confidential Information.

A. During the period beginning on the execution date of this Agreement and ending on the fifth (5th) anniversary of any termination or expiration of this Agreement, Executive agrees that he shall not, except in pursuit of the Company's business or with the prior written consent of the Company, for his own benefit or for the benefit of any other person or entity:

- i. directly or indirectly disclose, reveal, report, duplicate or transfer any Confidential Information to any other person or entity outside of the Company;
- ii. directly or indirectly aid, encourage, direct or allow any other person or entity outside of the Company to gain possession of or access to Confidential Information;
- iii. directly or indirectly copy or reproduce Confidential Information, except as required as part of Executive's duties; or
- iv. directly or indirectly use, sell or exploit any Confidential Information or aid, encourage, direct or allow any other person or entity to use, sell or exploit any Confidential Information.

This covenant shall not apply to any Confidential Information now or hereafter voluntarily disseminated by the Company to the public, or which otherwise has become part of the public domain through means other than a breach of Executive's duty of confidentiality hereunder. "Confidential Information", for purposes of this Agreement, shall mean information of the Company that constitutes a trade secret or confidential information under Nevada law and shall include, but not be limited to, all relevant information (whether or not reduced to writing and in any and all stages of development), concerning the Company and its services, plans, business practices, methods of operation, financial information, names or lists of names of employees, contractors, suppliers and customers, employee compensation and benefits, other personal employee information, interpretations, surveys, forecasts, marketing plans, development plans, notes, reports, market analyses, specialized software and databases and other information related to suppliers and customers that could be used as a competitive advantage by competitors if revealed or disclosed to such competitors or to persons or entities revealing or disclosing same to such competitors; together with any and all extracts, summaries and photo, electronic or other copies or reproductions, in whole or in part, stored in whatever medium. Confidential Information also includes business information of the Company now known by Executive, or in Executive's possession, or hereafter learned or acquired by Executive that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Confidential Information may be written or oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. Confidential Information also includes any information made available to the Company by its customers or other third parties and which the Company is obligated to keep confidential. Executive acknowledges that the Confidential Information is secret, confidential and proprietary to the Company and has been or will be disclosed to and/or obtained by Executive in confidence and trust for the sole purpose of using the same for the sole benefit of the Company.

B. Executive hereby acknowledges and agrees that (i) the Company has expended considerable and substantial time, effort and capital resources to develop the Confidential Information, (ii) the Confidential Information is innovative and must receive confidential treatment to protect the Company's competitive position in the market and the Company's proprietary interest therein from irreparable damage, (iii) Executive, by virtue of his relationship with the Company, has had and will have access to the Confidential Information, and (iv) the Confidential Information and all physical embodiments or other repositories of the same shall be and at all times remain the sole and exclusive property of the Company.

C. Since irreparable harm will otherwise result to the Company in the event of a breach or threatened breach by Executive of the provisions of Item 8A, the Company shall be entitled to an injunction restraining Executive from disclosing, in whole or in part, any Confidential Information, or from rendering any services to any person, firm, company, association or other entity to whom such Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Executive waives any requirement for the Company to post a bond or prove actual economic damage prior to seeking injunctive relief.

9. Company Property.

A. Executive acknowledges that all recorded information, including without limitation all notes, memoranda, records, laboratory reports, documents, papers, computer disks, tapes or other storage media and all other papers and documents whatsoever which may have been prepared by Executive or have come into Executive's possession or control in the course of employment with the Company (the "Documents") and other materials owned or used by the Company shall at all times remain the sole property of the Company.

B. Executive agrees to promptly, upon request of the Company and in any event upon the termination of Executive's employment with the Company for any reason whatsoever, forthwith return to the Company all property whatsoever belonging to the Company including, without limitation, any laptop computer belonging to the Company, security passes, credit cards and all copies of the Documents which have come into Executive's possession or control in the course of employment with the Company and Executive shall not be entitled to and shall not retain any copies thereof.

10. Professional Responsibility.

A. Executive agrees that he will provide in connection with the performance of all services under this Agreement the skill and diligence normally provided by competent professionals in the performance of services similar to that contemplated by this Agreement.

B. Both parties acknowledge and agree that a fiduciary and confidential relationship has commenced and will continue to exist between them and that said relationship will continue during the term of this Agreement.

C. Executive represents that he has no conflicts of interest in rendering his professional services to the Company.

D. Executive shall not during the course of his employment (except as a representative or nominee of the Company or otherwise with the prior consent in writing of the Board) be directly or indirectly engaged, concerned or interested in any other business which: (i) is wholly or partly in competition with any business carried on by the Company by itself or in partnership, common ownership or as a joint venture with any third party; or (ii) is a supplier to or customer of the Company, provided that Executive may own not more than one percent (1%) of the issued shares of any company which is publicly held and listed on a national stock exchange or on the Nasdaq Stock Market.

E. Subject to any regulations from time to time issued by the Company, Executive shall not receive or obtain directly or indirectly any discount, rebate, commission or other inducement in respect of any sale or purchase of any goods or services effected or other business transacted (whether or not by Executive) by or on behalf of the Company and if Executive (or any firm or company in which Executive is directly or indirectly engaged, concerned or interested) shall obtain any such discount, rebate, commission or inducement, Executive shall account to the Company for the amount received by Executive or the amount received by such firm or company.

F. As an inducement to the Company to enter into this Agreement, Executive represents and warrants that: (i) he is not a party to any other agreement or obligation for personal services; (ii) there exist no impediments or restraints, contractual or otherwise, on Executive's power, right or ability to enter into this Agreement and to perform his duties and obligations hereunder; (iii) the performance of his obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject; and (iv) Executive has not been involved in any legal proceedings that would be required to be disclosed in response to Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended. As an inducement to Executive to enter into this Agreement, the Company represents and warrants that there exist no impediments or restraints, contractual or otherwise, on the Company's power, right or ability to enter into this Agreement and to perform its duties and obligations hereunder.

11. Ownership of Works and Materials.

A. Executive agrees that all Works (as defined below) and Materials (as defined below) are the sole and exclusive property of the Company.

B. Executive also specifically acknowledges and agrees that any tangible expression of any Works or Materials were developed, made or invented exclusively for the benefit of and are the sole and exclusive property of the Company or its successors and assigns as “works for hire” under Section 201 of Title 17 of the United States Code.

C. In the event that any Works or Materials are deemed not to be a work for hire, Executive agrees to assign, and does hereby irrevocably assign, to the Company all of his right, title and interest in and to such Works and Materials. Executive further agrees to take any actions, including the execution of documents or instruments, which the Company may reasonably require to effect Executive’s assignment of rights pursuant to this Item 11C, and Executive hereby constitutes and appoints, with full power of substitution and resubstitution, the Company as Executive’s attorney-in-fact to execute and deliver any documents or instruments which Executive has agreed to execute and deliver pursuant to this Item 11C.

D. Executive hereby waives and releases in favor of Company all rights in and to the Works and Materials and agrees that Company shall have the right to revise, condense, abridge, expand, adapt, change, modify, add to, subtract from, re-title or otherwise modify the Works and Materials without Executive’s consent.

E. For purposes of this Item 11, “Works” means any work, studies, reports or analyses devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company, including, without limitation any and all compositions or works of authorship, concepts, compilations, abridgments, or other form in which Executive may directly or indirectly recast, transform or adapt any of the foregoing.

F. For purposes of this Item 11, “Materials” means any product, model, document, instrument, report, plan, proposal, specification, manual, tape, and all reproductions, copies or facsimiles thereof, or any other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic, digital or other form, any Works.

G. In order to avoid any ambiguity in connection with the creation of any Work which Executive claims is not covered by this Agreement, Executive agrees to disclose in writing to the Company complete details on any Works that are devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company. Such disclosure shall be made promptly upon development, design or formulation with respect to any Works created while Executive is employed by the Company, and shall be disclosed in writing pursuant to such form as the Company may from time to time provide

12. Business Opportunities. For so long as Executive is employed by the Company, Executive will not, without the prior written consent of the Company (which consent may be withheld by the Company in the exercise of its absolute discretion), engage, directly or indirectly, in any business, venture or activity that Executive is aware or reasonably should be aware that the Company or any affiliate of the Company is engaged in, intends at any time to become engaged in, or might become engaged in if offered the opportunity, or in any other business, venture or activity if the Company reasonably determines that such activity would adversely affect the business of the Company or any affiliate thereof or the performance by Executive of any of Executive’s duties or obligations to the Company.

13. Privacy Waivers.

A. The Company reserves the right to stop and search any employee or property of any employee when entering or leaving the Company’s premises.

B. The Company reserves the right to monitor at any time telephone calls, electronic communications and information transmitted on Company networks or on computer equipment which is owned by the Company or on computers on Company premises that are used for Company business.

14. Notice. All notices required or sent hereunder shall be sent by personal delivery, overnight priority mail via a nationally recognized overnight delivery company, or by certified mail, return receipt requested to the address of the party entitled to receive the notice as set forth above. Notices sent in accordance with this paragraph shall be deemed received upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery company or five (5) days after mailed, as aforesaid.

15. Breach by the Company. If there is a dispute regarding the payment of any sum by the Company hereunder, the Company shall not be deemed to have failed to have made a payment hereunder if pending the resolution of such dispute, the Company pays the amount in dispute into court or into an escrow account at the Company's bank or with the Company's counsel.

16. Remedies Not Exclusive. The rights, remedies and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which any party may otherwise have.

17. Invalid Provisions. The invalidity of any one or more of the clauses or words contained in this Agreement shall not affect the reasonable enforceability of the remaining provisions of this Agreement, all of which are inserted herein conditionally upon being valid in law; and in the event that one or more of the words or clauses contained herein shall be invalid, this instrument shall be construed as if such invalid words or clauses had not been inserted or, alternatively, said words or clauses shall be reasonably limited to the extent that the applicable court interpreting the provisions of this Agreement considers to be reasonable.

18. Binding Effect. This Agreement, as it relates to restrictions applicable to Executive, is a personal contract and the rights and interests of Executive hereunder may not be sold, transferred, assigned, pledged or hypothecated. However, this Agreement shall inure to the benefit of and be binding upon Company and its successors and assigns including, without limitation, any corporation or other entity into which Company is merged or which acquires all or substantially all of the outstanding ownership interests or assets of Company.

19. Jurisdiction. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. Attorney's Fees. In the event an action is taken by either party to enforce this Agreement or resolve a dispute in connection herewith, the prevailing party shall be entitled to recover the costs incurred with the prosecution and defense of such action, including reasonable attorney's fees.

21. Miscellaneous. This Agreement shall be construed under and governed by the laws of the State of Nevada other than its conflicts of laws principles. This Agreement contains the complete understanding of the parties with respect to the subject matter of this Agreement and supersedes all other prior agreements, understandings and negotiations relating to the same subject matter. This Agreement may only be modified by a written instrument signed by each of the parties hereto. No provisions of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. Failure to require strict compliance with any term or provision of this Agreement shall not constitute a waiver of a party's right to insist upon strict compliance with each and every provision of this Agreement. No waiver of any terms and conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other term of condition. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and same instrument. The provisions of Item 3 (the last paragraph), 4D, 4I, 4M, 4N, 6H, 7, 8, 9, 11 and 14 through 21 shall survive the termination of this Agreement and Executive's employment with the Company. This Agreement may be executed by any party by delivery of a facsimile signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other

and agrees not to sue the Company or any of its subsidiaries, divisions, affiliates and related entities and its current and former directors, officers, shareholders, trustees, employees, consultants, independent contractors, representatives, agents, servants, successors and assigns and all persons acting by, through or under or in concert with any of them (collectively "Releasees"), from all claims, rights and liabilities up to and including the date of this Release arising from or relating to Executive's employment with, or termination of employment from, the Company, under the Employment Agreement and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of actions, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected and any claims of wrongful discharge, breach of contract, implied contract, promissory estoppel, defamation, slander, libel, tortious conduct, employment discrimination or claims under any federal, state or local statute, law, order or ordinance, including any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq. ("ADEA"), or any other federal, state or municipal ordinance. Nothing contained herein shall restrict the parties' rights to enforce the terms of this Release.

(b) To the maximum extent permitted by law, Executive agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Release.

(c) Notwithstanding the foregoing, this Release specifically excludes (i) any unpaid base salary or benefits accrued through the date of Executive's termination of employment, (ii) Executive's rights and the Company's obligations under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement, (iii) claims for unemployment benefits, (iv) Executive's vested account balance, if any, in the Company's 401(k) plan, and (v) Executive's right, if any, to elect continued group health coverage for himself and his eligible family members under Part 6 of Title I of ERISA. Nothing contained in this Release shall release Executive from his obligations, including any obligations to abide by restrictive covenants under the Employment Agreement or any other agreement that continue or are to be performed following termination of employment.

(d) The parties agree that this Release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter "EEOC") to enforce ADEA and other laws. In addition, the parties agree that this Release shall not be used to justify interfering with Executive's protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that Executive knowingly and voluntarily waives all rights or claims (that arose prior to Executive's execution of this Release) the Releasers may have against the Releasees, or any of them, to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' fees, experts' fees) as a consequence of any investigation or proceeding conducted by the EEOC.

2. Executive acknowledges that the Company has specifically advised him of the right to seek the advice of an attorney concerning the terms and conditions of this Release. Executive further acknowledges that he has been furnished with a copy of this Release, and he has been afforded twenty-one (21) days in which to consider the terms and conditions set forth above prior to this Release. By executing this Release, Executive affirmatively states that he has had sufficient and reasonable time to review this Release and to consult with an attorney concerning his legal rights prior to the final execution of this Release. Executive further agrees that he has carefully read this Release and fully understands its terms. Executive understands that he may revoke this Release within seven (7) days after signing this Release. Revocation of this Release must be made in writing and must be received by [●] at [●] within the time period set forth above.

3. This Release will be governed by and construed in accordance with the laws of the state of Nevada, without giving effect to any choice of law or conflicting provision or rule (whether of the state of Nevada or any other jurisdiction) that would cause the laws of any jurisdiction other than the state of Nevada to be applied. In furtherance of the foregoing, the internal law of the state of Nevada will control the interpretation and construction of this agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply. The provisions of this Release are severable, and if any part or portion of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall become effective and enforceable on the eighth day following its execution by Executive, provided he does not exercise his right of revocation as described above. If Executive fails to sign and deliver this Release or revokes his signature, this Release will be without force or effect, and Executive shall not be entitled to those

payments or benefits under Items 4C, 4D, 4G, 4I, 6C or 6D of the Employment Agreement, as applicable, which are conditioned upon the execution of this Release.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into effective as of the 1st day of September, 2020 by and between ROBERT P. WILSON, III (hereinafter “Executive”), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144, and ALLEGIANT TRAVEL COMPANY, a Nevada corporation (hereinafter “the Company”), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144.

W I T N E S S E T H

WHEREAS, the Company desires to employ Executive as its executive vice president and chief information officer, and Executive desires to be so employed pursuant to and in accordance with the terms and conditions hereinafter set forth; and

NOW, THEREFORE, for and in consideration of the above premises, the terms and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Executive and the Company, it is hereby agreed as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon all of the terms and conditions as are hereinafter set forth. Terms of employment with the Company are also governed by the Company’s employment policies in effect from time to time. The Company shall provide a copy of such employment policies to Executive upon request. In the event of any conflict between the terms of this Agreement and the generally applicable employment policies, the terms of this Agreement shall prevail.

2. Scope of Services.

A. Executive shall be employed by the Company as the executive vice president and chief information officer of the Company and its operating subsidiaries. Executive shall report to the Company’s President or such other officer as the Company’s Board of Directors may designate (“Supervising Officer”). Executive’s duties shall include those indicated above and such other duties assigned to him by the Supervising Officer from time to time.

Executive’s services are mutually agreed to be unique personal services. Executive acknowledges that the Company is relying upon Executive’s experience, expertise and other qualifications in entering into this Agreement. Executive shall not assign or delegate any right, obligation or duty hereunder to any other person or entity without the express written consent of the Company.

B. During Executive’s period of service hereunder, Executive agrees to perform such services not inconsistent with Executive’s position as shall from time to time be assigned to Executive by the Supervising Officer. During the term of this Agreement, except for disability, illness and vacation periods, Executive shall devote Executive’s full productive time, attention and energies to the positions of executive vice president and chief information officer of the Company and its operating subsidiaries.

C. Executive’s expenditure of reasonable amounts of time in connection with outside activities, not competitive with the business of the Company, such as outside directorships or charitable activities, shall not be considered in contravention of this Agreement so long as such activities do not interfere with his performance of this Agreement. Further, it is understood and agreed by the parties hereto that Executive is entitled to engage in passive and personal investment activities not interfering with his performance of this Agreement.

3. Limitations of Duties. Executive shall not, without consent first being given by the Company, which consent may be general authority from the Company:

- A. Take part in activities detrimental to the best interests of the Company, including rendering any services to any other firm or entity which conflict or interfere with the performance of Executive's duties hereunder.
- B. Exceed any limitations on his authority that may be established by the Board.
- C. Enter into any contract, oral or written, in the name of, for or on behalf of the Company other than in the ordinary course of business.
- D. Use any money belonging to the Company or pledge its credit other than in the ordinary course of business.
- E. Commit or suffer to be committed any act whereby the Company's property may be subject to attachment or seizure.
- F. Cause the Company to become a guarantor, surety or endorser or give any note for the benefit of any other person whomsoever.

Upon a breach of any provision under this Item 3, the Company shall have the right to terminate this Agreement for Cause as set forth in Item 6E hereof and to pursue any other remedies available to the Company as a result of such breach.

Executive shall indemnify and hold the Company harmless from and against any and all damages, actions, causes of action, claims and other liabilities, contingent or otherwise, directed toward the Company by others as a result of Executive's violation of any of the provisions of this Item 3.

4. Compensation.

A. **Base Compensation.** As base compensation ("Base Salary") for providing services hereunder, Executive shall be paid Two Hundred Sixty Thousand Dollars (\$260,000) per annum to be paid monthly or in more frequent installments as may be agreed upon by the Company and Executive. The salary payable to Executive shall be inclusive of any fees received by Executive as an officer of the Company or any other company or corporate body in which Executive holds an office as a nominee or representative of the Company.

B. **Annual Bonus.** Subject to the limitations in Paragraph N below, Executive shall be entitled to participate in the Company's annual bonus program (if any) as in effect from time to time and subject to meeting any requirements established for participation in the bonus program and may also be granted a discretionary bonus in such amount as may be determined by the Board of Directors (the "Board") in its sole discretion.

C. **Time-Based Restricted Stock.** Executive will be granted shares of restricted stock (the "T-B Restricted Stock") under the Company's 2016 Long-Term Incentive Plan as follows: (i) upon the effective date of this Agreement, eight thousand four hundred (8,400) shares; (ii) upon the first anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$1,085,000 divided by the closing price of the Company's stock on such date; and (iii) upon the second anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$1,085,000 divided by the closing price of the Company's stock on such date. Each of these grants of T-B Restricted Stock will vest in three (3) equal annual installments commencing on the first anniversary of each date of grant. In other words, the 2020 grant of T-B Restricted Stock will vest in 2021, 2022 and 2023; the 2021 grant of T-B Restricted Stock will vest in 2022, 2023 and 2024; and the 2022 grant of T-B Restricted Stock will vest in 2023, 2024 and 2025. In the event a Change of Control transaction is consummated prior to the forfeiture of any of T-B Restricted Stock, any unvested T-B Restricted Stock shall automatically vest. Each grant of T-B Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. Executive shall be entitled to vote all vested and unvested shares of T-B Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of T-B Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

D. Grant on Expiration of CARES Act Compensation Limitations. As a recipient of financial support under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"), the Company is subject to certain restrictions on executive compensation for employees who made over \$425,000 in 2019. These restrictions will continue to apply until at least March 24, 2022 and possibly longer. At such time as the Company is no longer subject to the restrictions on executive compensation under the CARES Act, the Company shall grant to Executive an additional seven thousand five hundred (7,500) shares of restricted stock (the "Additional Restricted Stock") under the Company's 2016 Long-Term Incentive Plan provided that the Executive remains actively employed as of such date. The Additional Restricted Stock will vest on the first anniversary of the date of grant. In the event a Change of Control transaction is consummated prior to the forfeiture of the Additional Restricted Stock, any unvested Additional Restricted Stock shall automatically vest. The Additional Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. From and after grant, Executive shall be entitled to vote all vested and unvested shares of the Additional Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of Additional Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

E. Participation in Future Equity Grants. Subject to the limitations in Paragraph N below, Executive shall be considered for participation in equity awards to senior management which may be granted by the Board in the future.

F. Fringe Benefits. The Company shall provide Executive health and dental insurance for Executive and his spouse (if married) and family and such vacation time, sick leave and other fringe benefits, including but not limited to participation in any pension, 401(k) and employee benefit plans that may be maintained by the Company from time to time as are made generally available to other management employees of the Company in accordance with Company policies. The Company reserves the right to change the benefits available under its benefit plans at any time or times.

G. Change of Control Benefits. In the event Executive's employment with Company shall cease within one (1) year after a "Change of Control" (as defined below) as a result of termination by the Company without "Cause" (as defined in Item 6C) or termination by Executive with "Good Reason" (as defined in Item 6D), Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

H. Definition of Change of Control. For all purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if at any time after the date this Agreement is signed: (i) by any method, transaction or series of related transactions, more than 50% of the outstanding shares of Company or beneficial ownership thereof are acquired within a period of one year by a person or group (as defined in Section 13(d) of the Securities Exchange Act of 1934) other than the members of Company's Board, those persons who were more than 5% owners of the Company prior to the date of this Agreement, employees of the Company and any of their immediate family members and affiliates; (ii) there is a merger or consolidation of the Company in which the Company is not the continuing or surviving entity or in which the stockholders of the Company immediately before such transaction do not own in the aggregate at least 50% of the outstanding voting shares of the continuing or surviving entity immediately after such transaction; (iii) there is a merger or consolidation of the Company pursuant to which the Company's shares are converted into cash, securities or other property; or (iv) the Company sells, leases or exchanges all or substantially all of its assets or the Company's stockholders approve the liquidation or dissolution of the Company.

I. Positive Space Travel. In recognition of Executive's service in a senior management role for the Company for many years, the following benefit is provided. During the term of his employment with the Company and for a period of five (5) years thereafter, Executive shall be entitled to passes for air travel on the flights of the Company (and any successor-in-interest to the Company) for Executive, his wife and children (up to age 21) on a positive space basis at no cost to Executive.

J. Expense Reimbursement. In addition, the Company shall reimburse Executive for any expenses incurred by Executive in connection with the business of the Company, as approved by the Company.

These expenses may include expenses for travel, business promotion, association memberships, and any other expenses as may be approved by the Supervising Officer from time to time. The Company shall reimburse Executive for such out-of-pocket expenses by the tenth (10th) day of the month following the month in which such expenses were incurred (and appropriate documentation thereof has been provided to the Company). The Company may issue to Executive a company credit card. In such event, Executive agrees to use such card only for the expenses reimbursable under this paragraph. Executive agrees to keep the card securely. In the event of loss or theft, the issuing authority and the Company shall be informed immediately. The card shall be returned to the Company forthwith on the termination of Executive's employment for any reason whatsoever.

K. Payroll Taxes. Executive shall bear full responsibility for the employee portion of all payroll taxes. Such amounts may be paid, at Executive's request, by the cancellation of such number of shares of Restricted Stock as may be necessary to fund the payroll tax obligation based on a value equal to the closing stock price of the Company's stock on the last trading day prior to the date of vesting.

L. Deductions. Deductions shall be made from Executive's salary for social security, Medicare, federal and state withholding taxes, and any other such taxes as may from time to time be required by governmental authority.

M. Clawback Agreement. In accordance with the Company's clawback policy, Executive hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) the Executive engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to the Executive in the amount by which the Executive's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

N. CARES Act Limitations on Compensation. Notwithstanding anything herein to the contrary, in no event shall any cash or stock-based compensation under this Agreement (whether upon payment, grant, vesting or accelerated vesting) exceed the limitations imposed upon the Company by virtue of accepting support from the U.S. Treasury under the CARES Act so long as those restrictions remain in effect. In the event of any such restriction, the parties agree to use good faith to negotiate an arrangement to provide the same value of compensation to Executive at a later time or on other terms but in compliance with the CARES Act; provided, however, that if the Company believes the limits may be exceeded in 2020 or any other calendar year as a result of compensation classified as "other compensation" for proxy statement purposes, then the Company may reduce Executive's base salary in such year to the extent necessary to assure that the limits are not exceeded.

O. Release Required for Post-Termination Benefits. Notwithstanding anything herein to the contrary, the acceleration of vesting of Restricted Stock, continued payment of salary after termination and other post-termination benefits shall be available to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D in each case, if and only if Executive has executed and delivered to the Company a release in the form attached hereto as Exhibit A or in such other form agreed to by the parties and only so long as Executive has not revoked such general release.

5. Term. The initial term of this Agreement shall commence as of the date hereof (the "Effective Date") and shall continue until August 31, 2023. The term of the Agreement shall expire on such date absent a renewal signed by both parties.

6. Termination:

A. This Agreement shall be terminated upon Executive's death or upon a physician certified disability which permanently or indefinitely renders Executive unable to perform his usual duties on behalf of the

Company. In the event of Executive's termination of employment as a result of death or such a disability, all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

B. Executive may, without "Good Reason" (as defined in paragraph D below), terminate this Agreement by giving to the Company sixty (60) days written notice and such termination shall be effective on the date specified by Executive but in no event earlier than the sixtieth (60th) day following the date of such notice. In such event, Executive shall continue to render his services up to the Termination Date (as hereinafter defined) if so requested by the Company. In the event of such a resignation without Good Reason, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

C. The Company may, without "Cause" (as defined in paragraph E below), terminate this Agreement at any time by giving to Executive written notice and such termination shall be effective on the date specified by the Company. At the option of the Company, Executive shall immediately cease performing his duties hereunder upon receipt of the notice. If terminated without Cause pursuant to this paragraph C, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement (but in no event for less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

D. Executive may terminate this Agreement immediately for "Good Reason". For purposes of this Agreement, Good Reason shall be defined as (i) failure of the Company to make any payment or provide any benefit to Executive hereunder, which failure is not cured within thirty (30) days after the Company's receipt of written notice of such default, or (ii) a material diminution of Executive's duties and responsibilities or his title without Executive's consent. Any termination under this paragraph D shall take effect immediately upon the Company's receipt of written notice from Executive after the expiration of any applicable cure period. If Executive terminates this Agreement for "Good Reason" pursuant to this paragraph D, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

E. The Company may terminate this Agreement immediately for "Cause". For purposes of this Agreement, "Cause" shall be defined as any of the following: (i) Executive shall commit a felony or other act involving moral turpitude, which other act is materially detrimental to the Company; (ii) Executive shall knowingly commit any act of prohibited conduct as set forth in Item 3 of this Agreement; (iii) Executive shall commit any act, specifically including but not limited to drug or alcohol abuse, which act is materially harmful to the Company, or which in the reasonable opinion of the Company's Board brings the Company into disrepute; (iv) Executive shall commit any act of fraud, dishonesty, theft or misappropriation, whether or not related to his activities on behalf of the Company, including providing false reports or accounts to the Company or deliberately making false statements about the Company, its services, employees, customers or suppliers; (v) intentional or repeated material neglect of Executive's duties; (vi) breach by Executive of any other material provision of this Agreement; (vii) Executive shall become the subject of a bankruptcy proceeding or otherwise make an arrangement or composition with creditors generally; (viii) Executive shall engage in anti-social behavior (such as fighting, indecency, harassment, sexual or racial harassment or discrimination, intimidation of others, physical violence or assault) during the course of performing duties for the Company or against another employee outside of work; (ix) Executive shall have possession of illegal drugs at the Company's workplace; or (x) Executive shall perform duties in a negligent or dangerous manner which causes or is likely to cause material loss or injury. This Agreement may not be terminated by the Company under subclause (v), (vi) or (x) of this Item unless and until the Company has provided Executive with written notice of such violative conduct and Executive has failed to cure (or fails to commence and thereafter diligently pursue the cure) such act within thirty (30) days after Executive's receipt of such written notice; provided, however, that no right to cure shall be available for a second or subsequent violation of the same provision within any twelve (12) month period. Any termination under this paragraph E shall take effect immediately upon Executive's receipt of written notice from the Company or expiration of any applicable cure period, whichever is later. The failure of the Company to terminate this Agreement for cause as a result of any of the foregoing at any one or more times shall not affect the Company's ability to terminate this Agreement for cause as a result of the subsequent occurrence of any act giving rise to "cause" hereunder, provided that Executive is still provided with a

notice to cure if applicable in accordance with the above. In the event of a termination for Cause, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

F. Upon termination, Executive shall have no obligation to provide any additional services, and except as expressly provided above, the Company shall only be obligated to pay to Executive the portion of any amounts due as of the termination date, together with all unreimbursed out-of-pocket expenses incurred by Executive.

G. Termination of Executive's Obligations. In the event of the termination of Executive's employment during the term of this Agreement, Executive's obligations under Item 7 of this Agreement shall survive the expiration of the term of this Agreement without renewal and termination of Executive's employment as provided in such Item. Unless the parties to this Agreement mutually agree to extend the term of this Agreement, the restrictions under Item 7 of this Agreement shall no longer apply after the expiration of the term of this Agreement if Executive continues to be employed by the Company at that time.

H. Resignation of Positions upon Termination. On the termination of this Agreement for any reason whatsoever, Executive shall at the request of the Company immediately resign (without prejudice to any claims which Executive may have against the Company arising out of this Agreement or the termination thereof) from all and any offices which Executive may hold as an officer or member of the Board of the Company and from all other appointments or offices which Executive holds as a nominee or representative of the Company and if Executive should fail to do so, the Company is hereby irrevocably authorized to appoint another person in Executive's name and on Executive's behalf to sign any documents or do any thing necessary or requisite to effect such resignation(s) and/or transfers.

I. Termination Date. For all purposes of this Agreement the "Termination Date" shall refer to the effective date of termination as set forth above.

7. Restrictive Covenants. As a material inducement to the Company's employment of Executive, the provisions of this Item 7 shall apply.

A. For purposes of this Item, the following terms and provisions shall have the following meanings:

(i) "Prohibited Time Period" shall mean the period beginning on the date of execution hereof and ending on the date that is twelve (12) months after the termination of employment for any reason whatsoever of Executive.

(ii) "Prohibited Business" shall mean the business of providing charter or scheduled airline service. The Prohibited Business shall include, but is not limited to, employment with an existing airline or with a group which within one (1) year prior to the termination of Executive's employment or after the termination of employment, begins to take steps to form a start-up airline.

(iii) "Prohibited Geographic Area" shall mean the conduct of the Prohibited Business within the United States or to the United States from Mexico, Canada or the Caribbean, whether he is physically located in the Prohibited Geographic Area or whether he is in contact with others located in the Prohibited Geographic Area. Executive acknowledges that he and the Company have agreed that Executive's services will benefit the Company throughout the Prohibited Geographic Area.

(iv) "Prohibited Capacity" shall mean service in the capacity of an executive or in such other management position or as a significant equity owner or consultant, in which capacities Executive acknowledges that he has served or will serve the Company and its subsidiaries during the course of his employment for the Company.

(v) "Prohibited Party" shall mean all travel partners of the Company who (a) have contracted for regular chartered air service with the Company during the one (1) year period prior to the date of termination of employment, or (b) whose services are sold by the Company to produce ancillary third party revenue

(such as Enterprise Rent-a-Car), (c) have been solicited as potential travel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive.

(vi) "Prohibited Employee" means any employee, independent contractor or consultant of the Company who worked for the Company at any time within six (6) months prior to the termination of employment of Executive; provided, however, that the term "Prohibited Employee" shall not include any employee who had not been employed by the Company within the one (1) year period immediately preceding the date contacted by Executive for subsequent employment.

B. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, serve in a Prohibited Capacity in the Prohibited Business in the Prohibited Geographic Area.

C. Executive covenants and agrees that during the Prohibited Time Period, he shall not, for any reason, directly or indirectly (whether as officer, director, consultant, employee, representative, agent, partner, owner, stockholder or otherwise), (i) solicit charter air services from, or market charter air services to, any Prohibited Party, or (ii) enter into a transaction with such Prohibited Party as a result of which the Prohibited Party does, or is likely to, reduce the amount of business between the Prohibited Party and the Company.

D. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, hire any Prohibited Employee or request or induce any Prohibited Employee to terminate that person's employment or relationship with the Company or to accept employment with any other person.

E. The parties agree that: (i) the covenants and agreements of Executive contained in this Item are reasonably necessary to protect the interests of the Company in whose favor said covenants and agreements are imposed in light of the nature of the Company's business and the professional involvement of Executive in such business; (ii) the restrictions imposed by this Item are not greater than are necessary for the protection of the Company in light of the substantial harm that the Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) the covenants and agreements of Executive contained in this Item have been independently negotiated between the parties and served as a material inducement for the Company to enter into this Agreement; (iv) the period and geographical area of restriction referred to in this Item are fair and reasonably required for the protection of the Company; and (v) the nature, kind and character of the activities Executive is prohibited to engage in are reasonable and necessary to protect the Company in that the Company will rely on Executive for those important aspects of its business.

F. Executive acknowledges that a material breach by Executive of any part of this Item will result in irreparable and continuing damage to the Company and any material breach or threatened breach of the covenants provided in this Item shall be subject to specific performance by temporary as well as permanent injunction or any other equitable remedies of any court of competent jurisdiction.

G. The covenants and agreements on the part of Executive contained in this Item shall be construed as agreements independent of any other agreement between Executive and the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each of such covenants and agreements or otherwise affect the remedies to which the Company is entitled hereunder.

H. If the provisions of this Item 7 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitation permitted by applicable law.

I. Nothing contained in this Item shall restrict Executive from being a not more than 1% stockholder (but not an officer, director, employee, consultant or advisor) of any corporation that directly or indirectly competes with the Company provided the stock of such competing corporation is publicly held and listed on a national stock exchange.

8. Confidential Information.

A. During the period beginning on the execution date of this Agreement and ending on the fifth (5th) anniversary of any termination or expiration of this Agreement, Executive agrees that he shall not, except in pursuit of the Company's business or with the prior written consent of the Company, for his own benefit or for the benefit of any other person or entity:

- i. directly or indirectly disclose, reveal, report, duplicate or transfer any Confidential Information to any other person or entity outside of the Company;
- ii. directly or indirectly aid, encourage, direct or allow any other person or entity outside of the Company to gain possession of or access to Confidential Information;
- iii. directly or indirectly copy or reproduce Confidential Information, except as required as part of Executive's duties; or
- iv. directly or indirectly use, sell or exploit any Confidential Information or aid, encourage, direct or allow any other person or entity to use, sell or exploit any Confidential Information.

This covenant shall not apply to any Confidential Information now or hereafter voluntarily disseminated by the Company to the public, or which otherwise has become part of the public domain through means other than a breach of Executive's duty of confidentiality hereunder. "Confidential Information", for purposes of this Agreement, shall mean information of the Company that constitutes a trade secret or confidential information under Nevada law and shall include, but not be limited to, all relevant information (whether or not reduced to writing and in any and all stages of development), concerning the Company and its services, plans, business practices, methods of operation, financial information, names or lists of names of employees, contractors, suppliers and customers, employee compensation and benefits, other personal employee information, interpretations, surveys, forecasts, marketing plans, development plans, notes, reports, market analyses, specialized software and databases and other information related to suppliers and customers that could be used as a competitive advantage by competitors if revealed or disclosed to such competitors or to persons or entities revealing or disclosing same to such competitors; together with any and all extracts, summaries and photo, electronic or other copies or reproductions, in whole or in part, stored in whatever medium. Confidential Information also includes business information of the Company now known by Executive, or in Executive's possession, or hereafter learned or acquired by Executive that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Confidential Information may be written or oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. Confidential Information also includes any information made available to the Company by its customers or other third parties and which the Company is obligated to keep confidential. Executive acknowledges that the Confidential Information is secret, confidential and proprietary to the Company and has been or will be disclosed to and/or obtained by Executive in confidence and trust for the sole purpose of using the same for the sole benefit of the Company.

B. Executive hereby acknowledges and agrees that (i) the Company has expended considerable and substantial time, effort and capital resources to develop the Confidential Information, (ii) the Confidential Information is innovative and must receive confidential treatment to protect the Company's competitive position in the market and the Company's proprietary interest therein from irreparable damage, (iii) Executive, by virtue of his relationship with the Company, has had and will have access to the Confidential Information, and (iv) the Confidential Information and all physical embodiments or other repositories of the same shall be and at all times remain the sole and exclusive property of the Company.

C. Since irreparable harm will otherwise result to the Company in the event of a breach or threatened breach by Executive of the provisions of Item 8A, the Company shall be entitled to an injunction restraining Executive from disclosing, in whole or in part, any Confidential Information, or from rendering any services to any person, firm, company, association or other entity to whom such Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Executive waives any requirement for the Company to post a bond or prove actual economic damage prior to seeking injunctive relief.

9. Company Property.

A. Executive acknowledges that all recorded information, including without limitation all notes, memoranda, records, laboratory reports, documents, papers, computer disks, tapes or other storage media and all other papers and documents whatsoever which may have been prepared by Executive or have come into Executive's possession or control in the course of employment with the Company (the "Documents") and other materials owned or used by the Company shall at all times remain the sole property of the Company.

B. Executive agrees to promptly, upon request of the Company and in any event upon the termination of Executive's employment with the Company for any reason whatsoever, forthwith return to the Company all property whatsoever belonging to the Company including, without limitation, any laptop computer belonging to the Company, security passes, credit cards and all copies of the Documents which have come into Executive's possession or control in the course of employment with the Company and Executive shall not be entitled to and shall not retain any copies thereof.

10. Professional Responsibility.

A. Executive agrees that he will provide in connection with the performance of all services under this Agreement the skill and diligence normally provided by competent professionals in the performance of services similar to that contemplated by this Agreement.

B. Both parties acknowledge and agree that a fiduciary and confidential relationship has commenced and will continue to exist between them and that said relationship will continue during the term of this Agreement.

C. Executive represents that he has no conflicts of interest in rendering his professional services to the Company.

D. Executive shall not during the course of his employment (except as a representative or nominee of the Company or otherwise with the prior consent in writing of the Board) be directly or indirectly engaged, concerned or interested in any other business which: (i) is wholly or partly in competition with any business carried on by the Company by itself or in partnership, common ownership or as a joint venture with any third party; or (ii) is a supplier to or customer of the Company, provided that Executive may own not more than one percent (1%) of the issued shares of any company which is publicly held and listed on a national stock exchange or on the Nasdaq Stock Market.

E. Subject to any regulations from time to time issued by the Company, Executive shall not receive or obtain directly or indirectly any discount, rebate, commission or other inducement in respect of any sale or purchase of any goods or services effected or other business transacted (whether or not by Executive) by or on behalf of the Company and if Executive (or any firm or company in which Executive is directly or indirectly engaged, concerned or interested) shall obtain any such discount, rebate, commission or inducement, Executive shall account to the Company for the amount received by Executive or the amount received by such firm or company.

F. As an inducement to the Company to enter into this Agreement, Executive represents and warrants that: (i) he is not a party to any other agreement or obligation for personal services; (ii) there exist no impediments or restraints, contractual or otherwise, on Executive's power, right or ability to enter into this Agreement and to perform his duties and obligations hereunder; (iii) the performance of his obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject; and (iv) Executive has not been involved in any legal proceedings that would be required to be disclosed in response to Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended. As an inducement to Executive to enter into this Agreement, the Company represents and warrants that there exist no impediments or restraints, contractual or otherwise, on the Company's power, right or ability to enter into this Agreement and to perform its duties and obligations hereunder.

11. Ownership of Works and Materials.

A. Executive agrees that all Works (as defined below) and Materials (as defined below) are the sole and exclusive property of the Company.

B. Executive also specifically acknowledges and agrees that any tangible expression of any Works or Materials were developed, made or invented exclusively for the benefit of and are the sole and exclusive property of the Company or its successors and assigns as “works for hire” under Section 201 of Title 17 of the United States Code.

C. In the event that any Works or Materials are deemed not to be a work for hire, Executive agrees to assign, and does hereby irrevocably assign, to the Company all of his right, title and interest in and to such Works and Materials. Executive further agrees to take any actions, including the execution of documents or instruments, which the Company may reasonably require to effect Executive’s assignment of rights pursuant to this Item 11C, and Executive hereby constitutes and appoints, with full power of substitution and resubstitution, the Company as Executive’s attorney-in-fact to execute and deliver any documents or instruments which Executive has agreed to execute and deliver pursuant to this Item 11C.

D. Executive hereby waives and releases in favor of Company all rights in and to the Works and Materials and agrees that Company shall have the right to revise, condense, abridge, expand, adapt, change, modify, add to, subtract from, re-title or otherwise modify the Works and Materials without Executive’s consent.

E. For purposes of this Item 11, “Works” means any work, studies, reports or analyses devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company, including, without limitation any and all compositions or works of authorship, concepts, compilations, abridgments, or other form in which Executive may directly or indirectly recast, transform or adapt any of the foregoing.

F. For purposes of this Item 11, “Materials” means any product, model, document, instrument, report, plan, proposal, specification, manual, tape, and all reproductions, copies or facsimiles thereof, or any other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic, digital or other form, any Works.

G. In order to avoid any ambiguity in connection with the creation of any Work which Executive claims is not covered by this Agreement, Executive agrees to disclose in writing to the Company complete details on any Works that are devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company. Such disclosure shall be made promptly upon development, design or formulation with respect to any Works created while Executive is employed by the Company, and shall be disclosed in writing pursuant to such form as the Company may from time to time provide

12. Business Opportunities. For so long as Executive is employed by the Company, Executive will not, without the prior written consent of the Company (which consent may be withheld by the Company in the exercise of its absolute discretion), engage, directly or indirectly, in any business, venture or activity that Executive is aware or reasonably should be aware that the Company or any affiliate of the Company is engaged in, intends at any time to become engaged in, or might become engaged in if offered the opportunity, or in any other business, venture or activity if the Company reasonably determines that such activity would adversely affect the business of the Company or any affiliate thereof or the performance by Executive of any of Executive’s duties or obligations to the Company.

13. Privacy Waivers.

A. The Company reserves the right to stop and search any employee or property of any employee when entering or leaving the Company’s premises.

B. The Company reserves the right to monitor at any time telephone calls, electronic communications and information transmitted on Company networks or on computer equipment which is owned by the Company or on computers on Company premises that are used for Company business.

14. Notice. All notices required or sent hereunder shall be sent by personal delivery, overnight priority mail via a nationally recognized overnight delivery company, or by certified mail, return receipt requested to the address of the party entitled to receive the notice as set forth above. Notices sent in accordance with this paragraph shall be deemed received upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery company or five (5) days after mailed, as aforesaid.

15. Breach by the Company. If there is a dispute regarding the payment of any sum by the Company hereunder, the Company shall not be deemed to have failed to have made a payment hereunder if pending the resolution of such dispute, the Company pays the amount in dispute into court or into an escrow account at the Company's bank or with the Company's counsel.

16. Remedies Not Exclusive. The rights, remedies and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which any party may otherwise have.

17. Invalid Provisions. The invalidity of any one or more of the clauses or words contained in this Agreement shall not affect the reasonable enforceability of the remaining provisions of this Agreement, all of which are inserted herein conditionally upon being valid in law; and in the event that one or more of the words or clauses contained herein shall be invalid, this instrument shall be construed as if such invalid words or clauses had not been inserted or, alternatively, said words or clauses shall be reasonably limited to the extent that the applicable court interpreting the provisions of this Agreement considers to be reasonable.

18. Binding Effect. This Agreement, as it relates to restrictions applicable to Executive, is a personal contract and the rights and interests of Executive hereunder may not be sold, transferred, assigned, pledged or hypothecated. However, this Agreement shall inure to the benefit of and be binding upon Company and its successors and assigns including, without limitation, any corporation or other entity into which Company is merged or which acquires all or substantially all of the outstanding ownership interests or assets of Company.

19. Jurisdiction. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. Attorney's Fees. In the event an action is taken by either party to enforce this Agreement or resolve a dispute in connection herewith, the prevailing party shall be entitled to recover the costs incurred with the prosecution and defense of such action, including reasonable attorney's fees.

21. Miscellaneous. This Agreement shall be construed under and governed by the laws of the State of Nevada other than its conflicts of laws principles. This Agreement contains the complete understanding of the parties with respect to the subject matter of this Agreement and supersedes all other prior agreements, understandings and negotiations relating to the same subject matter. This Agreement may only be modified by a written instrument signed by each of the parties hereto. No provisions of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. Failure to require strict compliance with any term or provision of this Agreement shall not constitute a waiver of a party's right to insist upon strict compliance with each and every provision of this Agreement. No waiver of any terms and conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other term of condition. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and same instrument. The provisions of Item 3 (the last paragraph), 4D, 4I, 4M, 4N, 6H, 7, 8, 9, 11 and 14 through 21 shall survive the termination of this Agreement and Executive's employment with the Company. This Agreement may be executed by any party by delivery of a facsimile signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other

party; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile. The paragraph headings contained in this Agreement are for reference only and shall not be deemed to impart substantive meaning to any provision of this Agreement. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request and direction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms and without favor to any party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered as of the date and year first above written.

EXECUTIVE:

/s/ Robert P. Wilson, III

COMPANY:

ALLEGIANT TRAVEL COMPANY

/s/ John Redmond
Title: President

**Exhibit A
Form of Release**

THIS RELEASE (the "Release") is entered into between Robert P. Wilson III ("Executive") and Allegiant Travel Company, a Nevada corporation (the "Company"), for the benefit of the Company. The entering into and non-revocation of this Release is a condition to Executive's right to receive certain payments under Items 4C, 4D, 4G, 4I, 6C and 6D of the Employment Agreement entered into by and between Executive and the Company, effective as of September 1, 2020 (the "Employment Agreement"). Capitalized terms used and not defined herein shall have the meaning provided in the Employment Agreement.

Accordingly, Executive and the Company agree as follows.

1. In consideration for the payments and other benefits provided to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement to which Executive would not otherwise be entitled, Executive represents and agrees, as follows:

(a) Executive, for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively "Releasers"), hereby irrevocably and unconditionally releases, acquits and forever discharges

and agrees not to sue the Company or any of its subsidiaries, divisions, affiliates and related entities and its current and former directors, officers, shareholders, trustees, employees, consultants, independent contractors, representatives, agents, servants, successors and assigns and all persons acting by, through or under or in concert with any of them (collectively "Releasees"), from all claims, rights and liabilities up to and including the date of this Release arising from or relating to Executive's employment with, or termination of employment from, the Company, under the Employment Agreement and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of actions, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected and any claims of wrongful discharge, breach of contract, implied contract, promissory estoppel, defamation, slander, libel, tortious conduct, employment discrimination or claims under any federal, state or local statute, law, order or ordinance, including any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq. ("ADEA"), or any other federal, state or municipal ordinance. Nothing contained herein shall restrict the parties' rights to enforce the terms of this Release.

(b) To the maximum extent permitted by law, Executive agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Release.

(c) Notwithstanding the foregoing, this Release specifically excludes (i) any unpaid base salary or benefits accrued through the date of Executive's termination of employment, (ii) Executive's rights and the Company's obligations under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement, (iii) claims for unemployment benefits, (iv) Executive's vested account balance, if any, in the Company's 401(k) plan, and (v) Executive's right, if any, to elect continued group health coverage for himself and his eligible family members under Part 6 of Title I of ERISA. Nothing contained in this Release shall release Executive from his obligations, including any obligations to abide by restrictive covenants under the Employment Agreement or any other agreement that continue or are to be performed following termination of employment.

(d) The parties agree that this Release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter "EEOC") to enforce ADEA and other laws. In addition, the parties agree that this Release shall not be used to justify interfering with Executive's protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that Executive knowingly and voluntarily waives all rights or claims (that arose prior to Executive's execution of this Release) the Releasers may have against the Releasees, or any of them, to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys' fees, experts' fees) as a consequence of any investigation or proceeding conducted by the EEOC.

2. Executive acknowledges that the Company has specifically advised him of the right to seek the advice of an attorney concerning the terms and conditions of this Release. Executive further acknowledges that he has been furnished with a copy of this Release, and he has been afforded twenty-one (21) days in which to consider the terms and conditions set forth above prior to this Release. By executing this Release, Executive affirmatively states that he has had sufficient and reasonable time to review this Release and to consult with an attorney concerning his legal rights prior to the final execution of this Release. Executive further agrees that he has carefully read this Release and fully understands its terms. Executive understands that he may revoke this Release within seven (7) days after signing this Release. Revocation of this Release must be made in writing and must be received by [●] at [●] within the time period set forth above.

3. This Release will be governed by and construed in accordance with the laws of the state of Nevada, without giving effect to any choice of law or conflicting provision or rule (whether of the state of Nevada or any other jurisdiction) that would cause the laws of any jurisdiction other than the state of Nevada to be applied. In furtherance of the foregoing, the internal law of the state of Nevada will control the interpretation and construction of this agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply. The provisions of this Release are severable, and if any part or portion of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall become effective and enforceable on the eighth day following its execution by Executive, provided he does not exercise his right of revocation as described above. If Executive fails to sign and deliver this Release or revokes his signature, this Release will be without force or effect, and Executive shall not be entitled to those

payments or benefits under Items 4C, 4D, 4G, 4I, 6C or 6D of the Employment Agreement, as applicable, which are conditioned upon the execution of this Release.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of September, 2020 by and between SCOTT DeANGELO (hereinafter "Executive"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144, and ALLEGIANT TRAVEL COMPANY, a Nevada corporation (hereinafter "the Company"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144.

W I T N E S S E T H

WHEREAS, the Company desires to employ Executive as its executive vice president and chief marketing officer, and Executive desires to be so employed pursuant to and in accordance with the terms and conditions hereinafter set forth; and

NOW, THEREFORE, for and in consideration of the above premises, the terms and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Executive and the Company, it is hereby agreed as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon all of the terms and conditions as are hereinafter set forth. Terms of employment with the Company are also governed by the Company's employment policies in effect from time to time. The Company shall provide a copy of such employment policies to Executive upon request. In the event of any conflict between the terms of this Agreement and the generally applicable employment policies, the terms of this Agreement shall prevail.

2. Scope of Services.

A. Executive shall be employed by the Company as the executive vice president and chief marketing officer of the Company and its operating subsidiaries. Executive shall report to the Company's President or such other officer as the Company's Board of Directors may designate ("Supervising Officer"). Executive's duties shall include those indicated above and such other duties assigned to him by the Supervising Officer from time to time.

Executive's services are mutually agreed to be unique personal services. Executive acknowledges that the Company is relying upon Executive's experience, expertise and other qualifications in entering into this Agreement. Executive shall not assign or delegate any right, obligation or duty hereunder to any other person or entity without the express written consent of the Company.

B. During Executive's period of service hereunder, Executive agrees to perform such services not inconsistent with Executive's position as shall from time to time be assigned to Executive by the Supervising Officer. During the term of this Agreement, except for disability, illness and vacation periods, Executive shall devote Executive's full productive time, attention and energies to the positions of executive vice president and chief marketing officer of the Company and its operating subsidiaries.

C. Executive shall be required to reside in Las Vegas, Nevada during his employment under this Agreement.

D. Executive's expenditure of reasonable amounts of time in connection with outside activities, not competitive with the business of the Company, such as outside directorships or charitable activities, shall not be considered in contravention of this Agreement so long as such activities do not interfere with his performance of this Agreement. Further, it is understood and agreed by the parties hereto that Executive is entitled to engage in passive and personal investment activities not interfering with his performance of this Agreement.

3. Limitations of Duties. Executive shall not, without consent first being given by the Company, which consent may be general authority from the Company:

- A. Take part in activities detrimental to the best interests of the Company, including rendering any services to any other firm or entity which conflict or interfere with the performance of Executive's duties hereunder.
- B. Exceed any limitations on his authority that may be established by the Board.
- C. Enter into any contract, oral or written, in the name of, for or on behalf of the Company other than in the ordinary course of business.
- D. Use any money belonging to the Company or pledge its credit other than in the ordinary course of business.
- E. Commit or suffer to be committed any act whereby the Company's property may be subject to attachment or seizure.
- F. Cause the Company to become a guarantor, surety or endorser or give any note for the benefit of any other person whomsoever.

Upon a breach of any provision under this Item 3, the Company shall have the right to terminate this Agreement for Cause as set forth in Item 6E hereof and to pursue any other remedies available to the Company as a result of such breach.

Executive shall indemnify and hold the Company harmless from and against any and all damages, actions, causes of action, claims and other liabilities, contingent or otherwise, directed toward the Company by others as a result of Executive's violation of any of the provisions of this Item 3.

4. Compensation.

A. **Base Compensation.** As base compensation ("Base Salary") for providing services hereunder, Executive shall be paid Two Hundred Sixty Thousand Dollars (\$260,000) per annum to be paid monthly or in more frequent installments as may be agreed upon by the Company and Executive. The salary payable to Executive shall be inclusive of any fees received by Executive as an officer of the Company or any other company or corporate body in which Executive holds an office as a nominee or representative of the Company.

B. **Annual Bonus.** Subject to the limitations in Paragraph N below, Executive shall be entitled to participate in the Company's annual bonus program (if any) as in effect from time to time and subject to meeting any requirements established for participation in the bonus program and may also be granted a discretionary bonus in such amount as may be determined by the Board of Directors (the "Board") in its sole discretion.

C. **Time-Based Restricted Stock.** Executive will be granted shares of restricted stock (the "T-B Restricted Stock") under the Company's 2016 Long-Term Incentive Plan as follows: (i) upon the effective date of this Agreement, seven thousand four hundred fifty (7,450) shares; (ii) upon the first anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$960,000 divided by the closing price of the Company's stock on such date; and (iii) upon the second anniversary of this Agreement (if the Executive remains actively employed as of such date), a number of shares equal to \$960,000 divided by the closing price of the Company's stock on such date. Each of these grants of T-B Restricted Stock will vest in three (3) equal annual installments commencing on the first anniversary of each date of grant. In other words, the 2020 grant of T-B Restricted Stock will vest in 2021, 2022 and 2023; the 2021 grant of T-B Restricted Stock will vest in 2022, 2023 and 2024; and the 2022 grant of T-B Restricted Stock will vest in 2023, 2024 and 2025. In the event a Change of Control transaction is consummated prior to the forfeiture of any of T-B Restricted Stock, any unvested T-B Restricted Stock shall automatically vest. Each grant of T-B Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. Executive shall be entitled to vote all vested and unvested shares of T-B Restricted Stock and to receive all

dividends paid thereon, until and unless such time as such shares of T-B Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

D. Grant on Expiration of CARES Act Compensation Limitations. As a recipient of financial support under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"), the Company is subject to certain restrictions on executive compensation for employees who made over \$425,000 in 2019. These restrictions will continue to apply until at least March 24, 2022 and possibly longer. At such time as the Company is no longer subject to the restrictions on executive compensation under the CARES Act, the Company shall grant to Executive an additional seven thousand five hundred (7,500) shares of restricted stock (the "Additional Restricted Stock") under the Company's 2016 Long-Term Incentive Plan provided that the Executive remains actively employed as of such date. The Additional Restricted Stock will vest on the first anniversary of the date of grant. In the event a Change of Control transaction is consummated prior to the forfeiture of the Additional Restricted Stock, any unvested Additional Restricted Stock shall automatically vest. The Additional Restricted Stock will be subject to the terms of a Restricted Stock Agreement to be entered into between the Company and Executive to evidence this grant. From and after grant, Executive shall be entitled to vote all vested and unvested shares of the Additional Restricted Stock and to receive all dividends paid thereon, until and unless such time as such shares of Additional Restricted Stock are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

E. Participation in Future Equity Grants. Subject to the limitations in Paragraph N below, Executive shall be considered for participation in equity awards to senior management which may be granted by the Board in the future.

F. Fringe Benefits. The Company shall provide Executive health and dental insurance for Executive and his spouse (if married) and family and such vacation time, sick leave and other fringe benefits, including but not limited to participation in any pension, 401(k) and employee benefit plans that may be maintained by the Company from time to time as are made generally available to other management employees of the Company in accordance with Company policies. The Company reserves the right to change the benefits available under its benefit plans at any time or times.

G. Change of Control Benefits. In the event Executive's employment with Company shall cease within one (1) year after a "Change of Control" (as defined below) as a result of termination by the Company without "Cause" (as defined in Item 6C) or termination by Executive with "Good Reason" (as defined in Item 6D), Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

H. Definition of Change of Control. For all purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if at any time after the date this Agreement is signed: (i) by any method, transaction or series of related transactions, more than 50% of the outstanding shares of Company or beneficial ownership thereof are acquired within a period of one year by a person or group (as defined in Section 13(d) of the Securities Exchange Act of 1934) other than the members of Company's Board, those persons who were more than 5% owners of the Company prior to the date of this Agreement, employees of the Company and any of their immediate family members and affiliates; (ii) there is a merger or consolidation of the Company in which the Company is not the continuing or surviving entity or in which the stockholders of the Company immediately before such transaction do not own in the aggregate at least 50% of the outstanding voting shares of the continuing or surviving entity immediately after such transaction; (iii) there is a merger or consolidation of the Company pursuant to which the Company's shares are converted into cash, securities or other property; or (iv) the Company sells, leases or exchanges all or substantially all of its assets or the Company's stockholders approve the liquidation or dissolution of the Company.

I. Positive Space Travel. In recognition of Executive's service in a senior management role for the Company for many years, the following benefit is provided. During the term of his employment with the Company and for a period of five (5) years thereafter, Executive shall be entitled to passes for air travel on the flights of the Company (and any successor-in-interest to the Company) for Executive, his wife and children (up to age 21) on a positive space basis at no cost to Executive.

J. Expense Reimbursement. In addition, the Company shall reimburse Executive for any expenses incurred by Executive in connection with the business of the Company, as approved by the Company. These expenses may include expenses for travel, business promotion, association memberships, and any other expenses as may be approved by the Supervising Officer from time to time. The Company shall reimburse Executive for such out-of-pocket expenses by the tenth (10th) day of the month following the month in which such expenses were incurred (and appropriate documentation thereof has been provided to the Company). The Company may issue to Executive a company credit card. In such event, Executive agrees to use such card only for the expenses reimbursable under this paragraph. Executive agrees to keep the card securely. In the event of loss or theft, the issuing authority and the Company shall be informed immediately. The card shall be returned to the Company forthwith on the termination of Executive's employment for any reason whatsoever.

K. Payroll Taxes. Executive shall bear full responsibility for the employee portion of all payroll taxes. Such amounts may be paid, at Executive's request, by the cancellation of such number of shares of Restricted Stock as may be necessary to fund the payroll tax obligation based on a value equal to the closing stock price of the Company's stock on the last trading day prior to the date of vesting.

L. Deductions. Deductions shall be made from Executive's salary for social security, Medicare, federal and state withholding taxes, and any other such taxes as may from time to time be required by governmental authority.

M. Clawback Agreement. In accordance with the Company's clawback policy, Executive hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) the Executive engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to the Executive in the amount by which the Executive's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

N. CARES Act Limitations on Compensation. Notwithstanding anything herein to the contrary, in no event shall any cash or stock-based compensation under this Agreement (whether upon payment, grant, vesting or accelerated vesting) exceed the limitations imposed upon the Company by virtue of accepting support from the U.S. Treasury under the CARES Act so long as those restrictions remain in effect. In the event of any such restriction, the parties agree to use good faith to negotiate an arrangement to provide the same value of compensation to Executive at a later time or on other terms but in compliance with the CARES Act; provided, however, that if the Company believes the limits may be exceeded in 2020 or any other calendar year as a result of compensation classified as "other compensation" for proxy statement purposes, then the Company may reduce Executive's base salary in such year to the extent necessary to assure that the limits are not exceeded.

O. Release Required for Post-Termination Benefits. Notwithstanding anything herein to the contrary, the acceleration of vesting of Restricted Stock, continued payment of salary after termination and other post-termination benefits shall be available to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D in each case, if and only if Executive has executed and delivered to the Company a release in the form attached hereto as Exhibit A or in such other form agreed to by the parties and only so long as Executive has not revoked such general release.

5. Term. The initial term of this Agreement shall commence as of the date hereof (the "Effective Date") and shall continue until August 31, 2023. The term of the Agreement shall expire on such date absent a renewal signed by both parties.

6. Termination:

A. This Agreement shall be terminated upon Executive's death or upon a physician certified disability which permanently or indefinitely renders Executive unable to perform his usual duties on behalf of the Company. In the event of Executive's termination of employment as a result of death or such a disability, all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

B. Executive may, without "Good Reason" (as defined in paragraph D below), terminate this Agreement by giving to the Company sixty (60) days written notice and such termination shall be effective on the date specified by Executive but in no event earlier than the sixtieth (60th) day following the date of such notice. In such event, Executive shall continue to render his services up to the Termination Date (as hereinafter defined) if so requested by the Company. In the event of such a resignation without Good Reason, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

C. The Company may, without "Cause" (as defined in paragraph E below), terminate this Agreement at any time by giving to Executive written notice and such termination shall be effective on the date specified by the Company. At the option of the Company, Executive shall immediately cease performing his duties hereunder upon receipt of the notice. If terminated without Cause pursuant to this paragraph C, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement (but in no event for less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

D. Executive may terminate this Agreement immediately for "Good Reason". For purposes of this Agreement, Good Reason shall be defined as (i) failure of the Company to make any payment or provide any benefit to Executive hereunder, which failure is not cured within thirty (30) days after the Company's receipt of written notice of such default, or (ii) a material diminution of Executive's duties and responsibilities or his title without Executive's consent, or (iii) the principal location at which Executive is to perform his duties is relocated to a place more than fifty (50) miles from Las Vegas, Nevada. Any termination under this paragraph D shall take effect immediately upon the Company's receipt of written notice from Executive after the expiration of any applicable cure period. If Executive terminates this Agreement for "Good Reason" pursuant to this paragraph D, Executive shall continue to receive his full base salary and related fringe benefits for the remaining term of this Agreement but in no event less than six (6) months following Executive's termination and all outstanding stock options, restricted stock grants and stock appreciation rights held by Executive at the time shall become immediately vested.

E. The Company may terminate this Agreement immediately for "Cause". For purposes of this Agreement, "Cause" shall be defined as any of the following: (i) Executive shall commit a felony or other act involving moral turpitude, which other act is materially detrimental to the Company; (ii) Executive shall knowingly commit any act of prohibited conduct as set forth in Item 3 of this Agreement; (iii) Executive shall commit any act, specifically including but not limited to drug or alcohol abuse, which act is materially harmful to the Company, or which in the reasonable opinion of the Company's Board brings the Company into disrepute; (iv) Executive shall commit any act of fraud, dishonesty, theft or misappropriation, whether or not related to his activities on behalf of the Company, including providing false reports or accounts to the Company or deliberately making false statements about the Company, its services, employees, customers or suppliers; (v) intentional or repeated material neglect of Executive's duties; (vi) breach by Executive of any other material provision of this Agreement; (vii) Executive shall become the subject of a bankruptcy proceeding or otherwise make an arrangement or composition with creditors generally; (viii) Executive shall engage in anti-social behavior (such as fighting, indecency, harassment, sexual or racial harassment or discrimination, intimidation of others, physical violence or assault) during the course of performing duties for the Company or against another employee outside of work; (ix) Executive shall have possession of illegal drugs at the Company's workplace; or (x) Executive shall perform duties in a negligent or dangerous manner which causes or is likely to cause material loss or injury. This Agreement may not be terminated by the Company under subclause (v), (vi) or (x) of this Item unless and until the Company has provided Executive with written notice of such violative conduct and Executive has failed to cure (or fails to commence and thereafter diligently pursue the cure) such act within thirty (30) days after Executive's receipt of such written notice; provided, however, that no right to cure shall be available for a second or subsequent violation of the same provision within any twelve (12) month period. Any termination under this paragraph E shall take effect immediately upon Executive's receipt of written notice from the Company or expiration of any applicable cure period, whichever is

later. The failure of the Company to terminate this Agreement for cause as a result of any of the foregoing at any one or more times shall not affect the Company's ability to terminate this Agreement for cause as a result of the subsequent occurrence of any act giving rise to "cause" hereunder, provided that Executive is still provided with a notice to cure if applicable in accordance with the above. In the event of a termination for Cause, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

F. Upon termination, Executive shall have no obligation to provide any additional services, and except as expressly provided above, the Company shall only be obligated pay to Executive the portion of any amounts due as of the termination date, together with all unreimbursed out-of-pocket expenses incurred by Executive.

G. Termination of Executive's Obligations. In the event of the termination of Executive's employment during the term of this Agreement, Executive's obligations under Item 7 of this Agreement shall survive the expiration of the term of this Agreement without renewal and termination of Executive's employment as provided in such Item. Unless the parties to this Agreement mutually agree to extend the term of this Agreement, the restrictions under Item 7 of this Agreement shall no longer apply after the expiration of the term of this Agreement if Executive continues to be employed by the Company at that time.

H. Resignation of Positions upon Termination. On the termination of this Agreement for any reason whatsoever, Executive shall at the request of the Company immediately resign (without prejudice to any claims which Executive may have against the Company arising out of this Agreement or the termination thereof) from all and any offices which Executive may hold as an officer or member of the Board of the Company and from all other appointments or offices which Executive holds as a nominee or representative of the Company and if Executive should fail to do so, the Company is hereby irrevocably authorized to appoint another person in Executive's name and on Executive's behalf to sign any documents or do any thing necessary or requisite to effect such resignation(s) and/or transfers.

I. Termination Date. For all purposes of this Agreement the "Termination Date" shall refer to the effective date of termination as set forth above.

7. Restrictive Covenants. As a material inducement to the Company's employment of Executive, the provisions of this Item 7 shall apply.

A. For purposes of this Item, the following terms and provisions shall have the following meanings:

(i) "Prohibited Time Period" shall mean the period beginning on the date of execution hereof and ending on the date that is twelve (12) months after the termination of employment for any reason whatsoever of Executive.

(ii) "Prohibited Business" shall mean the business of providing charter or scheduled airline service. The Prohibited Business shall include, but is not limited to, employment with an existing airline or with a group which within one (1) year prior to the termination of Executive's employment or after the termination of employment, begins to take steps to form a start-up airline.

(iii) "Prohibited Geographic Area" shall mean the conduct of the Prohibited Business within the United States or to the United States from Mexico, Canada or the Caribbean, whether he is physically located in the Prohibited Geographic Area or whether he is in contact with others located in the Prohibited Geographic Area. Executive acknowledges that he and the Company have agreed that Executive's services will benefit the Company throughout the Prohibited Geographic Area.

(iv) "Prohibited Capacity" shall mean service in the capacity of an executive or in such other management position or as a significant equity owner or consultant, in which capacities Executive acknowledges that he has served or will serve the Company and its subsidiaries during the course of his employment for the Company.

(v) "Prohibited Party" shall mean all travel partners of the Company who (a) have contracted for regular chartered air service with the Company during the one (1) year period prior to the date of termination of employment, or (b) whose services are sold by the Company to produce ancillary third party revenue (such as Enterprise Rent-a-Car), (c) have been solicited as potential travel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive.

(vi) "Prohibited Employee" means any employee, independent contractor or consultant of the Company who worked for the Company at any time within six (6) months prior to the termination of employment of Executive; provided, however, that the term "Prohibited Employee" shall not include any employee who had not been employed by the Company within the one (1) year period immediately preceding the date contacted by Executive for subsequent employment.

B. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, serve in a Prohibited Capacity in the Prohibited Business in the Prohibited Geographic Area.

C. Executive covenants and agrees that during the Prohibited Time Period, he shall not, for any reason, directly or indirectly (whether as officer, director, consultant, employee, representative, agent, partner, owner, stockholder or otherwise), (i) solicit charter air services from, or market charter air services to, any Prohibited Party, or (ii) enter into a transaction with such Prohibited Party as a result of which the Prohibited Party does, or is likely to, reduce the amount of business between the Prohibited Party and the Company.

D. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, hire any Prohibited Employee or request or induce any Prohibited Employee to terminate that person's employment or relationship with the Company or to accept employment with any other person.

E. The parties agree that: (i) the covenants and agreements of Executive contained in this Item are reasonably necessary to protect the interests of the Company in whose favor said covenants and agreements are imposed in light of the nature of the Company's business and the professional involvement of Executive in such business; (ii) the restrictions imposed by this Item are not greater than are necessary for the protection of the Company in light of the substantial harm that the Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) the covenants and agreements of Executive contained in this Item have been independently negotiated between the parties and served as a material inducement for the Company to enter into this Agreement; (iv) the period and geographical area of restriction referred to in this Item are fair and reasonably required for the protection of the Company; and (v) the nature, kind and character of the activities Executive is prohibited to engage in are reasonable and necessary to protect the Company in that the Company will rely on Executive for those important aspects of its business.

F. Executive acknowledges that a material breach by Executive of any part of this Item will result in irreparable and continuing damage to the Company and any material breach or threatened breach of the covenants provided in this Item shall be subject to specific performance by temporary as well as permanent injunction or any other equitable remedies of any court of competent jurisdiction.

G. The covenants and agreements on the part of Executive contained in this Item shall be construed as agreements independent of any other agreement between Executive and the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each of such covenants and agreements or otherwise affect the remedies to which the Company is entitled hereunder.

H. If the provisions of this Item 7 should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitation permitted by applicable law.

I. Nothing contained in this Item shall restrict Executive from being a not more than 1% stockholder (but not an officer, director, employee, consultant or advisor) of any corporation that directly or

indirectly competes with the Company provided the stock of such competing corporation is publicly held and listed on a national stock exchange.

8. Confidential Information.

A. During the period beginning on the execution date of this Agreement and ending on the fifth (5th) anniversary of any termination or expiration of this Agreement, Executive agrees that he shall not, except in pursuit of the Company's business or with the prior written consent of the Company, for his own benefit or for the benefit of any other person or entity:

- i. directly or indirectly disclose, reveal, report, duplicate or transfer any Confidential Information to any other person or entity outside of the Company;
- ii. directly or indirectly aid, encourage, direct or allow any other person or entity outside of the Company to gain possession of or access to Confidential Information;
- iii. directly or indirectly copy or reproduce Confidential Information, except as required as part of Executive's duties; or
- iv. directly or indirectly use, sell or exploit any Confidential Information or aid, encourage, direct or allow any other person or entity to use, sell or exploit any Confidential Information.

This covenant shall not apply to any Confidential Information now or hereafter voluntarily disseminated by the Company to the public, or which otherwise has become part of the public domain through means other than a breach of Executive's duty of confidentiality hereunder. "Confidential Information", for purposes of this Agreement, shall mean information of the Company that constitutes a trade secret or confidential information under Nevada law and shall include, but not be limited to, all relevant information (whether or not reduced to writing and in any and all stages of development), concerning the Company and its services, plans, business practices, methods of operation, financial information, names or lists of names of employees, contractors, suppliers and customers, employee compensation and benefits, other personal employee information, interpretations, surveys, forecasts, marketing plans, development plans, notes, reports, market analyses, specialized software and databases and other information related to suppliers and customers that could be used as a competitive advantage by competitors if revealed or disclosed to such competitors or to persons or entities revealing or disclosing same to such competitors; together with any and all extracts, summaries and photo, electronic or other copies or reproductions, in whole or in part, stored in whatever medium. Confidential Information also includes business information of the Company now known by Executive, or in Executive's possession, or hereafter learned or acquired by Executive that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Confidential Information may be written or oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. Confidential Information also includes any information made available to the Company by its customers or other third parties and which the Company is obligated to keep confidential. Executive acknowledges that the Confidential Information is secret, confidential and proprietary to the Company and has been or will be disclosed to and/or obtained by Executive in confidence and trust for the sole purpose of using the same for the sole benefit of the Company.

B. Executive hereby acknowledges and agrees that (i) the Company has expended considerable and substantial time, effort and capital resources to develop the Confidential Information, (ii) the Confidential Information is innovative and must receive confidential treatment to protect the Company's competitive position in the market and the Company's proprietary interest therein from irreparable damage, (iii) Executive, by virtue of his relationship with the Company, has had and will have access to the Confidential Information, and (iv) the Confidential Information and all physical embodiments or other repositories of the same shall be and at all times remain the sole and exclusive property of the Company.

C. Since irreparable harm will otherwise result to the Company in the event of a breach or threatened breach by Executive of the provisions of Item 8A, the Company shall be entitled to an injunction restraining Executive from disclosing, in whole or in part, any Confidential Information, or from rendering any

services to any person, firm, company, association or other entity to whom such Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Executive waives any requirement for the Company to post a bond or prove actual economic damage prior to seeking injunctive relief.

9. Company Property.

A. Executive acknowledges that all recorded information, including without limitation all notes, memoranda, records, laboratory reports, documents, papers, computer disks, tapes or other storage media and all other papers and documents whatsoever which may have been prepared by Executive or have come into Executive's possession or control in the course of employment with the Company (the "Documents") and other materials owned or used by the Company shall at all times remain the sole property of the Company.

B. Executive agrees to promptly, upon request of the Company and in any event upon the termination of Executive's employment with the Company for any reason whatsoever, forthwith return to the Company all property whatsoever belonging to the Company including, without limitation, any laptop computer belonging to the Company, security passes, credit cards and all copies of the Documents which have come into Executive's possession or control in the course of employment with the Company and Executive shall not be entitled to and shall not retain any copies thereof.

10. Professional Responsibility.

A. Executive agrees that he will provide in connection with the performance of all services under this Agreement the skill and diligence normally provided by competent professionals in the performance of services similar to that contemplated by this Agreement.

B. Both parties acknowledge and agree that a fiduciary and confidential relationship has commenced and will continue to exist between them and that said relationship will continue during the term of this Agreement.

C. Executive represents that he has no conflicts of interest in rendering his professional services to the Company.

D. Executive shall not during the course of his employment (except as a representative or nominee of the Company or otherwise with the prior consent in writing of the Board) be directly or indirectly engaged, concerned or interested in any other business which: (i) is wholly or partly in competition with any business carried on by the Company by itself or in partnership, common ownership or as a joint venture with any third party; or (ii) is a supplier to or customer of the Company, provided that Executive may own not more than one percent (1%) of the issued shares of any company which is publicly held and listed on a national stock exchange or on the Nasdaq Stock Market.

E. Subject to any regulations from time to time issued by the Company, Executive shall not receive or obtain directly or indirectly any discount, rebate, commission or other inducement in respect of any sale or purchase of any goods or services effected or other business transacted (whether or not by Executive) by or on behalf of the Company and if Executive (or any firm or company in which Executive is directly or indirectly engaged, concerned or interested) shall obtain any such discount, rebate, commission or inducement, Executive shall account to the Company for the amount received by Executive or the amount received by such firm or company.

F. As an inducement to the Company to enter into this Agreement, Executive represents and warrants that: (i) he is not a party to any other agreement or obligation for personal services; (ii) there exist no impediments or restraints, contractual or otherwise, on Executive's power, right or ability to enter into this Agreement and to perform his duties and obligations hereunder; (iii) the performance of his obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject; and (iv) Executive has not been involved in any legal proceedings that would be required to be disclosed in response to Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended. As an inducement to Executive to enter into this Agreement, the Company represents and warrants that there exist no impediments or restraints, contractual or otherwise, on the Company's power, right or ability to enter into this Agreement and to perform its duties and obligations hereunder.

11. Ownership of Works and Materials.

A. Executive agrees that all Works (as defined below) and Materials (as defined below) are the sole and exclusive property of the Company.

B. Executive also specifically acknowledges and agrees that any tangible expression of any Works or Materials were developed, made or invented exclusively for the benefit of and are the sole and exclusive property of the Company or its successors and assigns as “works for hire” under Section 201 of Title 17 of the United States Code.

C. In the event that any Works or Materials are deemed not to be a work for hire, Executive agrees to assign, and does hereby irrevocably assign, to the Company all of his right, title and interest in and to such Works and Materials. Executive further agrees to take any actions, including the execution of documents or instruments, which the Company may reasonably require to effect Executive’s assignment of rights pursuant to this Item 11C, and Executive hereby constitutes and appoints, with full power of substitution and resubstitution, the Company as Executive’s attorney-in-fact to execute and deliver any documents or instruments which Executive has agreed to execute and deliver pursuant to this Item 11C.

D. Executive hereby waives and releases in favor of Company all rights in and to the Works and Materials and agrees that Company shall have the right to revise, condense, abridge, expand, adapt, change, modify, add to, subtract from, re-title or otherwise modify the Works and Materials without Executive’s consent.

E. For purposes of this Item 11, “Works” means any work, studies, reports or analyses devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company, including, without limitation any and all compositions or works of authorship, concepts, compilations, abridgments, or other form in which Executive may directly or indirectly recast, transform or adapt any of the foregoing.

F. For purposes of this Item 11, “Materials” means any product, model, document, instrument, report, plan, proposal, specification, manual, tape, and all reproductions, copies or facsimiles thereof, or any other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic, digital or other form, any Works.

G. In order to avoid any ambiguity in connection with the creation of any Work which Executive claims is not covered by this Agreement, Executive agrees to disclose in writing to the Company complete details on any Works that are devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company. Such disclosure shall be made promptly upon development, design or formulation with respect to any Works created while Executive is employed by the Company, and shall be disclosed in writing pursuant to such form as the Company may from time to time provide

12. Business Opportunities. For so long as Executive is employed by the Company, Executive will not, without the prior written consent of the Company (which consent may be withheld by the Company in the exercise of its absolute discretion), engage, directly or indirectly, in any business, venture or activity that Executive is aware or reasonably should be aware that the Company or any affiliate of the Company is engaged in, intends at any time to become engaged in, or might become engaged in if offered the opportunity, or in any other business, venture or activity if the Company reasonably determines that such activity would adversely affect the business of the Company or any affiliate thereof or the performance by Executive of any of Executive’s duties or obligations to the Company.

13. Privacy Waivers.

A. The Company reserves the right to stop and search any employee or property of any employee when entering or leaving the Company’s premises.

B. The Company reserves the right to monitor at any time telephone calls, electronic communications and information transmitted on Company networks or on computer equipment which is owned by the Company or on computers on Company premises that are used for Company business.

14. Notice. All notices required or sent hereunder shall be sent by personal delivery, overnight priority mail via a nationally recognized overnight delivery company, or by certified mail, return receipt requested to the address of the party entitled to receive the notice as set forth above. Notices sent in accordance with this paragraph shall be deemed received upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery company or five (5) days after mailed, as aforesaid.

15. Breach by the Company. If there is a dispute regarding the payment of any sum by the Company hereunder, the Company shall not be deemed to have failed to have made a payment hereunder if pending the resolution of such dispute, the Company pays the amount in dispute into court or into an escrow account at the Company's bank or with the Company's counsel.

16. Remedies Not Exclusive. The rights, remedies and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which any party may otherwise have.

17. Invalid Provisions. The invalidity of any one or more of the clauses or words contained in this Agreement shall not affect the reasonable enforceability of the remaining provisions of this Agreement, all of which are inserted herein conditionally upon being valid in law; and in the event that one or more of the words or clauses contained herein shall be invalid, this instrument shall be construed as if such invalid words or clauses had not been inserted or, alternatively, said words or clauses shall be reasonably limited to the extent that the applicable court interpreting the provisions of this Agreement considers to be reasonable.

18. Binding Effect. This Agreement, as it relates to restrictions applicable to Executive, is a personal contract and the rights and interests of Executive hereunder may not be sold, transferred, assigned, pledged or hypothecated. However, this Agreement shall inure to the benefit of and be binding upon Company and its successors and assigns including, without limitation, any corporation or other entity into which Company is merged or which acquires all or substantially all of the outstanding ownership interests or assets of Company.

19. Jurisdiction. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. Attorney's Fees. In the event an action is taken by either party to enforce this Agreement or resolve a dispute in connection herewith, the prevailing party shall be entitled to recover the costs incurred with the prosecution and defense of such action, including reasonable attorney's fees.

21. Miscellaneous. This Agreement shall be construed under and governed by the laws of the State of Nevada other than its conflicts of laws principles. This Agreement contains the complete understanding of the parties with respect to the subject matter of this Agreement and supersedes all other prior agreements, understandings and negotiations relating to the same subject matter. This Agreement may only be modified by a written instrument signed by each of the parties hereto. No provisions of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. Failure to require strict compliance with any term or provision of this Agreement shall not constitute a waiver of a party's right to insist upon strict compliance with each and every provision of this Agreement. No waiver of any terms and conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other term of condition. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and same instrument. The provisions

of Item 3 (the last paragraph), 4D, 4I, 4M, 4N, 6H, 7, 8, 9, 11 and 14 through 21 shall survive the termination of this Agreement and Executive's employment with the Company. This Agreement may be executed by any party by delivery of a facsimile signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other party; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile. The paragraph headings contained in this Agreement are for reference only and shall not be deemed to impart substantive meaning to any provision of this Agreement. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request and direction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms and without favor to any party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered as of the date and year first above written.

EXECUTIVE:

/s/ Scott DeAngelo

COMPANY:

ALLEGiant TRAVEL COMPANY

/s/ John Redmond

Title: President

Exhibit A
Form of Release

THIS RELEASE (the "Release") is entered into between Scott DeAngelo ("Executive") and Allegiant Travel Company, a Nevada corporation (the "Company"), for the benefit of the Company. The entering into and non-revocation of this Release is a condition to Executive's right to receive certain payments under Items 4C, 4D, 4G, 4I, 6C and 6D of the Employment Agreement entered into by and between Executive and the Company, effective as of September 1, 2020 (the "Employment Agreement"). Capitalized terms used and not defined herein shall have the meaning provided in the Employment Agreement.

Accordingly, Executive and the Company agree as follows.

1. In consideration for the payments and other benefits provided to Executive under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement to which Executive would not otherwise be entitled, Executive represents and agrees, as follows:

(a) Executive, for himself, his heirs, administrators, representatives, executors, successors and assigns (collectively “Releasers”), hereby irrevocably and unconditionally releases, acquits and forever discharges and agrees not to sue the Company or any of its subsidiaries, divisions, affiliates and related entities and its current and former directors, officers, shareholders, trustees, employees, consultants, independent contractors, representatives, agents, servants, successors and assigns and all persons acting by, through or under or in concert with any of them (collectively “Releasees”), from all claims, rights and liabilities up to and including the date of this Release arising from or relating to Executive’s employment with, or termination of employment from, the Company, under the Employment Agreement and from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of actions, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected and any claims of wrongful discharge, breach of contract, implied contract, promissory estoppel, defamation, slander, libel, tortious conduct, employment discrimination or claims under any federal, state or local statute, law, order or ordinance, including any rights or claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et seq. (“ADEA”), or any other federal, state or municipal ordinance. Nothing contained herein shall restrict the parties’ rights to enforce the terms of this Release.

(b) To the maximum extent permitted by law, Executive agrees that he has not filed, nor will he ever file, a lawsuit asserting any claims which are released by this Release.

(c) Notwithstanding the foregoing, this Release specifically excludes (i) any unpaid base salary or benefits accrued through the date of Executive’s termination of employment, (ii) Executive’s rights and the Company’s obligations under Items 4C, 4D, 4G, 4I, 6C and 6D (as applicable) of the Employment Agreement, (iii) claims for unemployment benefits, (iv) Executive’s vested account balance, if any, in the Company’s 401(k) plan, and (v) Executive’s right, if any, to elect continued group health coverage for himself and his eligible family members under Part 6 of Title I of ERISA. Nothing contained in this Release shall release Executive from his obligations, including any obligations to abide by restrictive covenants under the Employment Agreement or any other agreement that continue or are to be performed following termination of employment.

(d) The parties agree that this Release shall not affect the rights and responsibilities of the US Equal Employment Opportunity Commission (hereinafter “EEOC”) to enforce ADEA and other laws. In addition, the parties agree that this Release shall not be used to justify interfering with Executive’s protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC. The parties further agree that Executive knowingly and voluntarily waives all rights or claims (that arose prior to Executive’s execution of this Release) the Releasers may have against the Releasees, or any of them, to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, attorneys’ fees, experts’ fees) as a consequence of any investigation or proceeding conducted by the EEOC.

2. Executive acknowledges that the Company has specifically advised him of the right to seek the advice of an attorney concerning the terms and conditions of this Release. Executive further acknowledges that he has been furnished with a copy of this Release, and he has been afforded twenty-one (21) days in which to consider the terms and conditions set forth above prior to this Release. By executing this Release, Executive affirmatively states that he has had sufficient and reasonable time to review this Release and to consult with an attorney concerning his legal rights prior to the final execution of this Release. Executive further agrees that he has carefully read this Release and fully understands its terms. Executive understands that he may revoke this Release within seven (7) days after signing this Release. Revocation of this Release must be made in writing and must be received by [●] at [●] within the time period set forth above.

3. This Release will be governed by and construed in accordance with the laws of the state of Nevada, without giving effect to any choice of law or conflicting provision or rule (whether of the state of Nevada or any other jurisdiction) that would cause the laws of any jurisdiction other than the state of Nevada to be applied. In furtherance of the foregoing, the internal law of the state of Nevada will control the interpretation and construction of this agreement, even if under such jurisdiction’s choice of law or conflict of law analysis, the substantive law of

some other jurisdiction would ordinarily apply. The provisions of this Release are severable, and if any part or portion of it is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. This Release shall become effective and enforceable on the eighth day following its execution by Executive, provided he does not exercise his right of revocation as described above. If Executive fails to sign and deliver this Release or revokes his signature, this Release will be without force or effect, and Executive shall not be entitled to those payments or benefits under Items 4C, 4D, 4G, 4I, 6C or 6D of the Employment Agreement, as applicable, which are conditioned upon the execution of this Release.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands, except for ratio)

	Nine Months Ended September 30,	
	2020	
Earnings:		
Income (loss) before income taxes	\$	(321,850)
Add: Fixed Charges		49,378
Add: Amortization of capitalized interest		173
Less: Interest capitalized		4,067
Less: Earnings from joint venture, net		(1,129)
Total earnings (loss)	\$	(275,237)
Fixed charges:		
Interest costs ⁽¹⁾	\$	44,149
Interest factor of operating lease expense ⁽²⁾		5,229
Total fixed charges	\$	49,378
Ratio of earnings (loss) to fixed charges ⁽³⁾		(5.57)

(1) Interest costs include both interest expensed and capitalized, including amortization of deferred financing costs and original issue discount on debt.

(2) Interest factor of operating lease expense is based on an estimate which the Company considers to be a reasonable approximation.

(3) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges.

Certifications

I, Maurice J. Gallagher, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegiant Travel Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ Maurice J. Gallagher, Jr. _____

Title: Principal Executive Officer

Certifications

I, Gregory Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegiant Travel Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ Gregory Anderson
Title: Principal Financial Officer

Allegiant Travel Company Certification under Section 906 of the Sarbanes/Oxley Act - filed as an exhibit to Form 10-Q for the Quarter Ended September 30, 2020

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Allegiant Travel Company (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Maurice J. Gallagher, Jr., Chief Executive Officer of the Company, and Gregory Anderson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maurice J. Gallagher, Jr.
Maurice J. Gallagher, Jr.
Principal Executive Officer

November 5, 2020

/s/ Gregory Anderson
Gregory Anderson
Principal Financial Officer

November 5, 2020

The foregoing Certification shall not be deemed incorporated by reference by any general statement incorporating by reference this report into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.