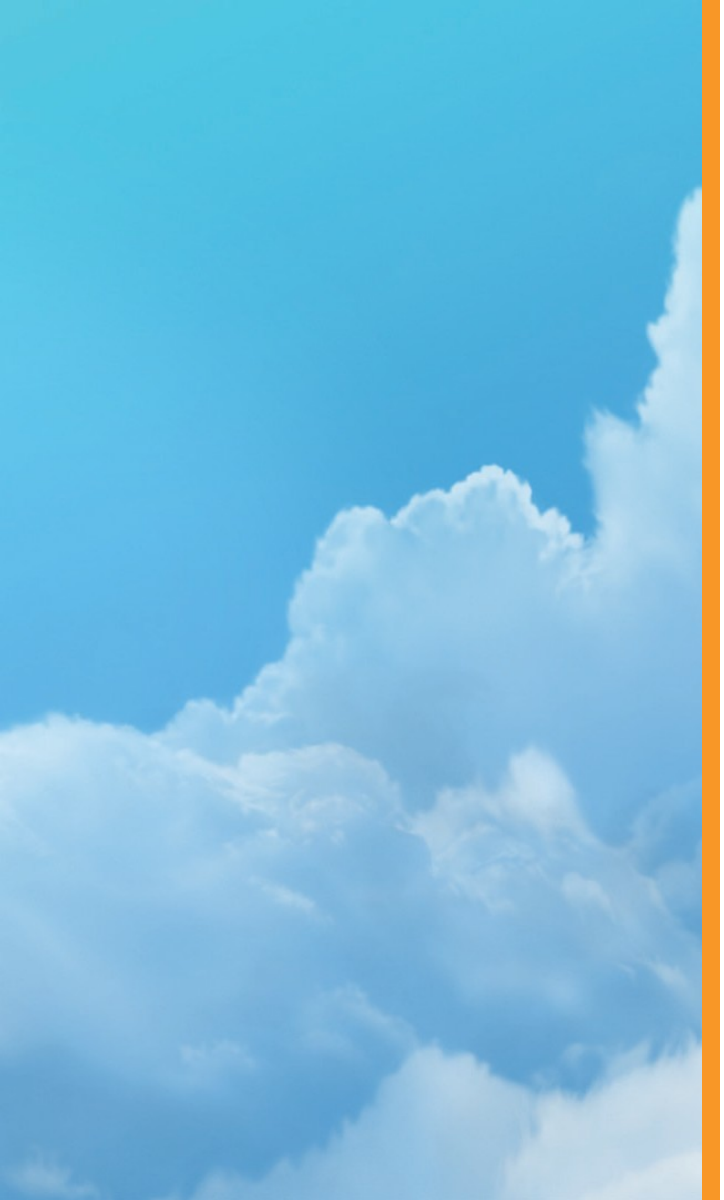

2016 investor day

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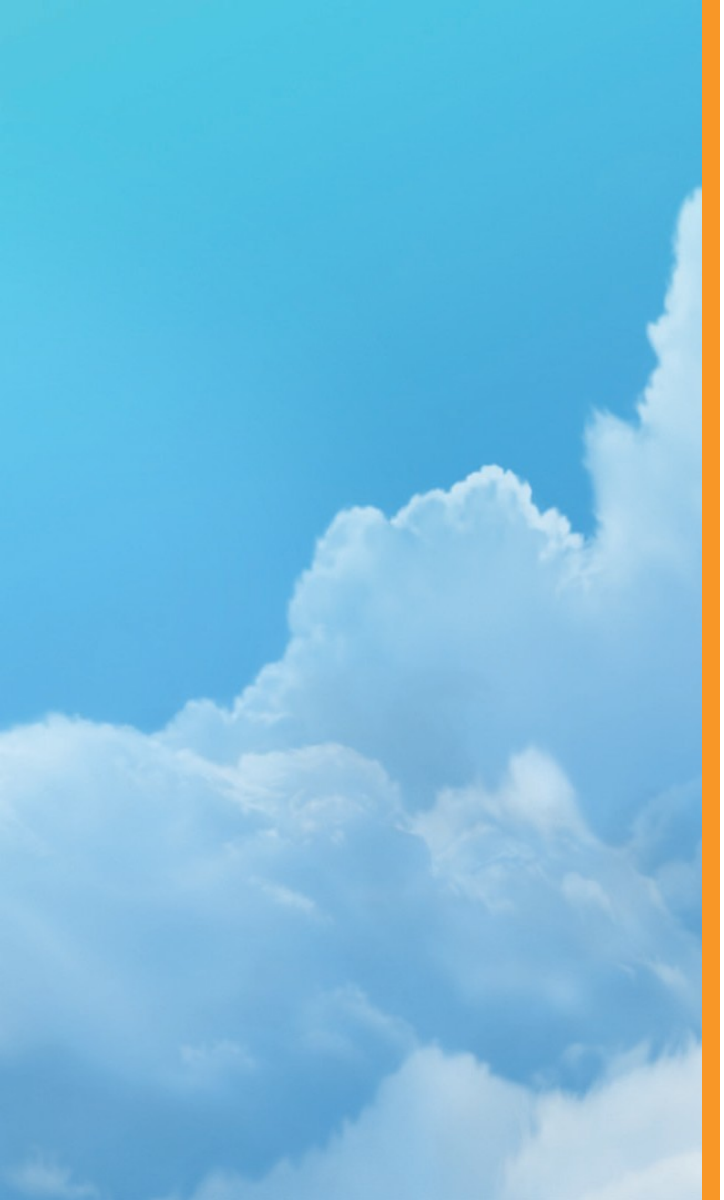
Forward looking statements

This presentation as well as oral statements made by officers or directors of Allegiant Travel Company, its advisors and affiliates (collectively or separately, the "Company“) will contain forward-looking statements that are only predictions and involve risks and uncertainties. Forward-looking statements may include, among others, references to future performance and any comments about our strategic plans. There are many risk factors that could prevent us from achieving our goals and cause the underlying assumptions of these forward-looking statements, and our actual results, to differ materially from those expressed in, or implied by, our forward-looking statements. These risk factors and others are more fully discussed in our filings with the Securities and Exchange Commission. Any forward-looking statements are based on information available to us today and we undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise. The Company cautions users of this presentation not to place undue reliance on forward-looking statements, which may be based on assumptions and anticipated events that do not materialize.

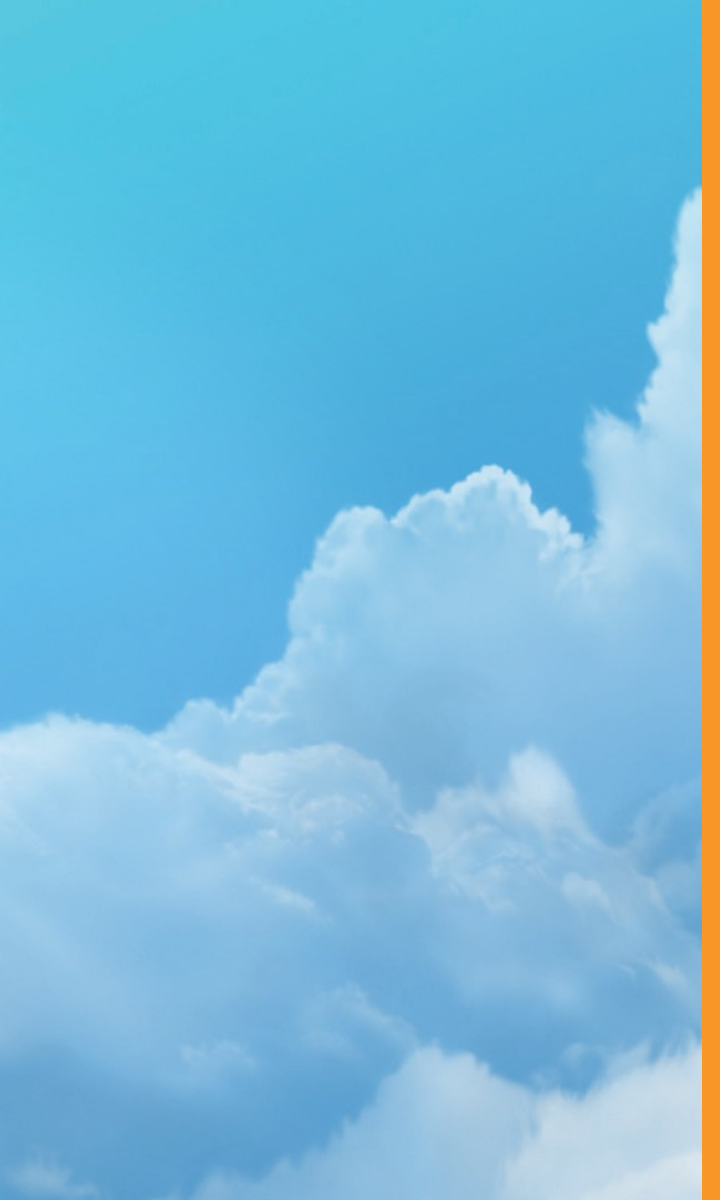


Welcome

Maury Gallagher– CEO

State of the state

- Past solid financial performance
- Operations focus
  - Catch up with the commercial side of the business
  - Excellent progress this year – more work to do
- Transition to all Airbus fleet underway
- Strategy remains constant – great deal of runway in front of us
  - Focus on leisure customer
  - Low frequency/utilization
  - Used aircraft
  - Low cost
  - Efficient use of capital
- Aggressive focus on “other” revenue
- Enhance the travel company
- Terrific management team



New roles

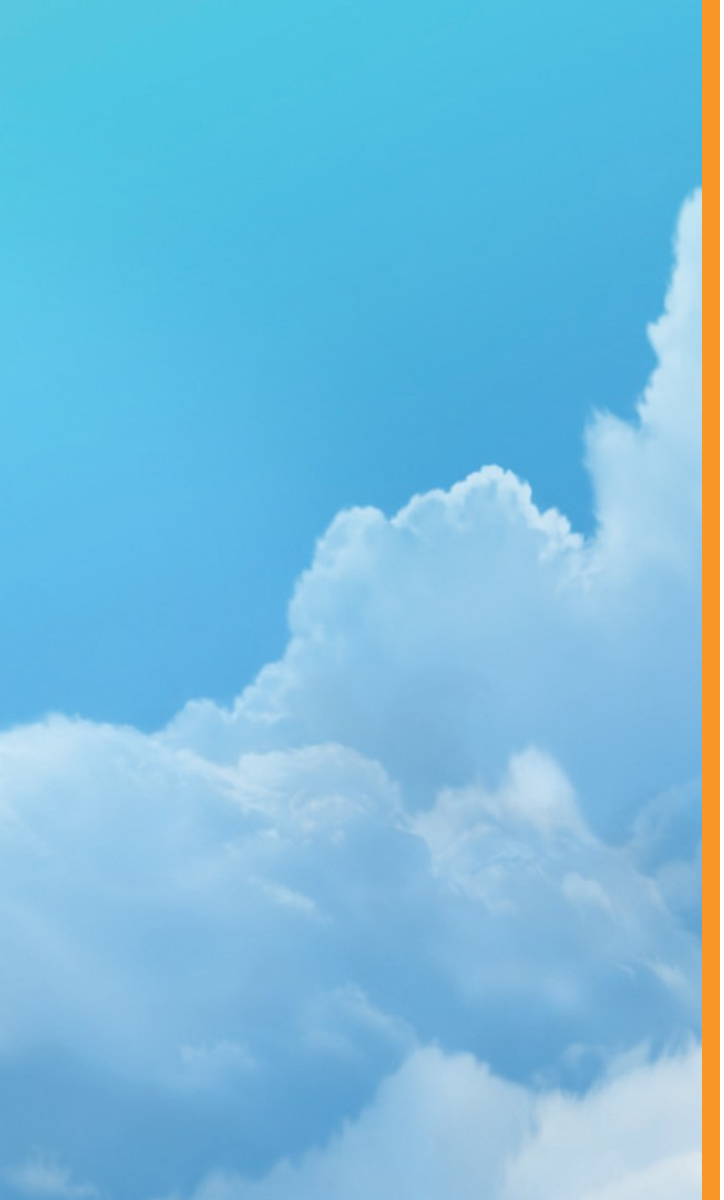
John Redmond - President

Corporate focus

- Talent
- IT
- Right sizing
- Execution

Third party focus

- Cars
- Hotels
  - Inventory
  - Content
  - Direct connect
  - Analytics
  - We know you and where you are
- Other



IT update

Scott Allard - CIO



Platform Evolution:

Wired for the Future

***AIS – proprietary, tightly-coupled web-based application**

*Reservations/Airline Ops/Mx Ops/General Ledger

*Platform control has allowed accelerated innovation

*Aging platform presents scalability & enhancement challenges

***G4Plus – next generation, loosely-coupled, web service-based suite**

*Common business logic across web, mobile, internal, external apps

*Ecommerce platform most mature

*Operations apps underway

Leveraging platform investment

100+ web services created

57 Applications running in G4+ portal

Website
Call Center
Mobile
Operations



Average response time:140 milliseconds

20 million web service calls per day

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eCommerce…solid foundation for future

Foundational work continues:

*14 modules completed
*4 modules due 1Q17
*5 modules remaining

98% revenue booked on new platform

Capabilities:

*Customer-centered sales with integrated loyalty
*Dynamic packaging of 3rd-party products
*Rules-based pricing of rental cars, hotels pending
*CMS, exhaustive data reporting, multivariate UI testing



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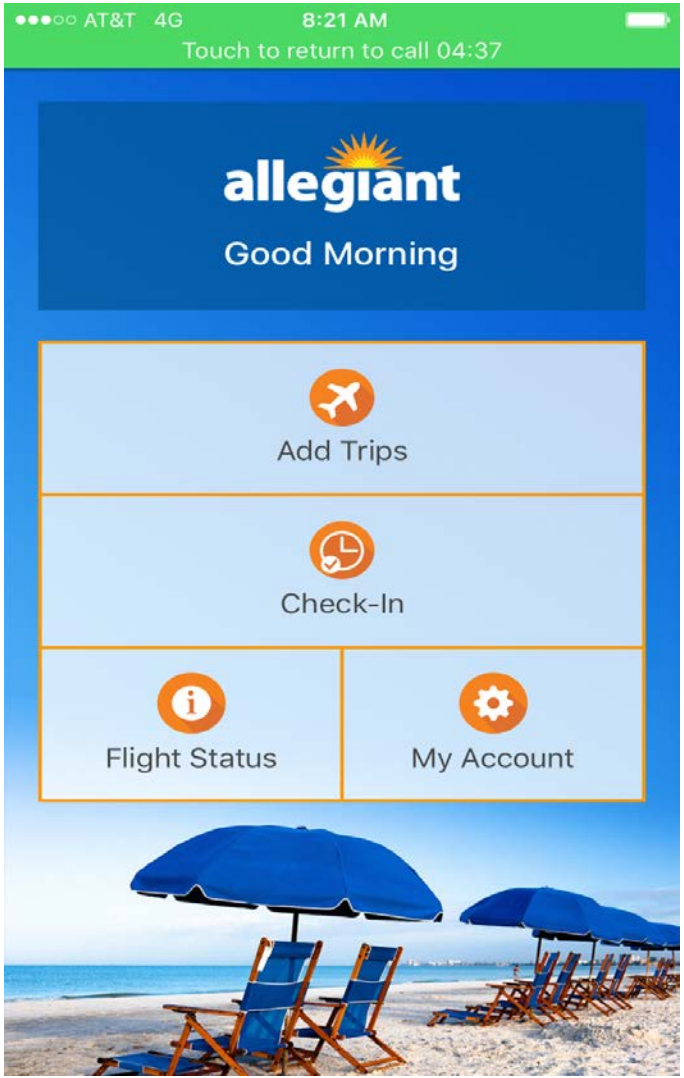

Customer mobile

Mobile Functionality	Mobile Usage
Check-in/Alerts	1.6M users since 6/16
Purchase Seats/Bags	40K users / day
IROP Self Service/Change/Cancel	7.5k new users / day
Post travel customer surveys	50% of pax check-in's
Bookings coming Q1 2017	IOS / Android

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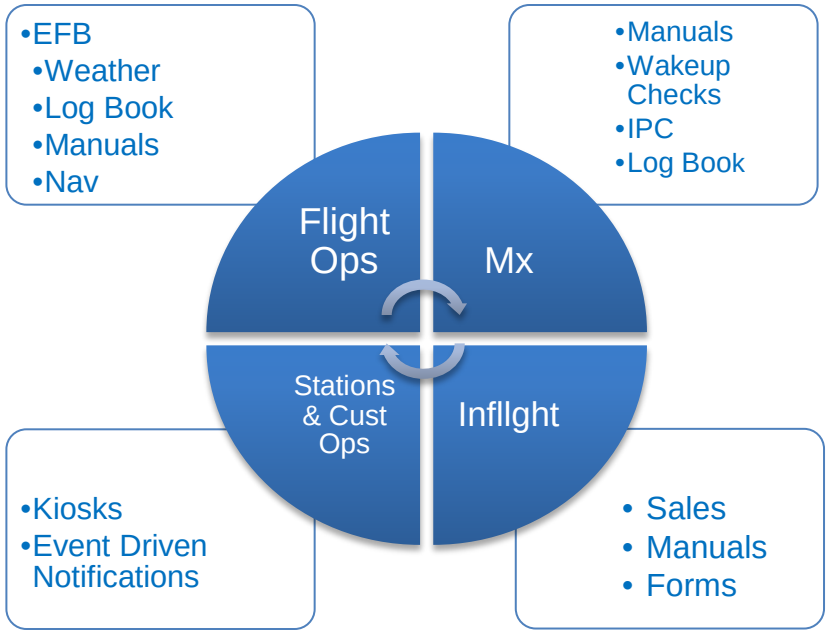
Employee mobile –extensive task driven connectivity





2200+ Devices to personnel

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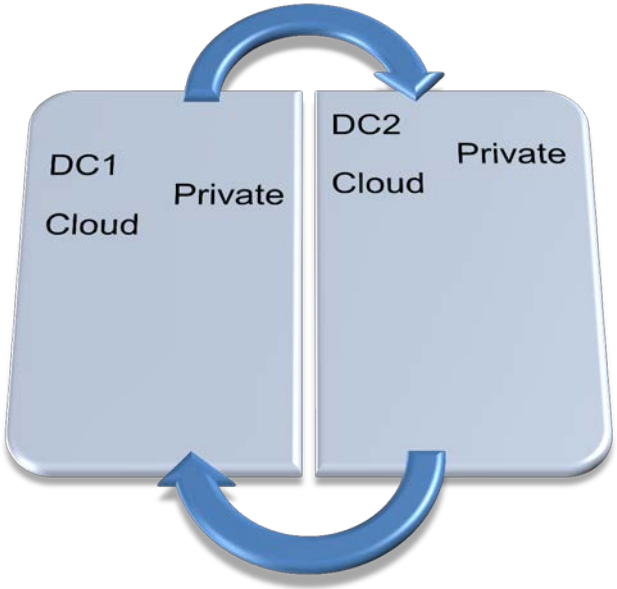
Reliable, dependable, scalable infrastructure



Virtualization	•Virtualization of Servers using UCS Blades •Extensive Flash Storage •Virtualization of Desktops for limited Support, extended life
Redundancy/Disaster Recovery	•Highly Available Redundant Servers •Redundant Network Switches •Redundant Storage •Secondary DC
Foundation for Growth	•Highly Scalable Server Environment •Highly Scalable Storage Solution •Expanded use of Public Cloud as necessary

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Leveraging the cloud for a big data future

IBM Cloudant / DB2 in the Cloud:

* Real-time insight into customer behavior on the website.
* Proactive monitoring of site activity. Future Predictive Analytics

Leveraging NoSQL :

* **Redis-** Key Value Store Caching Real-time aggregations
* **Mongo db-** Document based data store

Big Data Frameworks:

* **Apache Hadoop:** Big Data storage
* **Apache Spark :** Big Data execution framework

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Award winning investments in infrastructure:



SECURITY INNOVATION

2016 Security Innovation Award/Americas - Check Point Software Technologies

2016 Software Innovators Award - Honorable Mention - HP Enterprise

2016 Brandon Hall Group Excellence in Learning Bronze Award

2015 Best in Class Information Security Program/International- HP Enterprise

2015 IBM Beacon Award Winner

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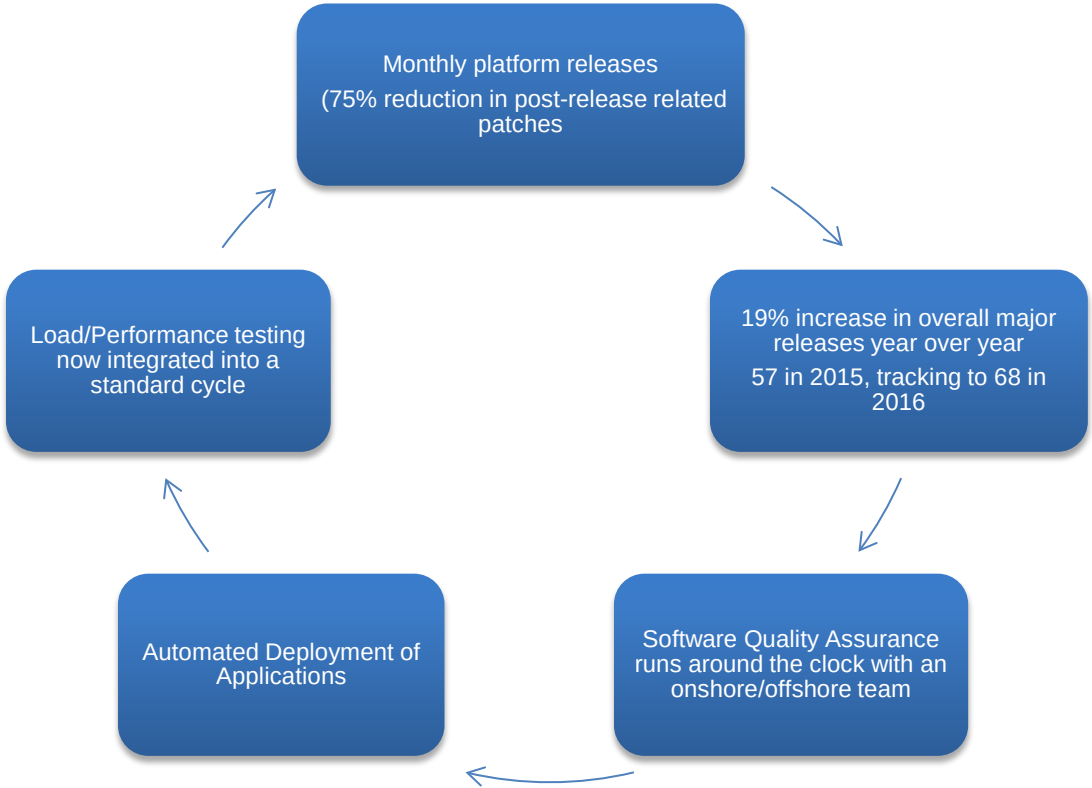
Improved software development velocity



Extending platform for future development



*Extension of the new pattern through ticket counters

*Enhanced Mobile functionality



*Enhanced self-service tools = smoother IROPS

*Leveraging common services for applications



*Continued eCommerce enhancements

*Extension of Web Functionality to Mobile

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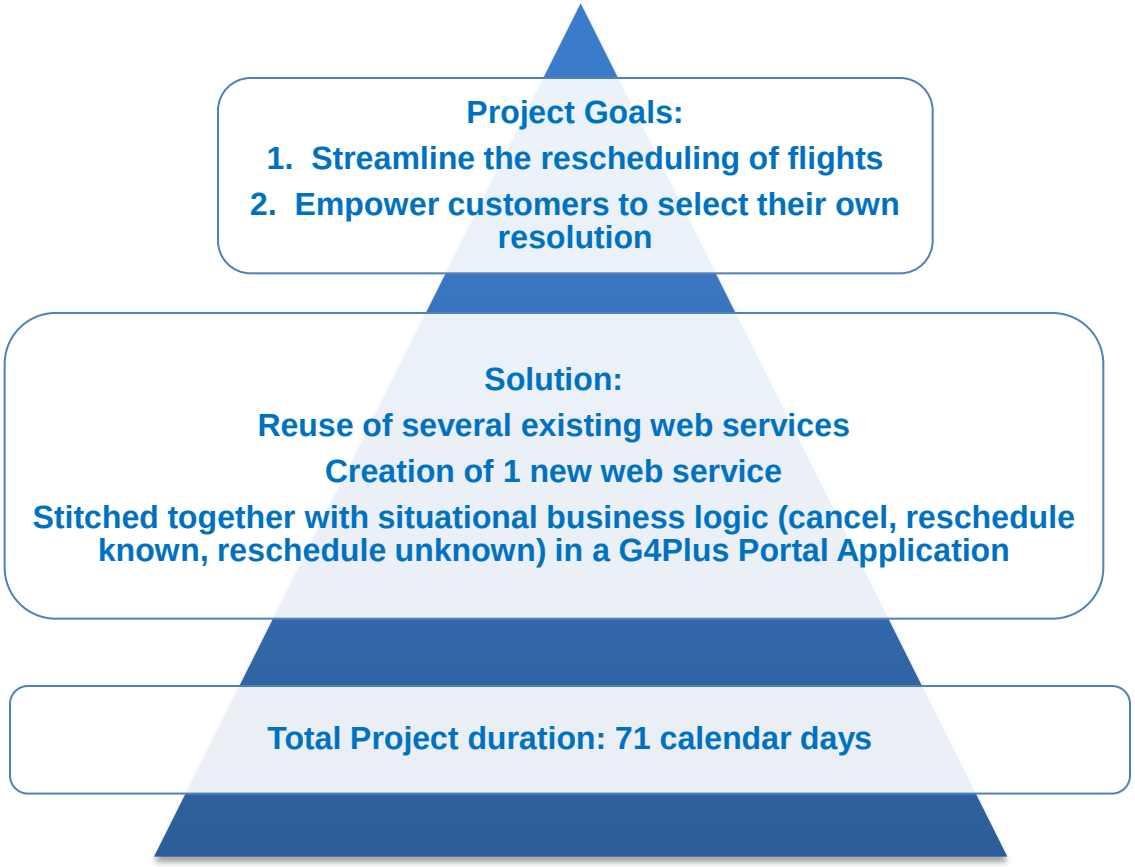
Self service IROPS – a case study in reuse



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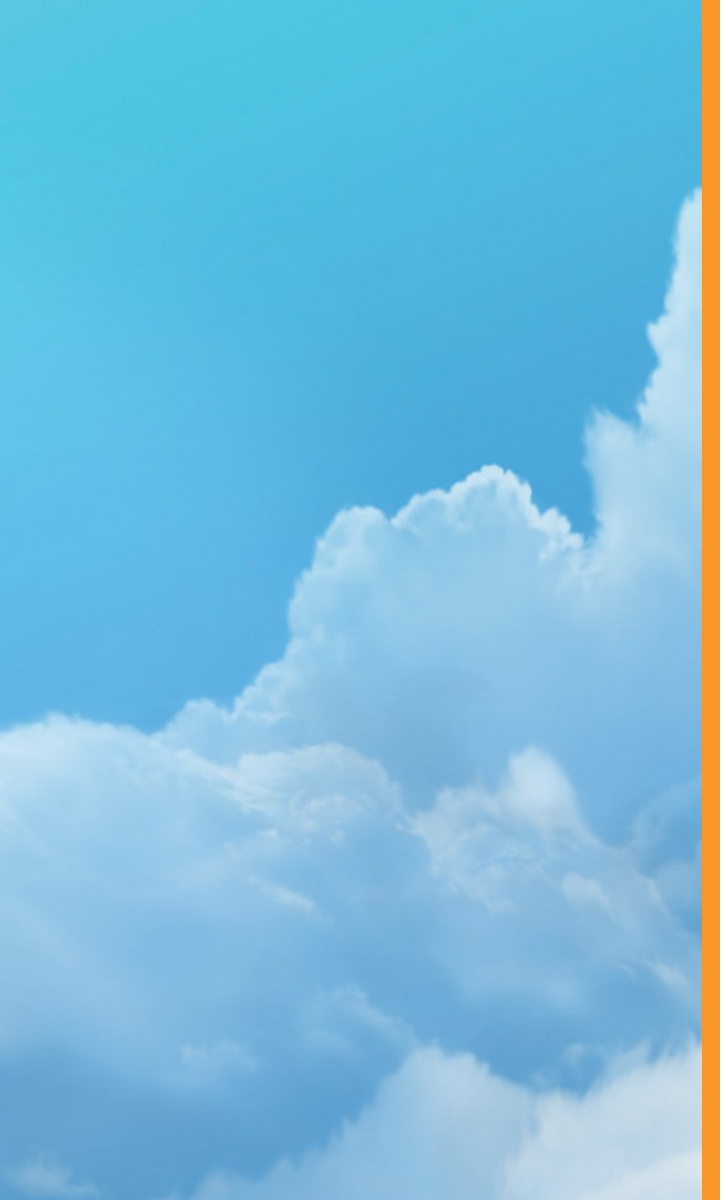

eCommerce & credit card

Brian Davis– VP Marketing

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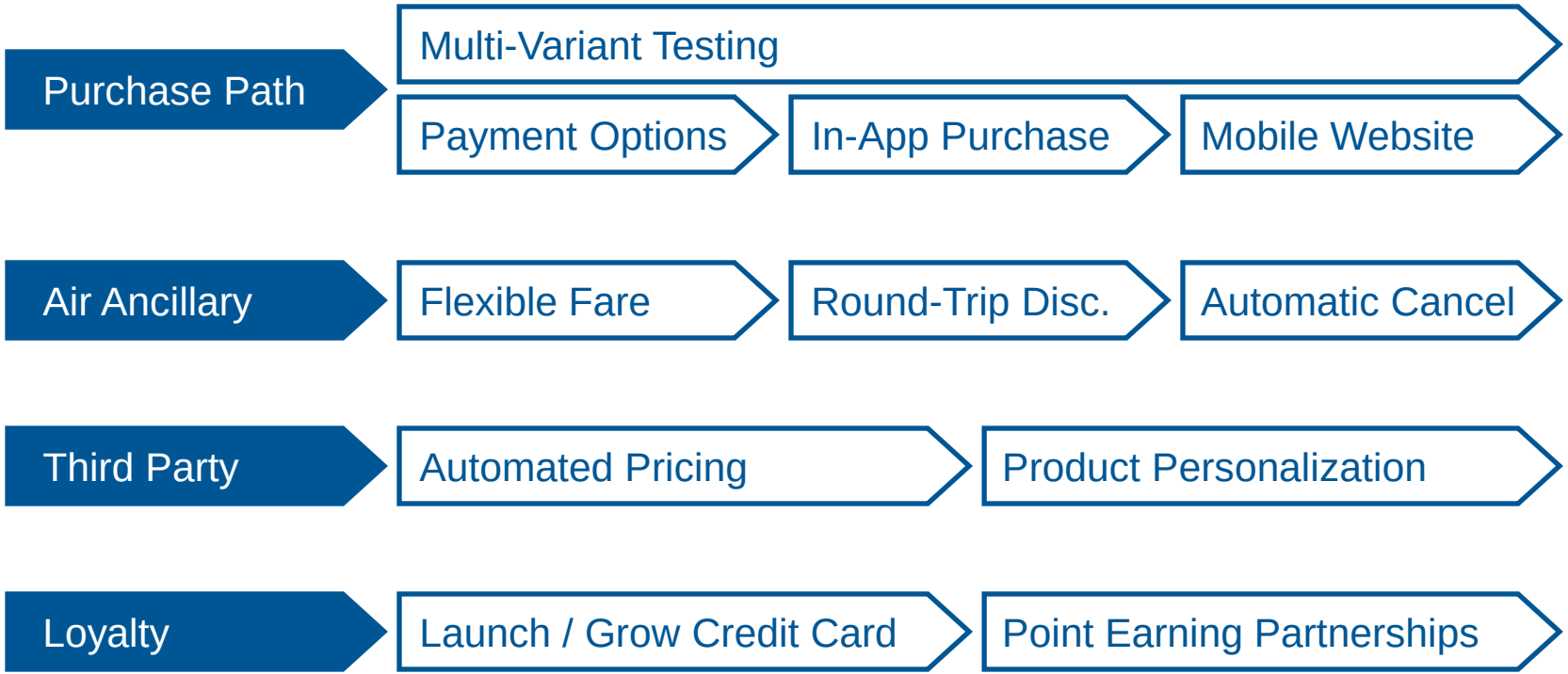
eCommerce: roadmap



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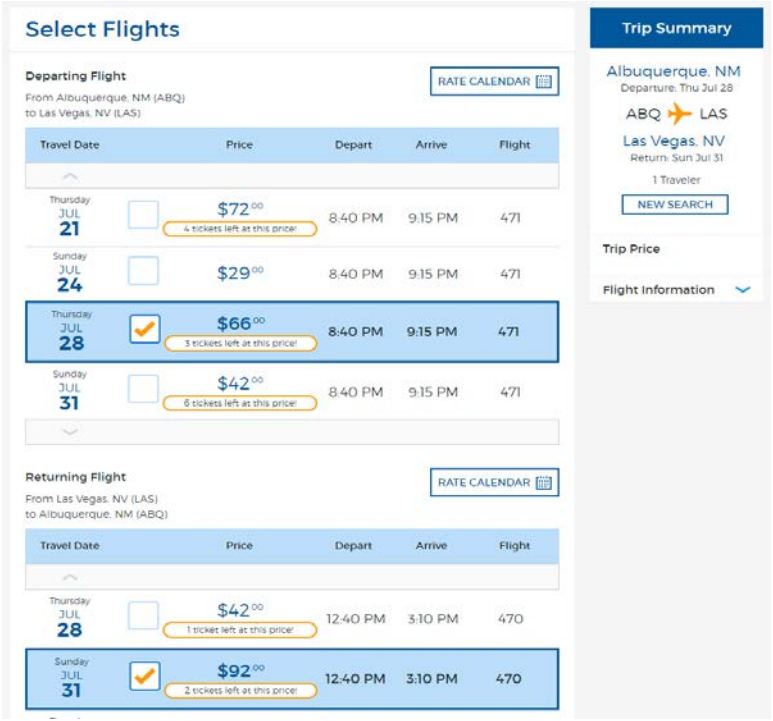
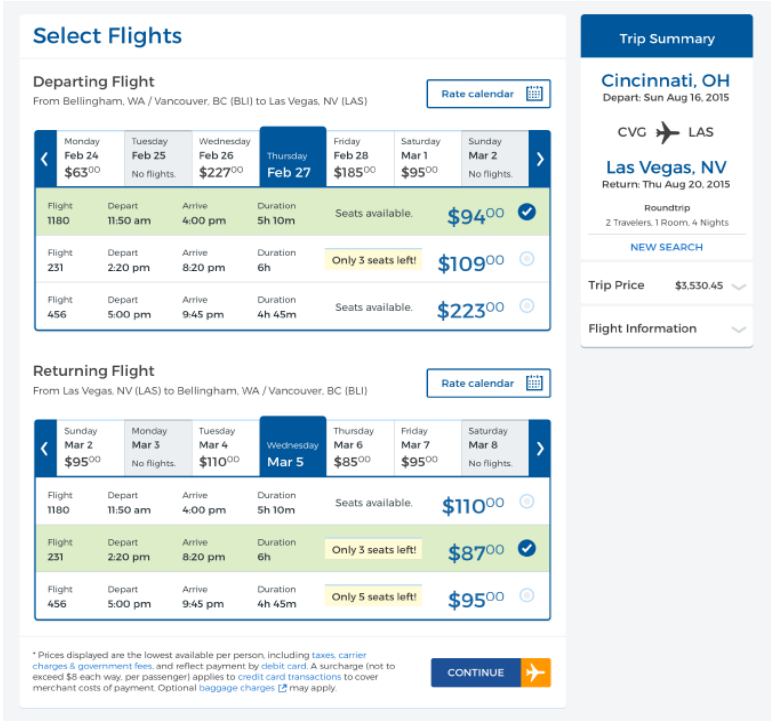
eCommerce: multi-variant testing





- Results of Test #1: Increase in Click-Thru Rate of +1.05%
- Currently on Test #4 (from a pipeline of 200+)

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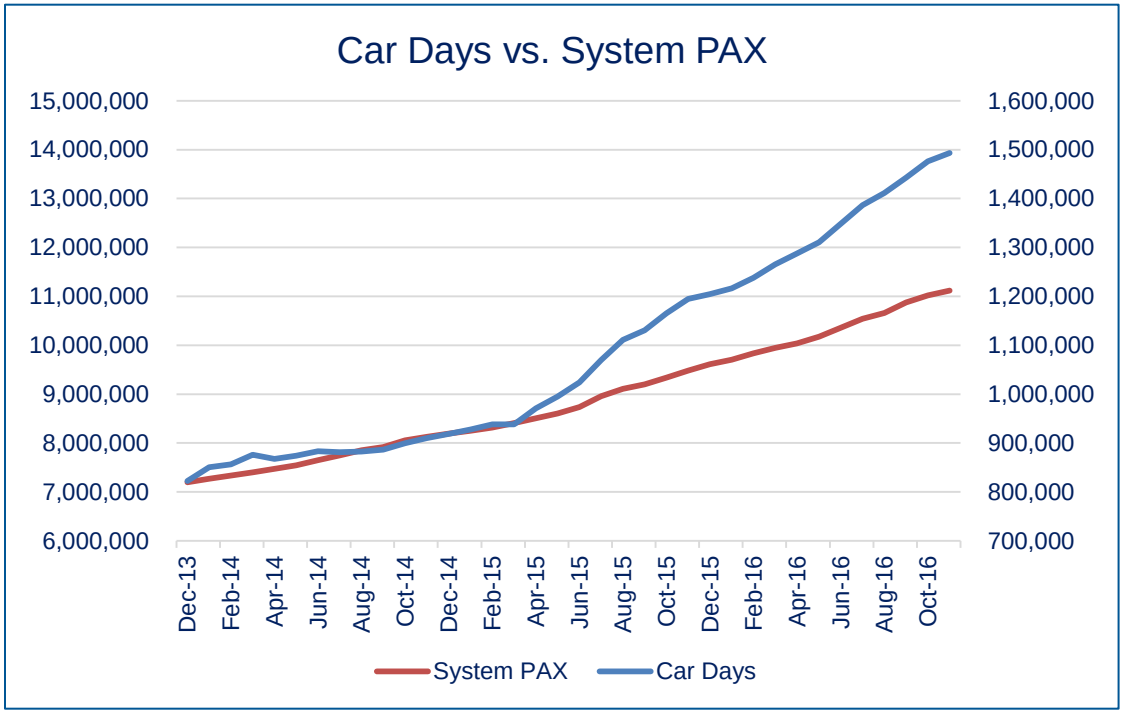
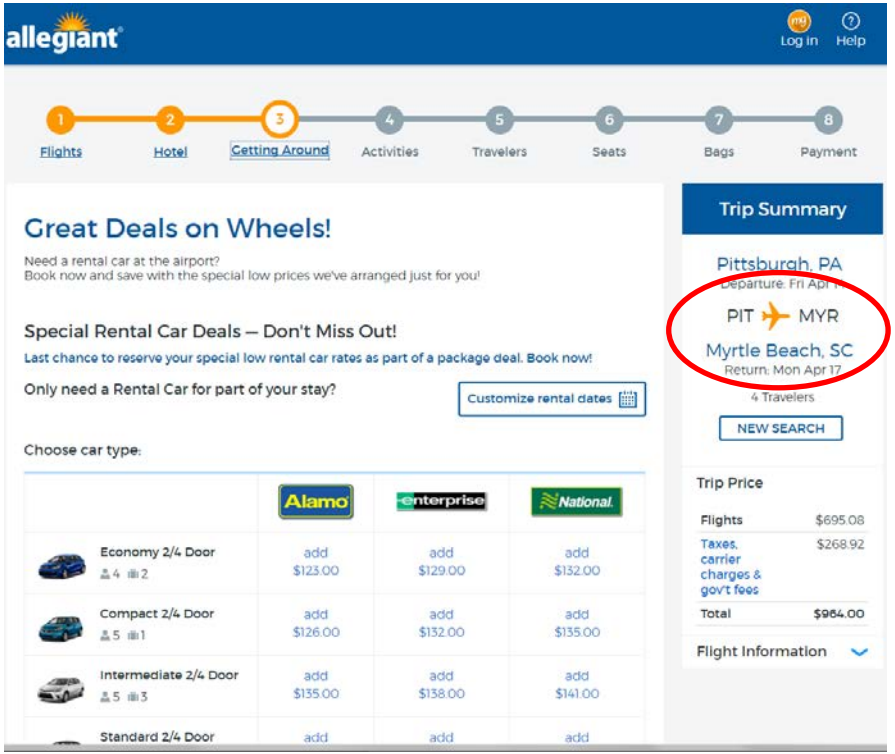
eCommerce: third-party initiatives

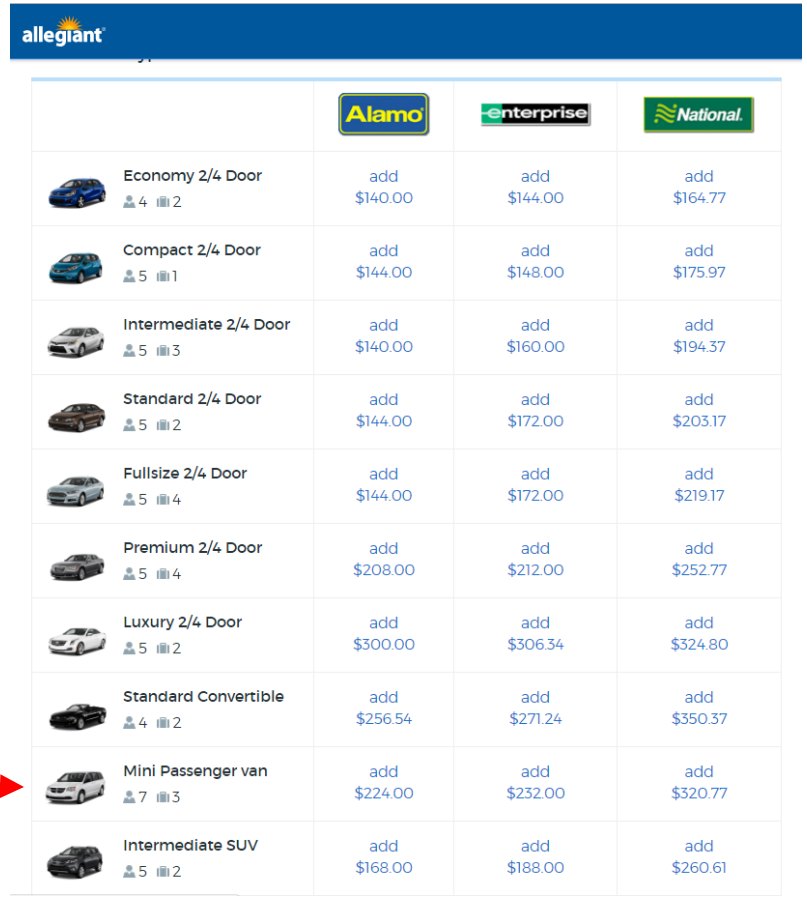


- 1Q15 - Introduced tri-brands (Alamo, Enterprise, & National)
- 2Q15 – Revised pricing methodology based on margin of opportunity “MOO”
- 3Q16 – Signed new 4-year agreement with EHI, capturing new opportunities including secondary airport price parity

- Experiment with Autos → Apply learning with Hotels

eCommerce: product personalization





Co-branded credit card

- Launched on September 1st, 2016
- Partnership with Bank of America + MasterCard
- Designed for Allegiant's infrequent, leisure traveler
- Based on principles of **value** and **simplicity**
- Allegiant is primarily an opportunity to "burn", not "earn"



Point earning potential

15,000 Bonus Points equal to $150 off your next trip, awarded after $1,000 or more in purchases within the first 90 days.

3 Points per $1 Spent on all Allegiant Travel purchases.

2 Points per $1 Spent on qualifying dining purchases (excluding fast food).

1 Point per $1 Spent on all other purchases.

myAllegiant points – no blackout dates, no destination restrictions, and no minimum points required for redemptions.

Points Won't Expire as long as the card is used once every 12 months.

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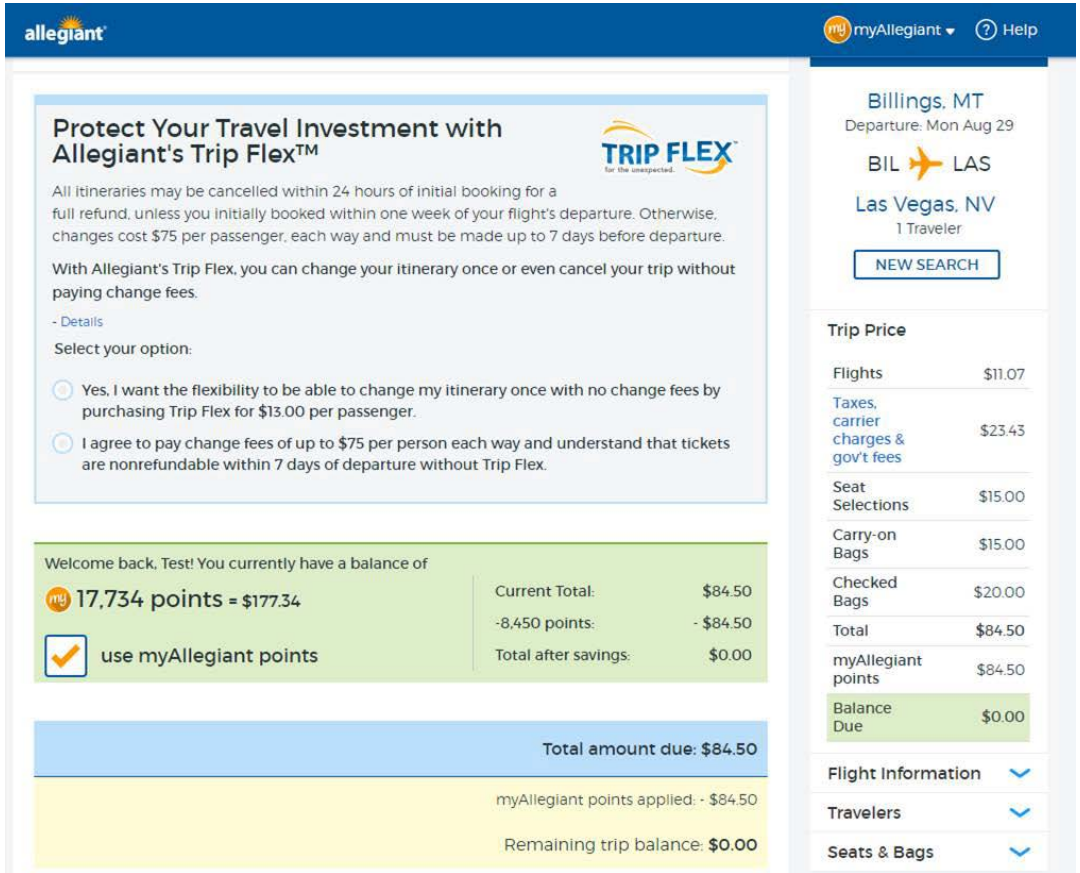
Redeeming myAllegiant points



Additional travel benefits



Priority Boarding on Allegiant flights.



Free Inflight Beverage when cardholder shows their Allegiant MasterCard.



myAllegiant Member Services – dedicated phone line for cardholders



Buy One, Get One Free Airfare when card is used to purchase a vacation package with 4 hotel nights or 7 rental car days.

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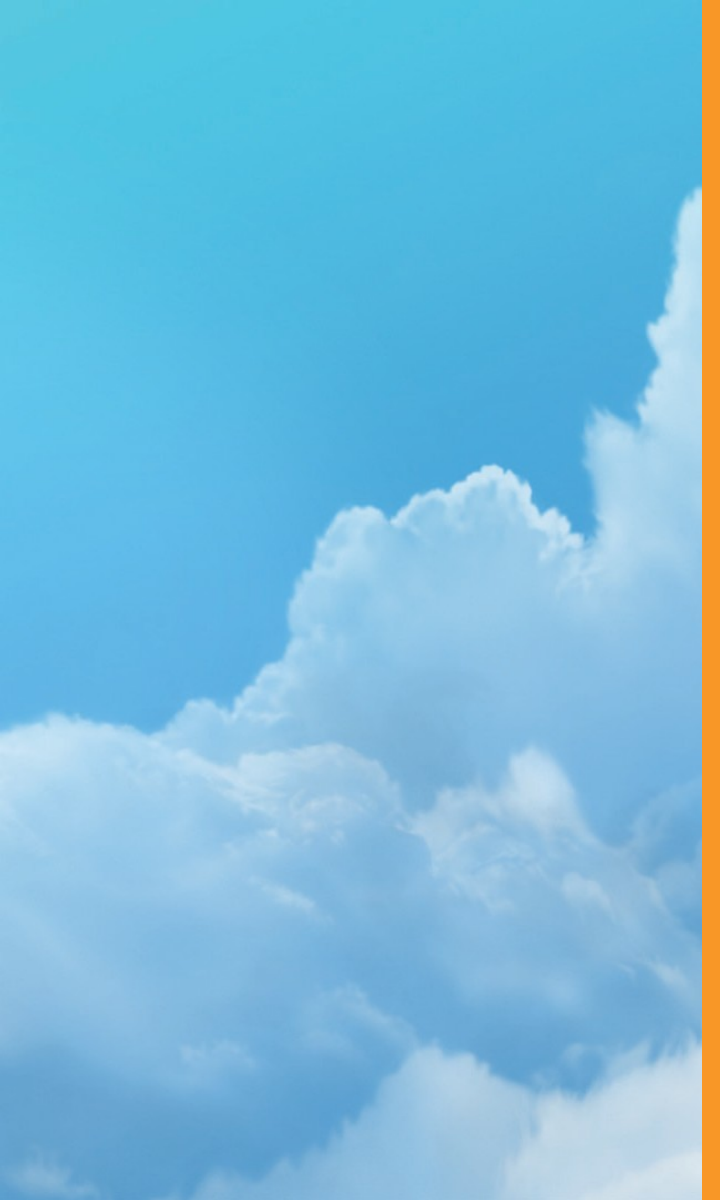
Incremental revenue potential ($m)

	2017E	2020E
eCommerce Initiatives	$14	$92
Co-Branded Credit Card	10	45
Total	$24m	$137m

Estimates are based on various assumptions which may not materialize



Transition cost impact

Trent Porter – VP FP&A

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2017 foundation investments

Fleet Acquisitions

5 used A319s, 4 used A320s and 9 new A320s

Headwind: Increase depreciation expense by $15m

Tailwind: Increase ASMs/Gallon by 2% (inclusive effect of 757 retirements)

Fleet Retirements

4 B757s and 8 MD80s

Headwind: Accelerated depreciation expense of $7.5m

Tailwind: Avoid heavy maintenance events for $10m

Pilot Contract

First full year of new pilot contract

Headwind: 2017-over-2016 increase of $30 - $35m

Tailwind: Lower attrition, higher number of applicants, fund transition training

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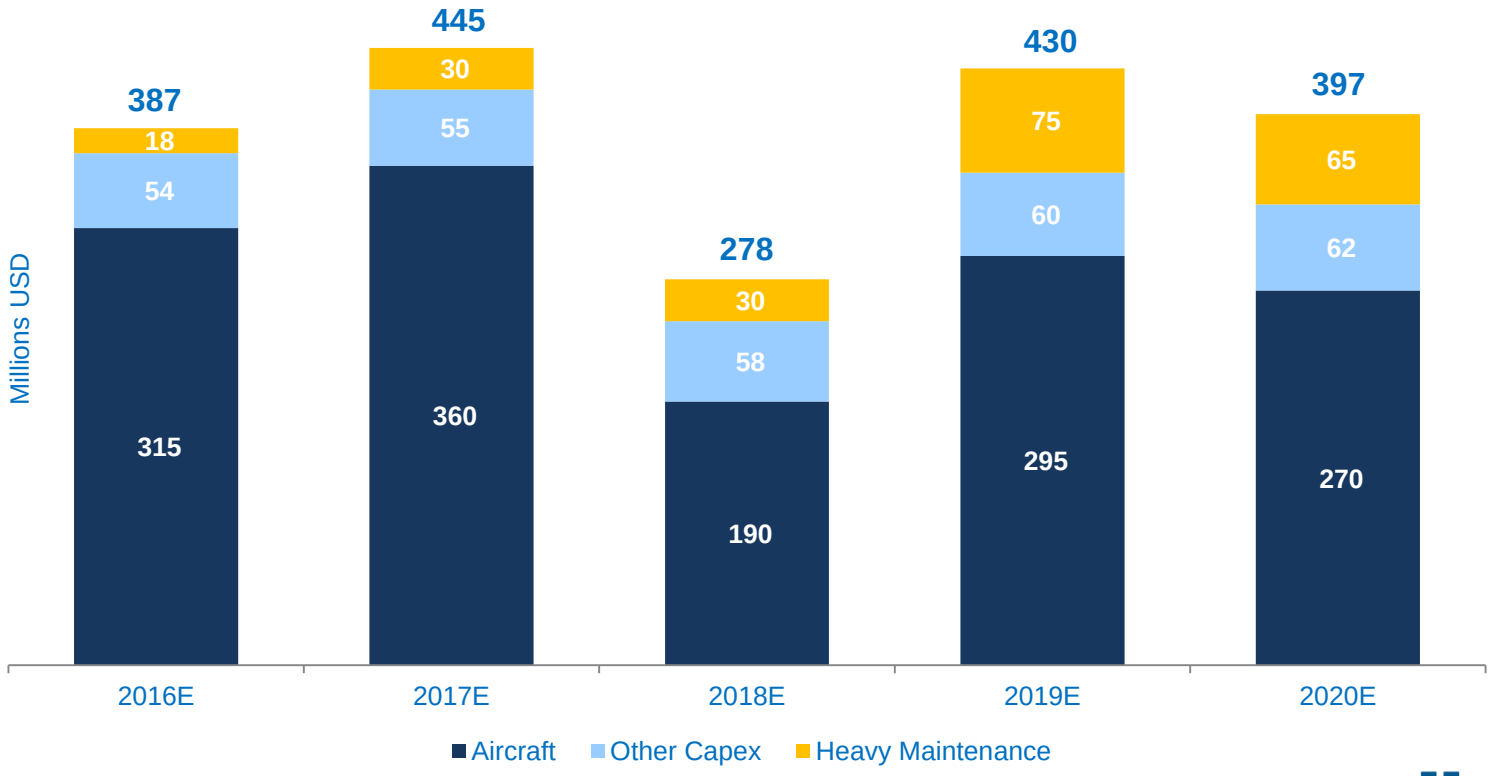
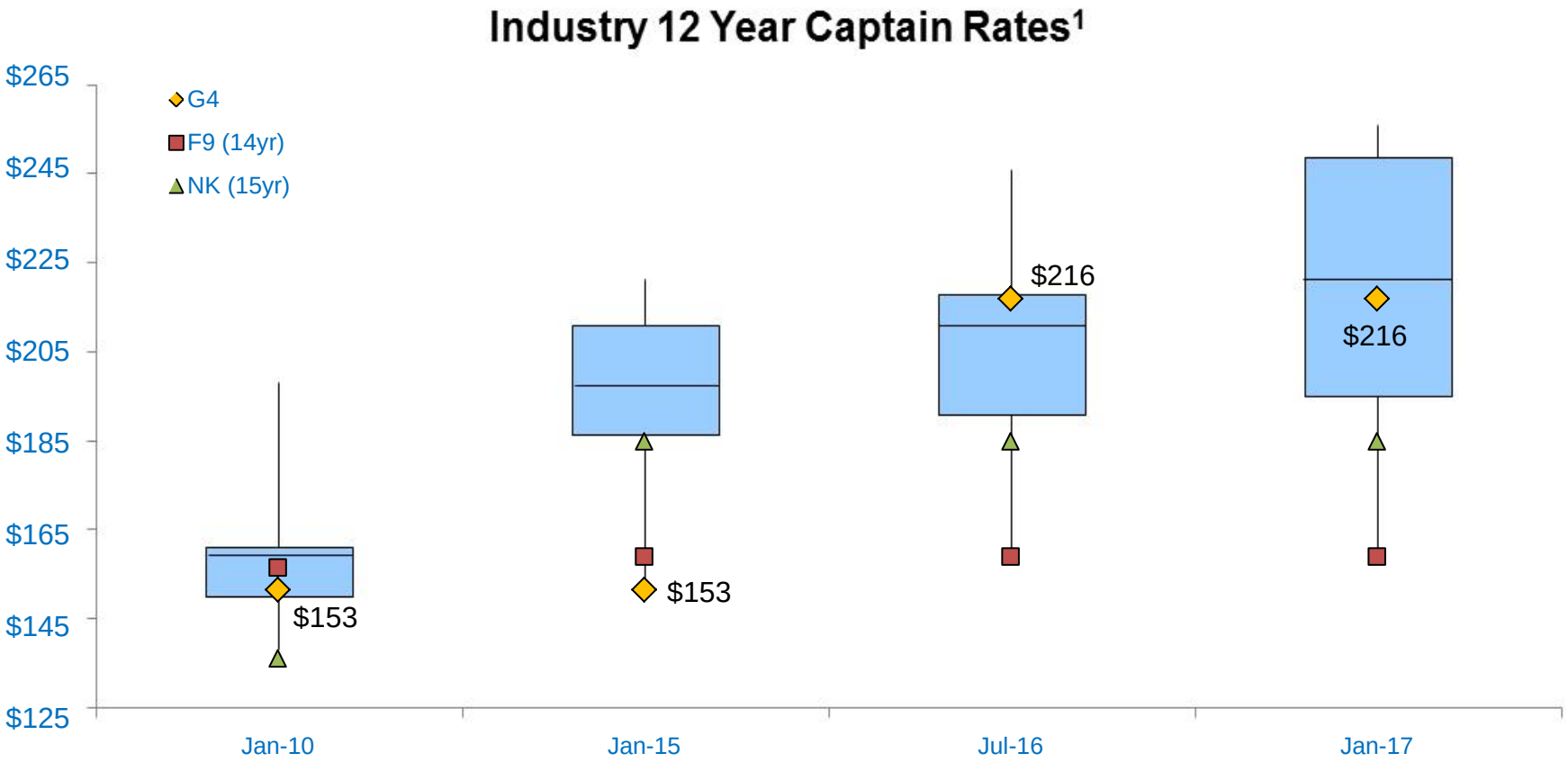
Capex & Airbus heavy maintenance



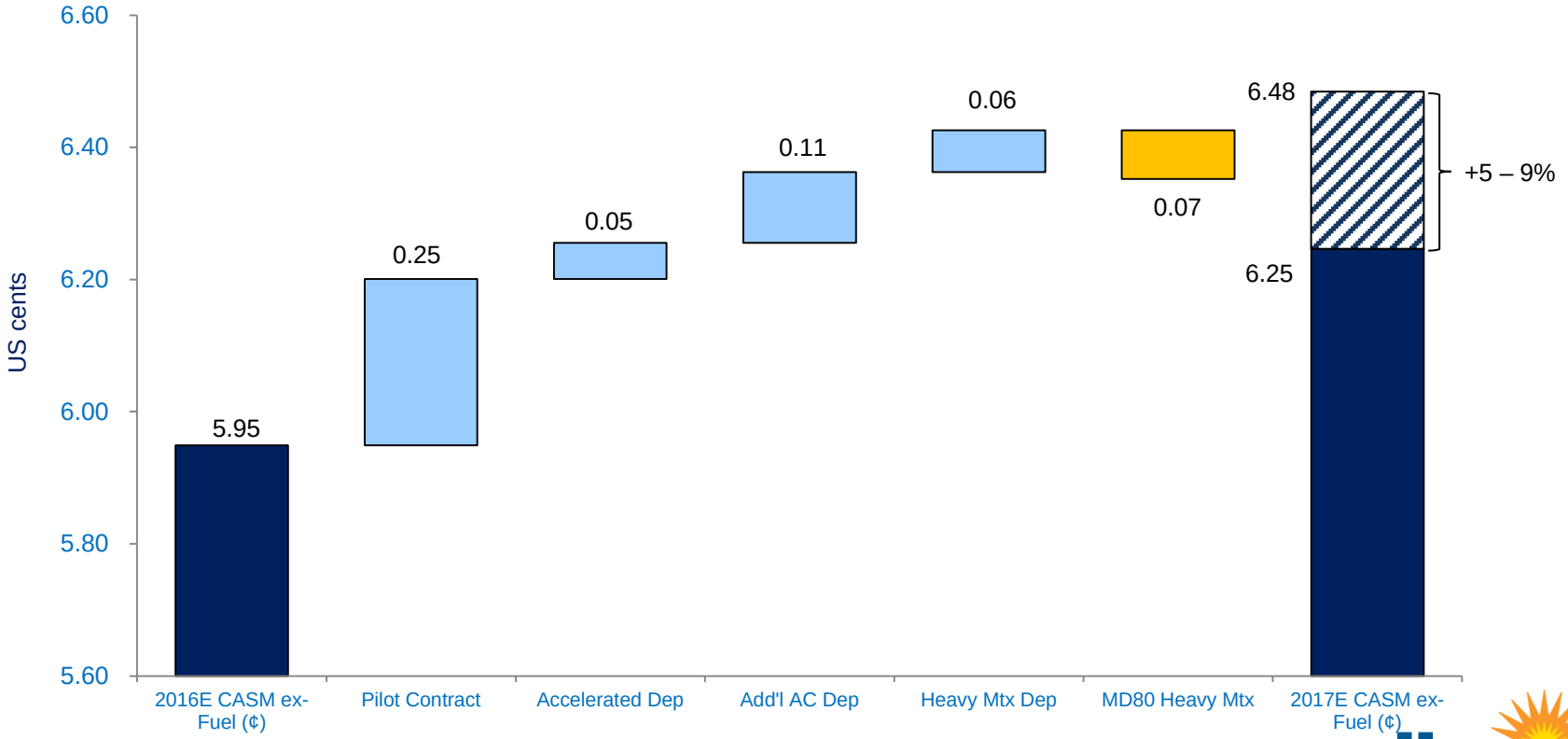
Estimates are based on various assumptions which may not materialize
Other Capex includes Capex for IT projects as well as other non-aircraft CAPEX
Heavy maintenance consists of Airbus heavy airframe visits and engine expenses to be capitalized

2017 pilot contract impact



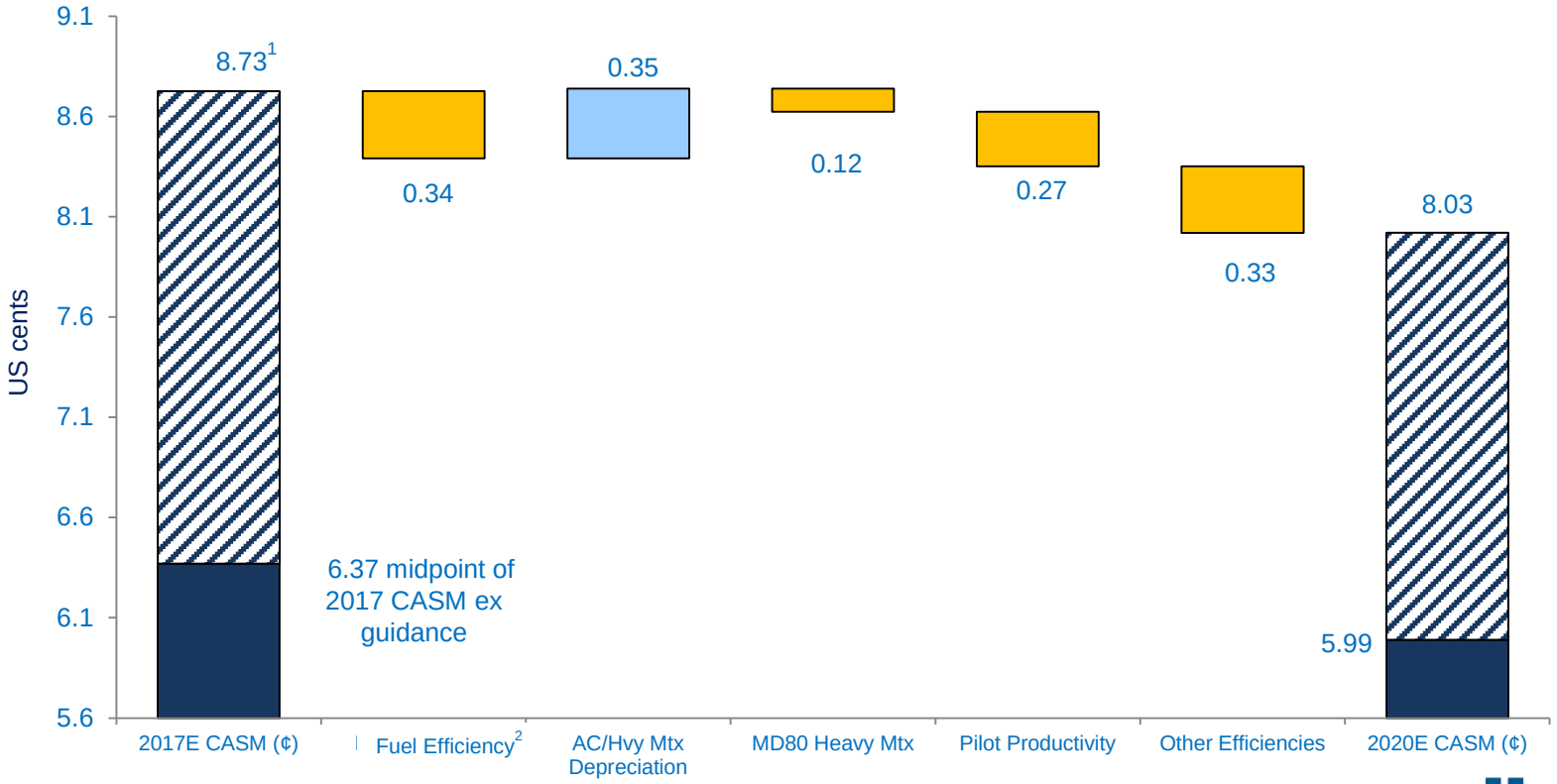
1 - Dataset includes top of scale rates for B737s & A320s for Alaska, Allegiant, American, Delta, Frontier, jetBlue, Southwest, Spirit, Virgin America, United
G4 = Allegiant, F9 = Frontier, NK = Spirit. Frontier numbers at 14 year captain pay rates, Spirit numbers at 15 year captain pay rates

2017 CASM ex-fuel (¢) build



Estimates are based on various assumptions which may not materialize

2020 CASM (¢) build

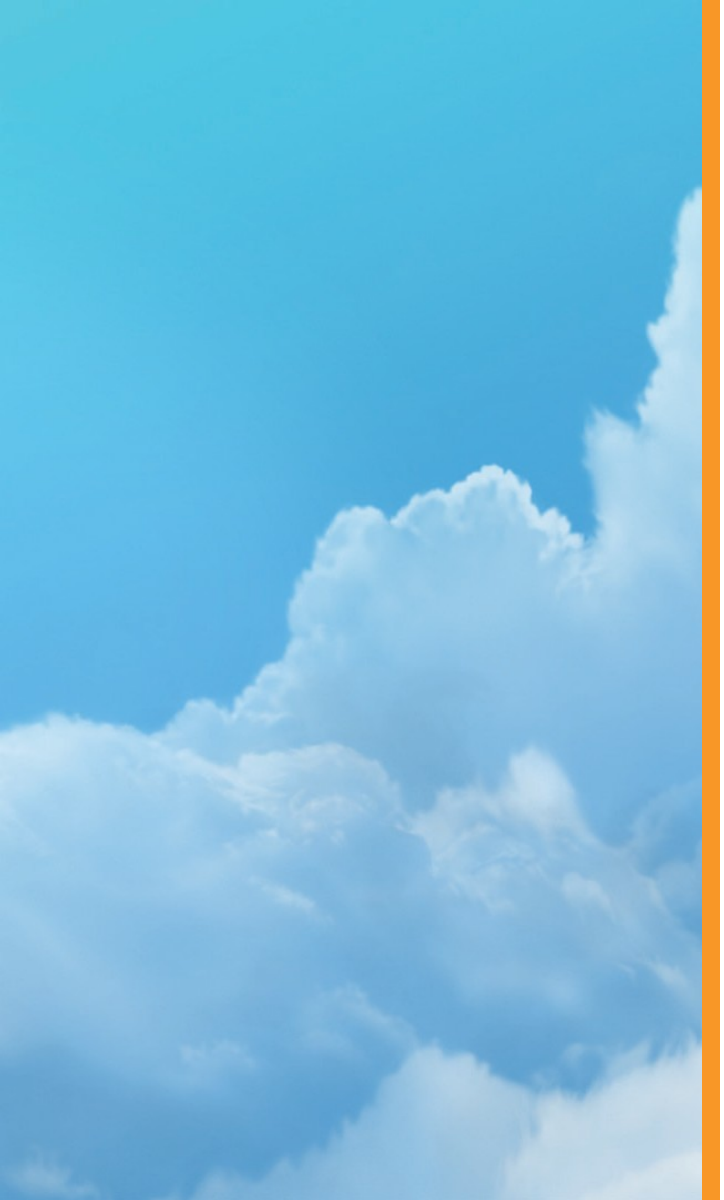


1 – 2017 CASM built using 2017 estimated burn rate and current fuel price of $1.75
2 – Fuel efficiency savings estimated using 2020 burn rate and current fuel price of $1.75
CASM ex guidance is estimated and subject to change

2017 guidance

- FY 2017 system ASMs +8 to 12% versus FY 2016
- FY 2017 CASM ex fuel +5 to 9% versus FY 2016
- FY 2017 maintenance per aircraft per month $90 - $100 thousand
- FY 2017 depreciation per aircraft per month $125 - $135 thousand
- FY 2017 CAPEX $415m*
- FY 2017 Airbus heavy maintenance $30m

*- Excludes Airbus heavy maintenance
Guidance subject to change



Network and revenue

Lukas Johnson – VP Network and Pricing

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Network and revenue

Network

- Flexible capacity plans based on macro environment
- Catching our breath, connecting the dots
- Network runway long (and getting longer)

Revenue Management

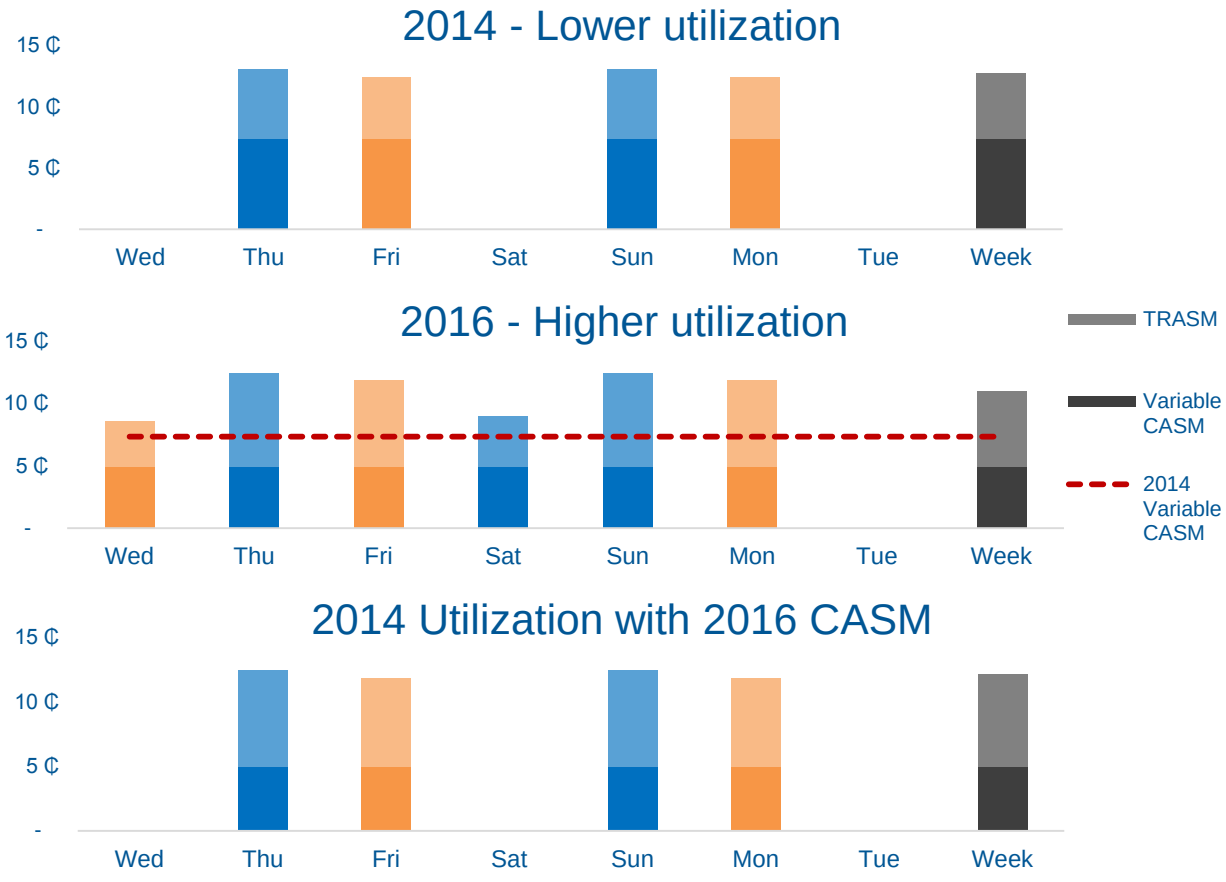
- Complexity of network/schedule, effect on revenue management
- Unique pricing environment for Allegiant, need a customized solution
- New AI-based revenue management system implemented

2017 Guidance

- Scheduled service ASM growth of +8-12%
- Fixed fee revenue of $40m

Guidance subject to change

Single plane flexible capacity example



AC/year average

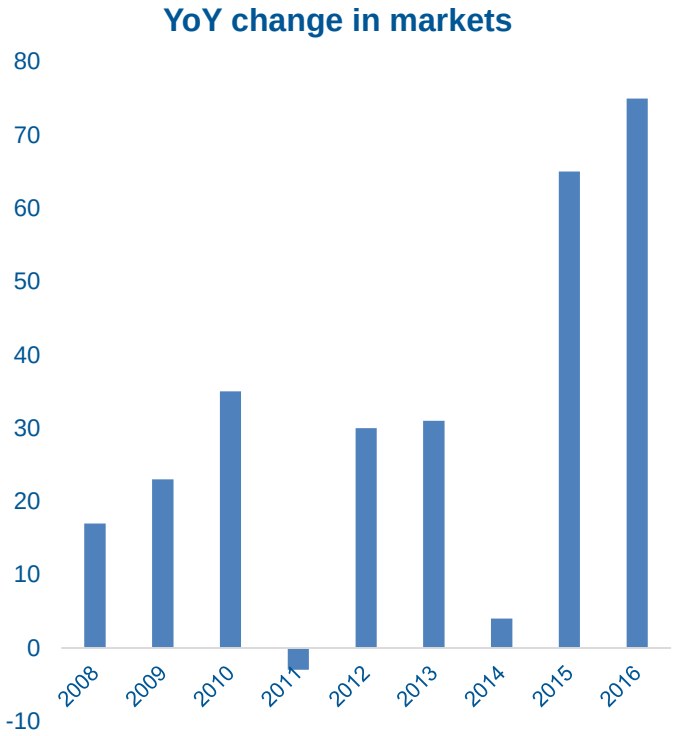
EBIT = $2.3m
TRASM = 12.71

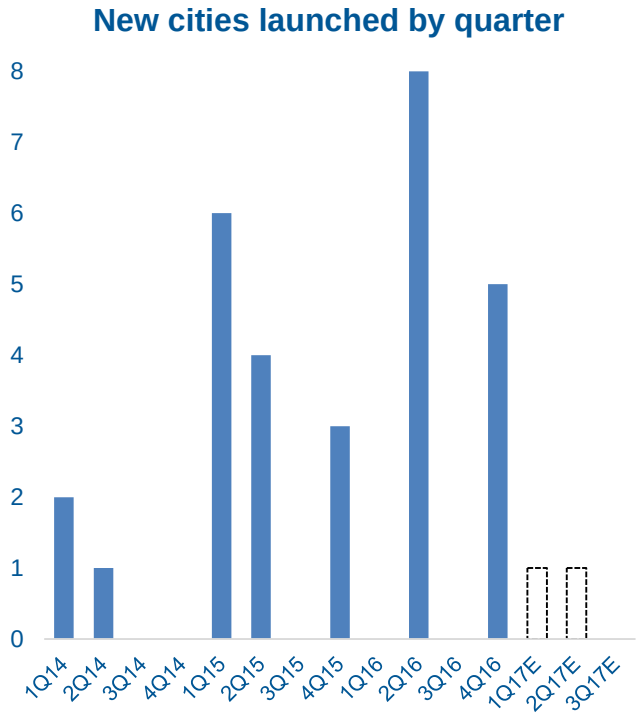
EBIT = $4.6m
TRASM = 10.98

EBIT = $4.0m
TRASM = 12.08

Colors represent two different markets flown by the same plane

Network: catching our breath

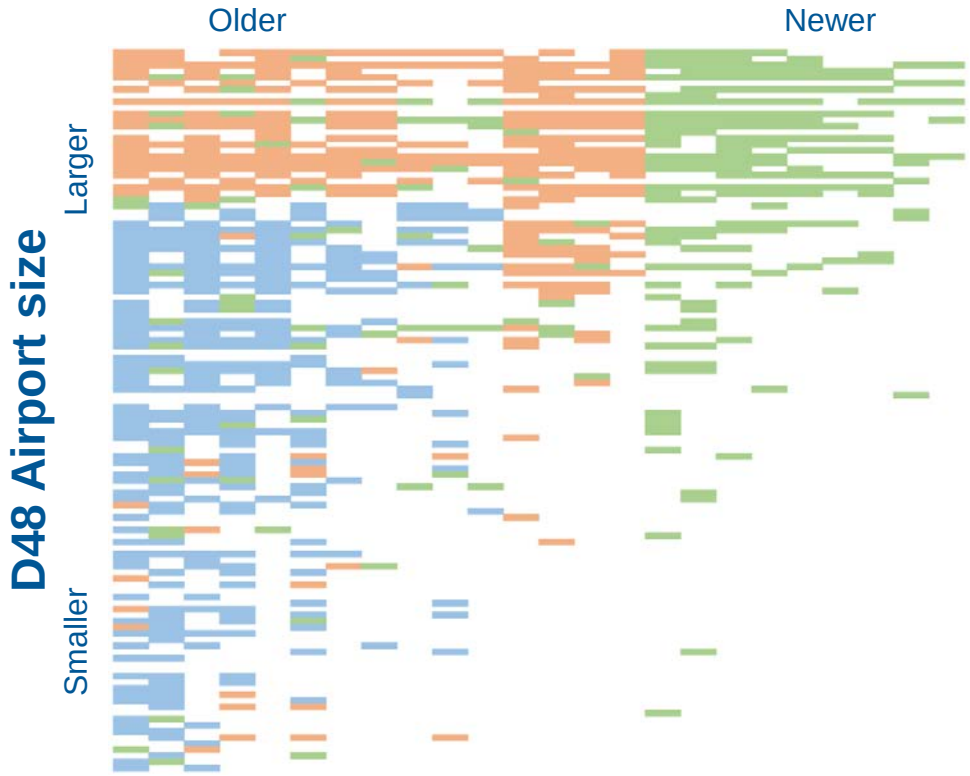




- Low oil allowed us to accelerate new city development the past two years
- New city growth will slow as we transition to an all-Airbus fleet
- Focus on maturing markets and connect-the-dot opportunities

Network runway long (and getting longer)

Destinations



Future market growth as of:

2010 (blue)
- Small airports to large destinations only
- 150 potential markets

2015 (orange)
- Added mid-size airports, secondary destinations
- 300 potential markets

2020E (green)
- Add international, all-airbus fleet
- 450 potential markets

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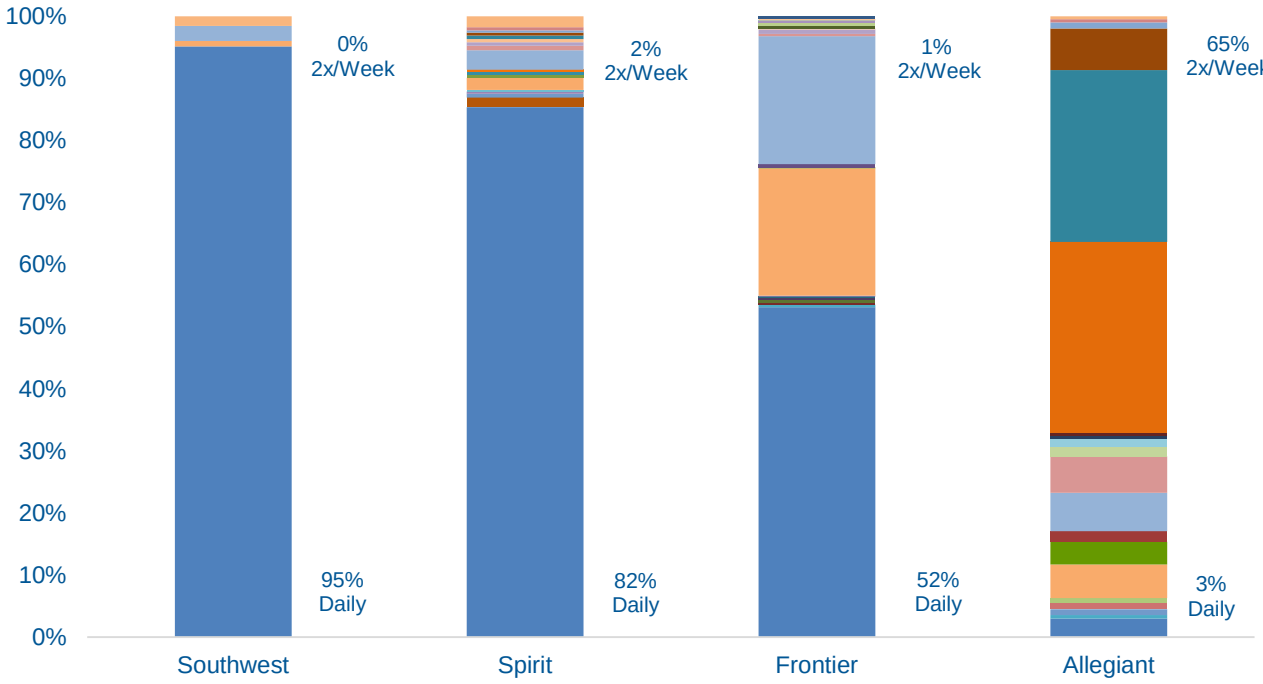
Unique network and schedule

Unique market schedules by carrier



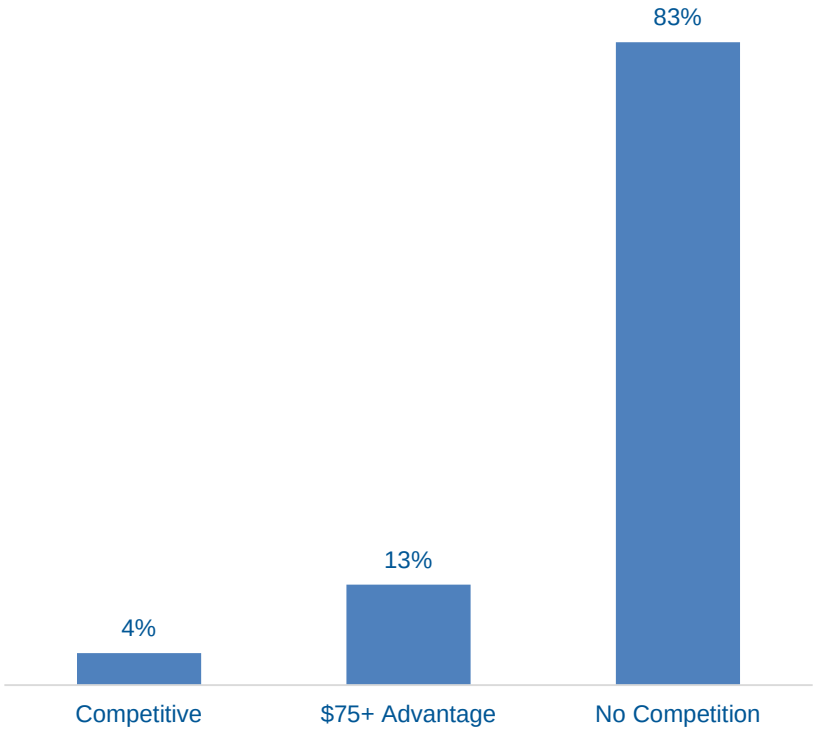
% of flights that are offpeak	42%	43%	43%	23%

- Complexity in less than daily schedules allows for better matching capacity with demand
- Complex schedules requires lower utilization and systems / work rules / specifically built for the business model

Each color represents a unique weekly market schedule
Offpeak represents flights on Tuesday, Wednesday, Saturday in non-holiday weeks

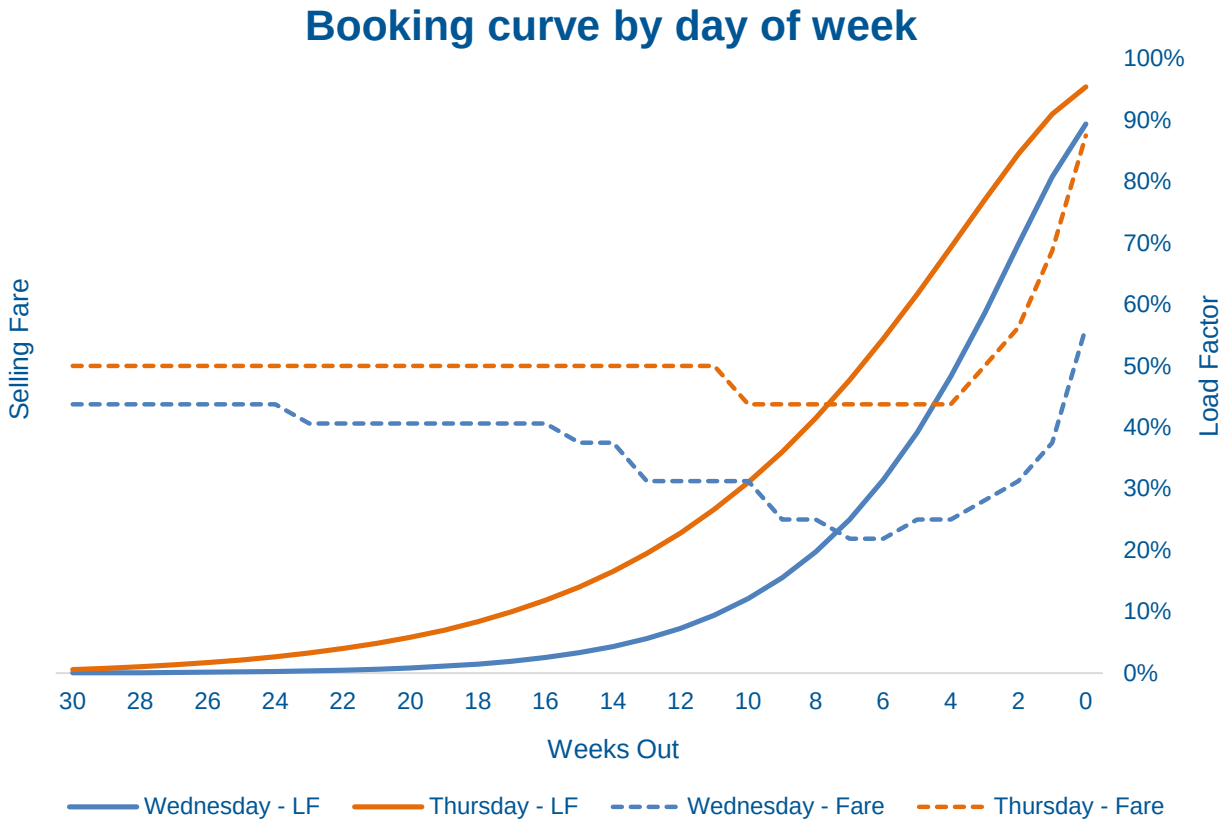
An economic sandbox

Allegiant market fare comparison



- Allegiant has the unique position of being able to control schedules / fares in most markets
- Leisure customers are extremely price sensitive
- Opportunity to create a pricing system with value only to Allegiant

Schedule change pricing example



- Less than daily schedules have large, varied revenue shifts
- Traditional RM systems had difficulty with our small sample sizes and schedule design
- Designed our system with small markets / less than daily schedules in mind

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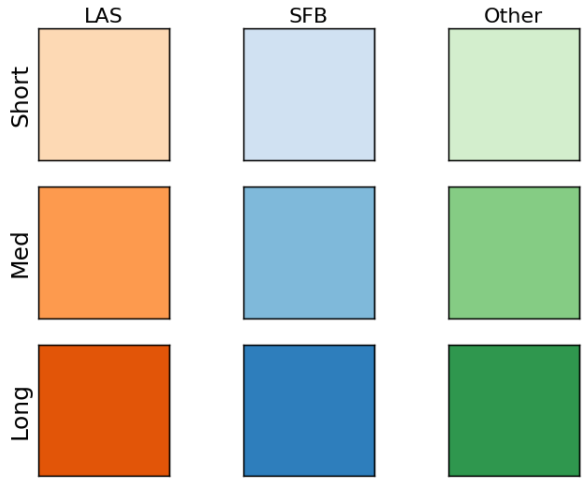
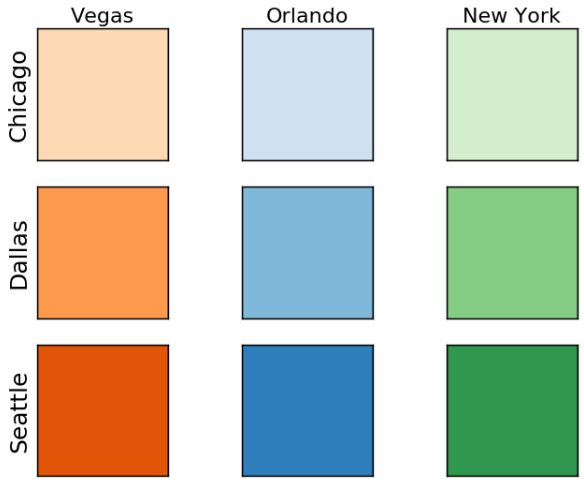
Flight history demand aggregation

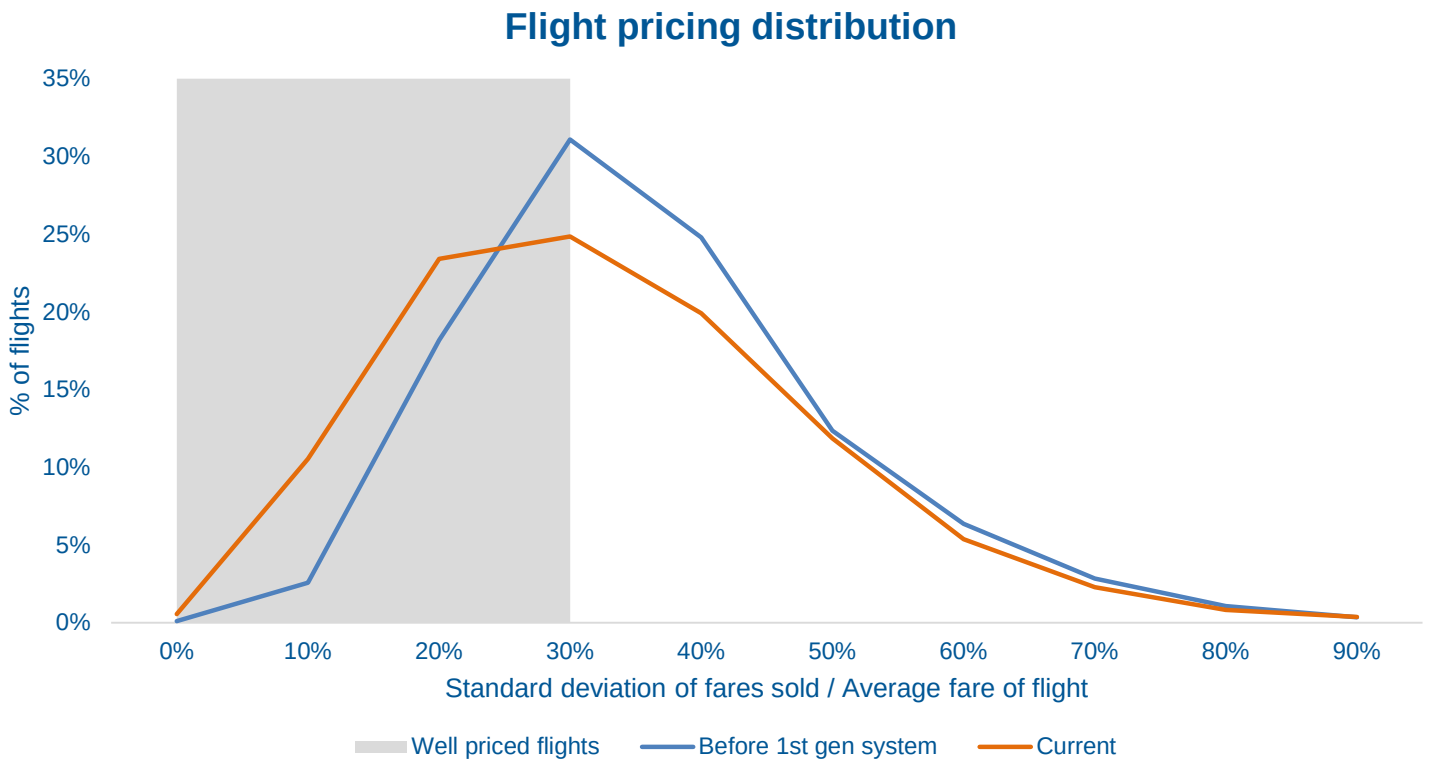
First Gen Allegiant System:
Aggregate based on regions and haul



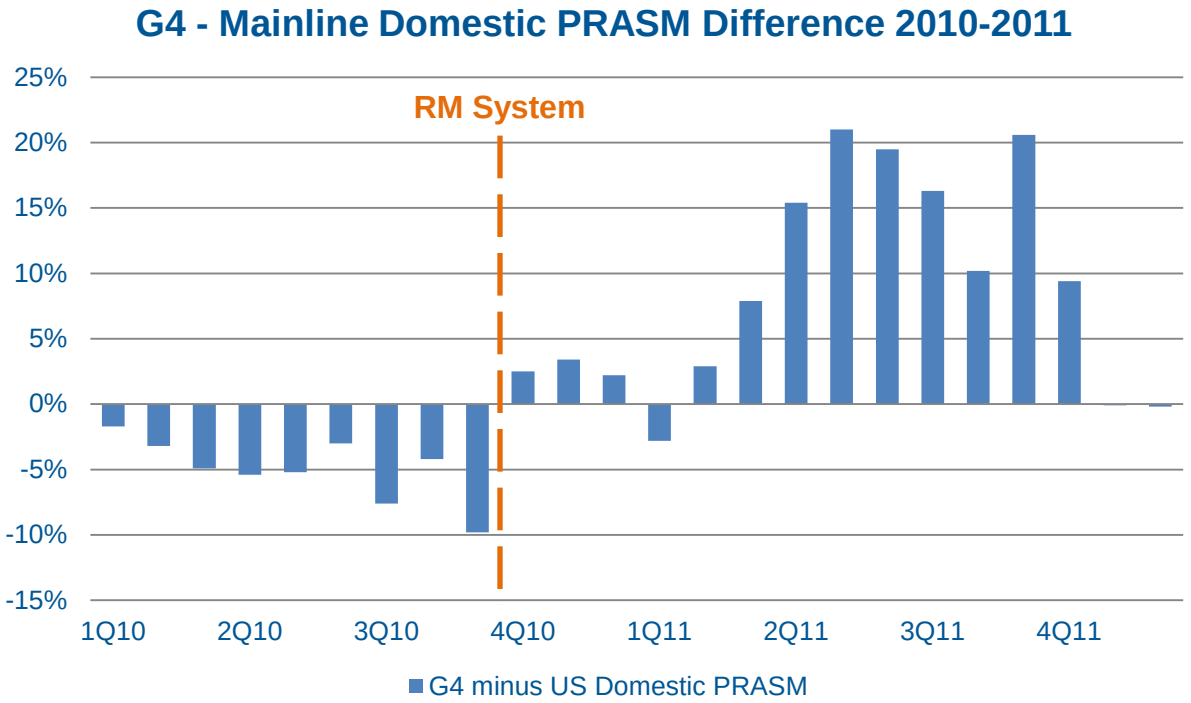
Traditional RM system:
Aggregate based on market



Pricing better, but room for improvement



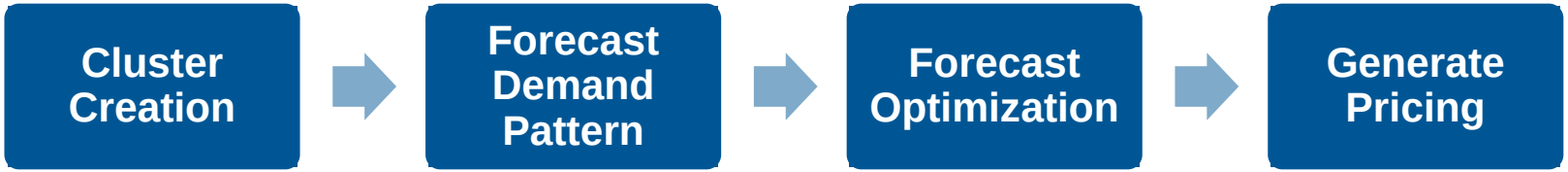
First generation RM system results



- New RM system started pricing flights 4Q 2010
- +10% PRASM difference vs US mainline domestic in 2011
- 48% of flights still hand-managed by analysts

Next generation of revenue management

- Modular machine-learning system
- AI clustering algorithm learns which flights across entire system are most similar, aggregates to minimize forecast error
- Customizable to any date range or set of criteria weighting
- Modularity allows for continual experimentation and optimization
- Minimal time to create and implement new models



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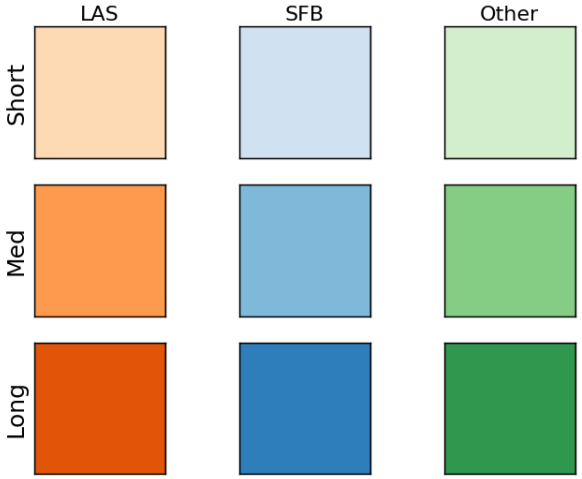
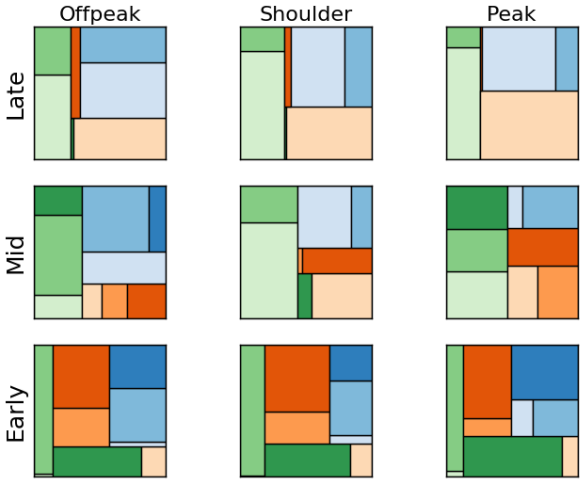
Flight clustering example

First Gen Allegiant system:
Aggregate based on regions and haul

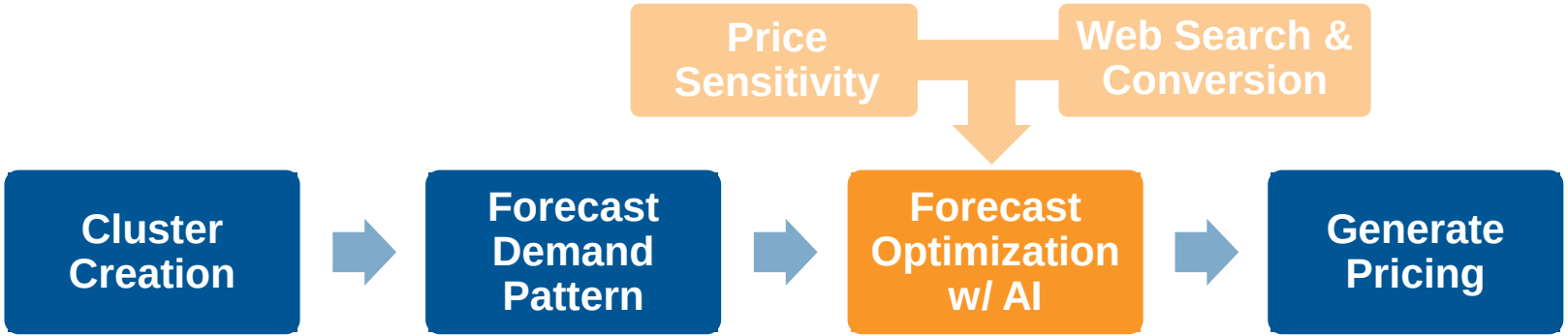


Next Gen Allegiant system:
Aggregates individual flights into best-fit demand clusters



Module optimization example

- Can update forecast optimization with new AI logic while leaving other modules alone
- Easier to isolate and measure small changes
- Not as much of a black box as traditional systems
- High potential as we get more eCommerce / customer data



Fixed fee

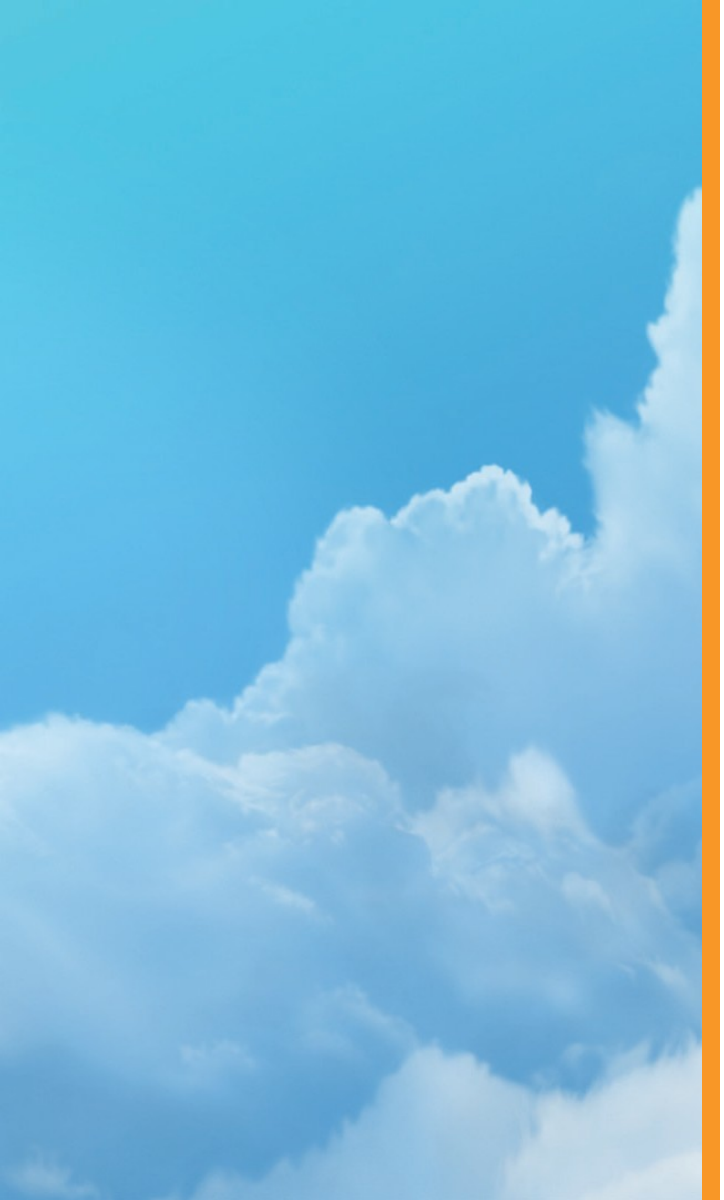
- Limited fixed fee opportunities the last few years due to pilot availability
- Airbus significantly more desirable for charters compared to MD80
- Started international track charter programs in 2016

Fixed fee revenue by year
2015: $20m
2016E: $30m
2017E: $40m

Revenue initiatives earnings impact ($m)

	2017E	2018E	2019E	2020E
New RM System	$7	$28	$39	$49
Fixed Fee	$5	$10	$15	$20
Total	$12m	$38m	$54m	$69m

Estimates are based on various assumptions which may not materialize

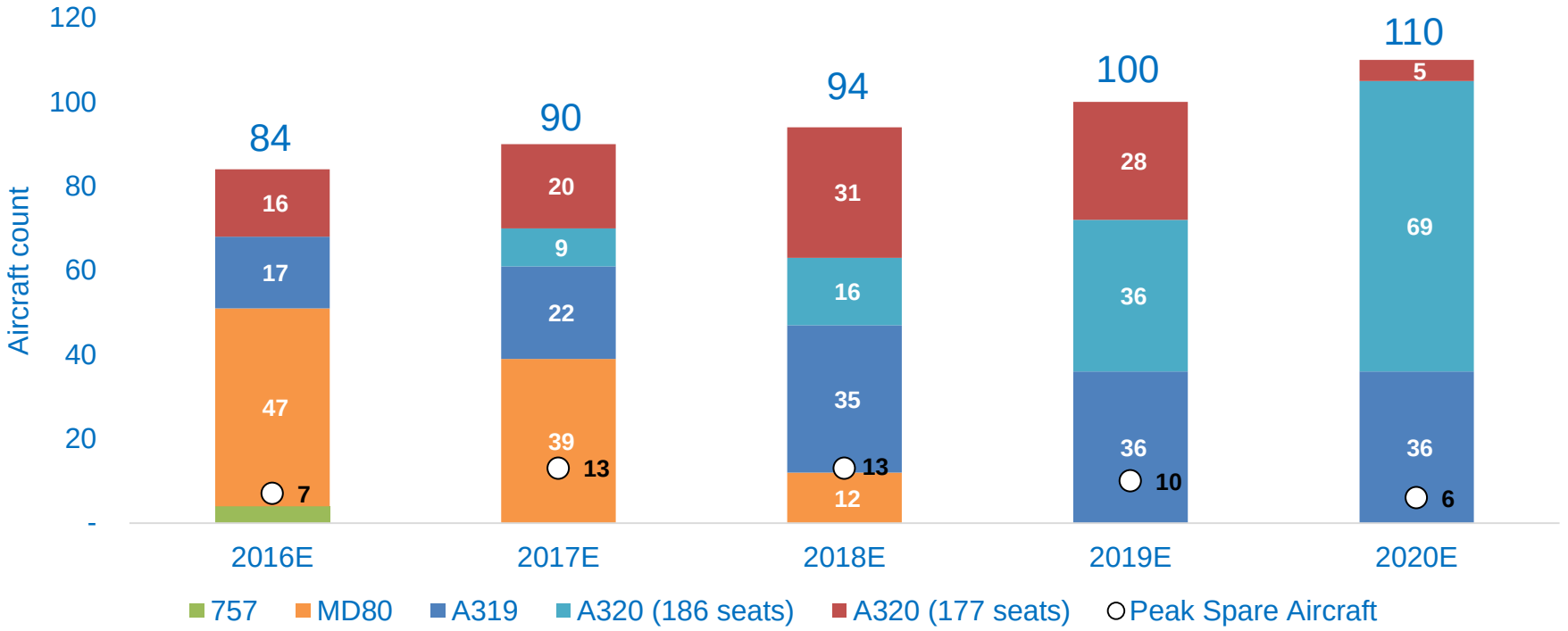


Fleet & operations update

Jude Bricker COO & SVP

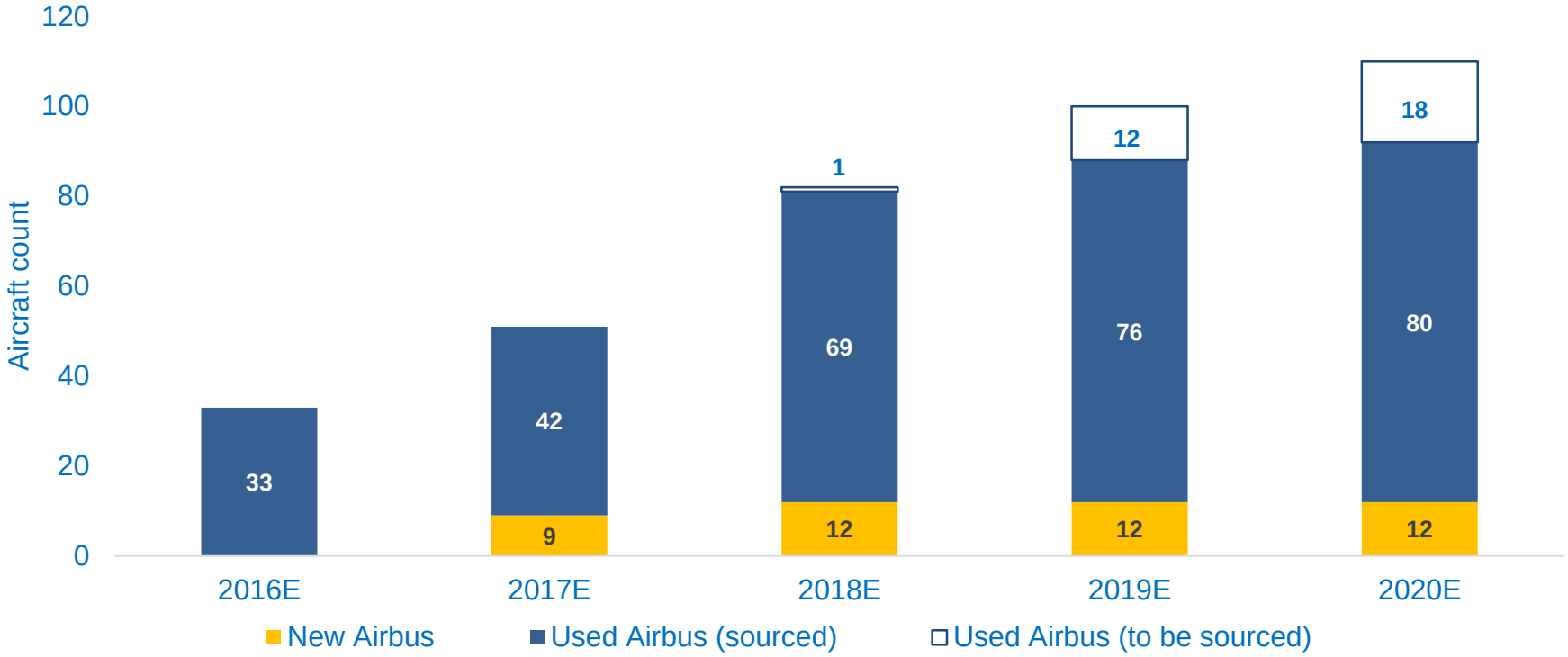
allegiant

Fleet plan – A320 seat density project



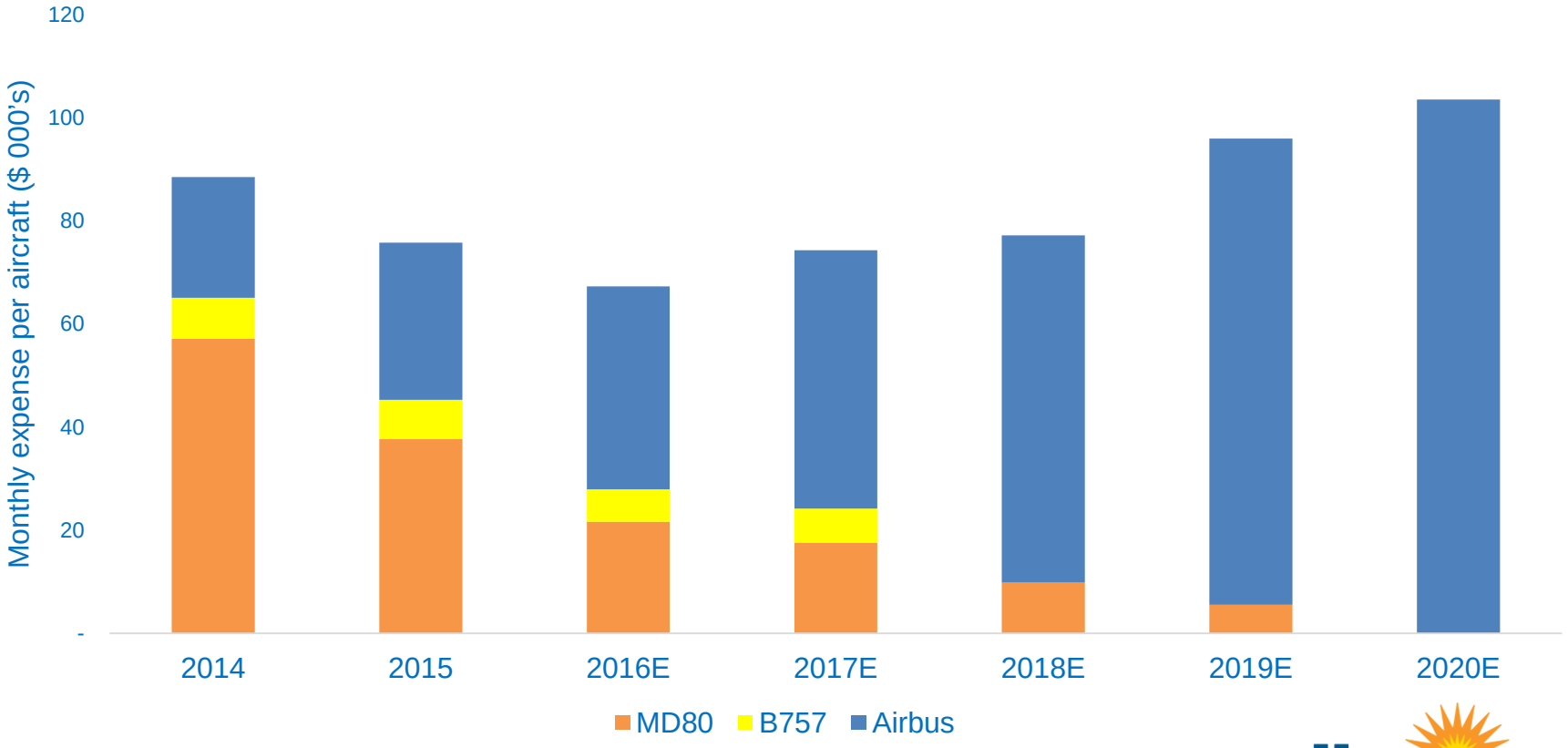
Estimated aircraft count at end of year
Peak spare aircraft represents spare count during peak season flying
186 seat density project dependent on outside supply chains and could impact the schedule

Continued focus on used Airbus aircraft



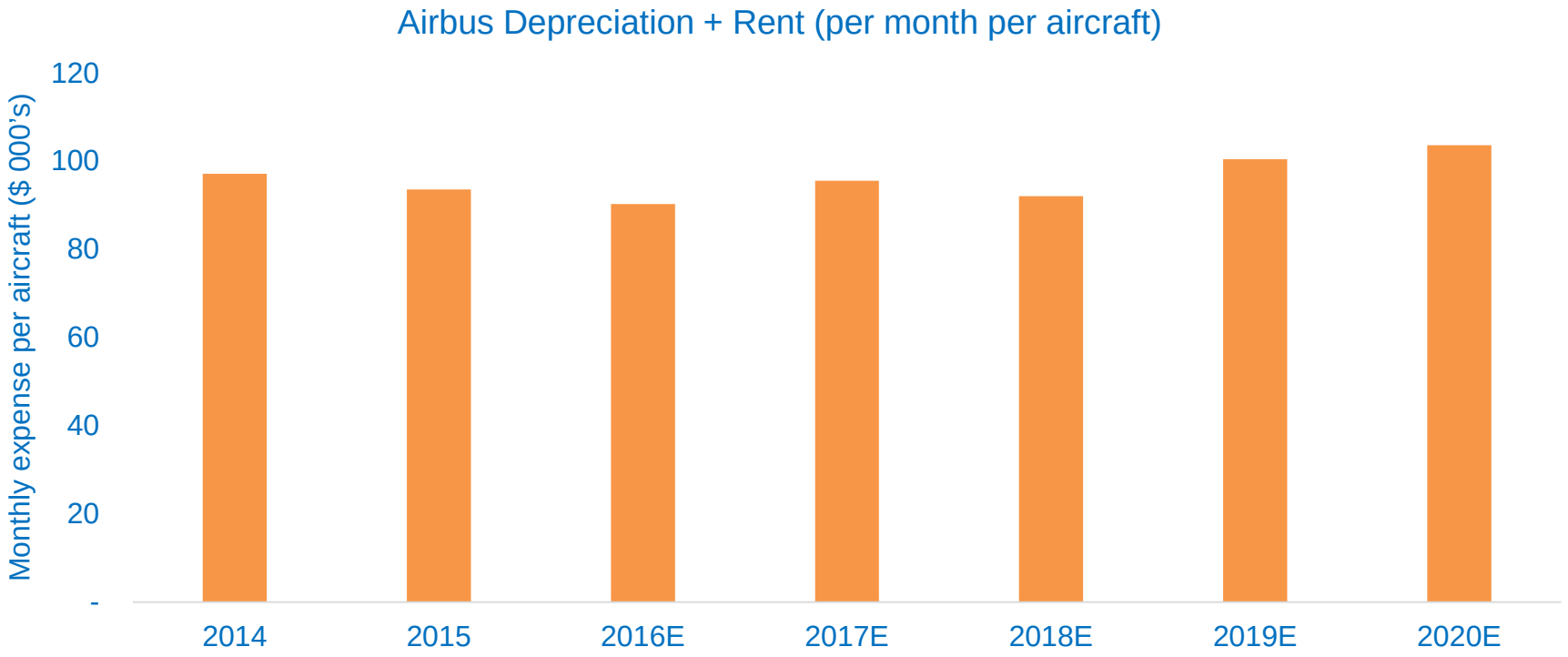
"Sourced" is defined as being under a purchase agreement or letter of intent expected by the end of 2016
Estimated aircraft count at end of year

Monthly aircraft depreciation + rent (stacked)



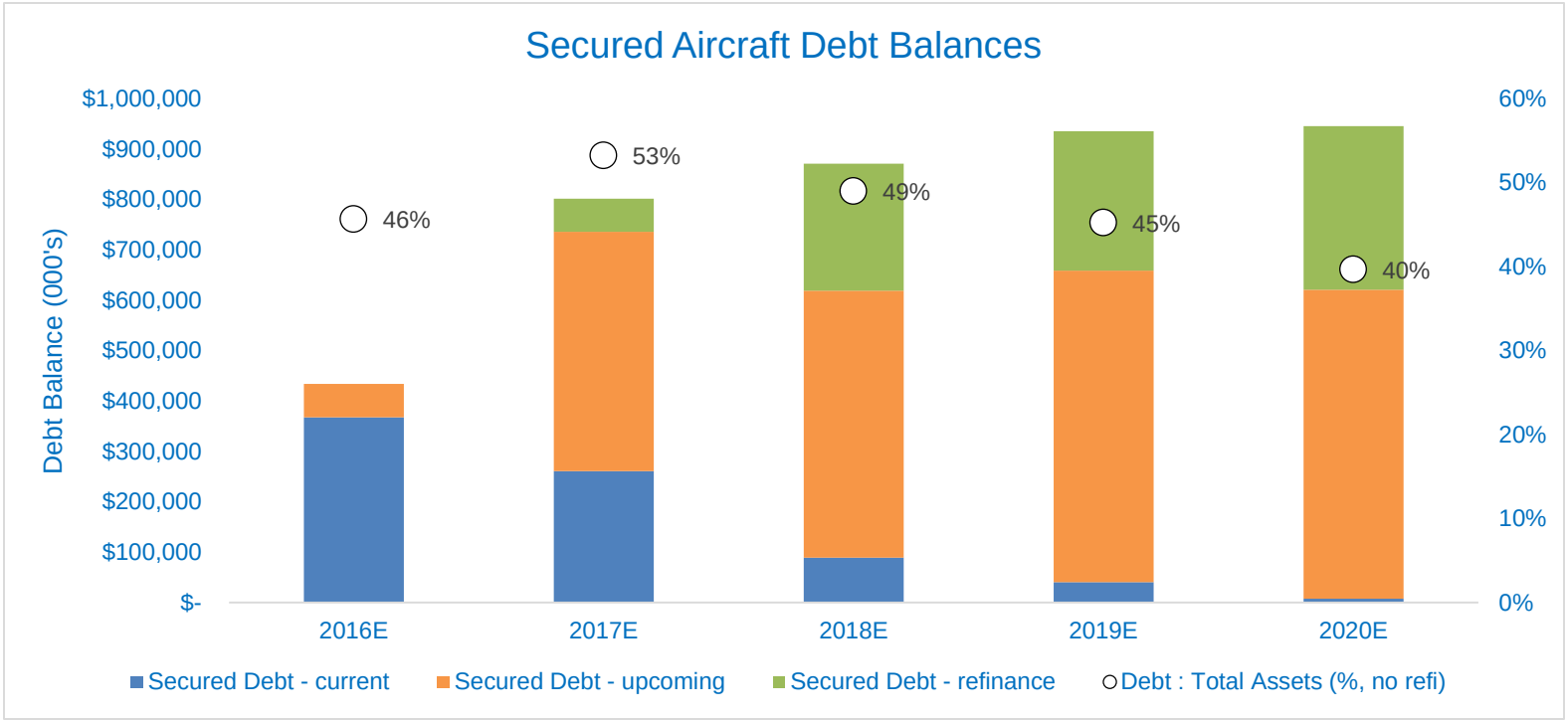
Excludes heavy maintenance depreciation and sub-service expense
Estimates are based on various assumptions which may not materialize

Airbus purchase prices have remained steady



Based on actual costs of aircraft now in fleet and estimated acquisition costs of aircraft to be acquired in the future
Excludes heavy maintenance depreciation expense

Conservative leverage & debt flexibility



Upcoming debt is potential future debt and is subject to availability on terms acceptable to the Company

Key operational performance metrics

A60

Percent of flights arriving within 60 minutes of schedule

Action Items:

- Improve STAR and Turn Time
- Block time improvement
- Technology: no-pax count, FlyDesk

Target: 90%

Completion Factor

Percent of flights operated on the same day as scheduled

Action Items:

- Improve aircraft reliability – sparing, transition, isolate
- Pilot availability
- Technician staffing, training, and technology

Target: 99%

Interruption Rate

Frequency of diversion or turn back

Action Items:

- Fleet transition
- Improved training in Maintenance Control
- Reduce repeat items

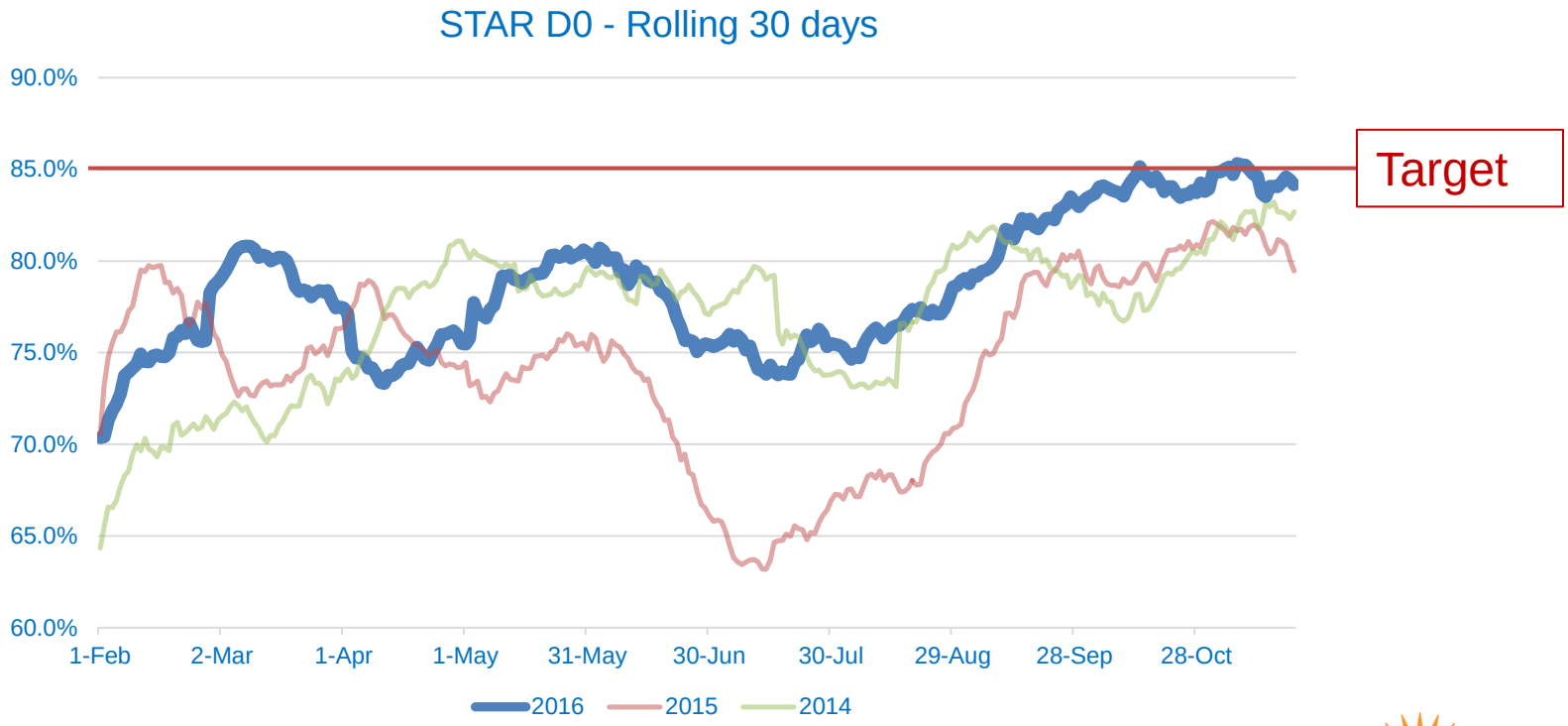
Continuous Decline

allegiant

A60 – improving

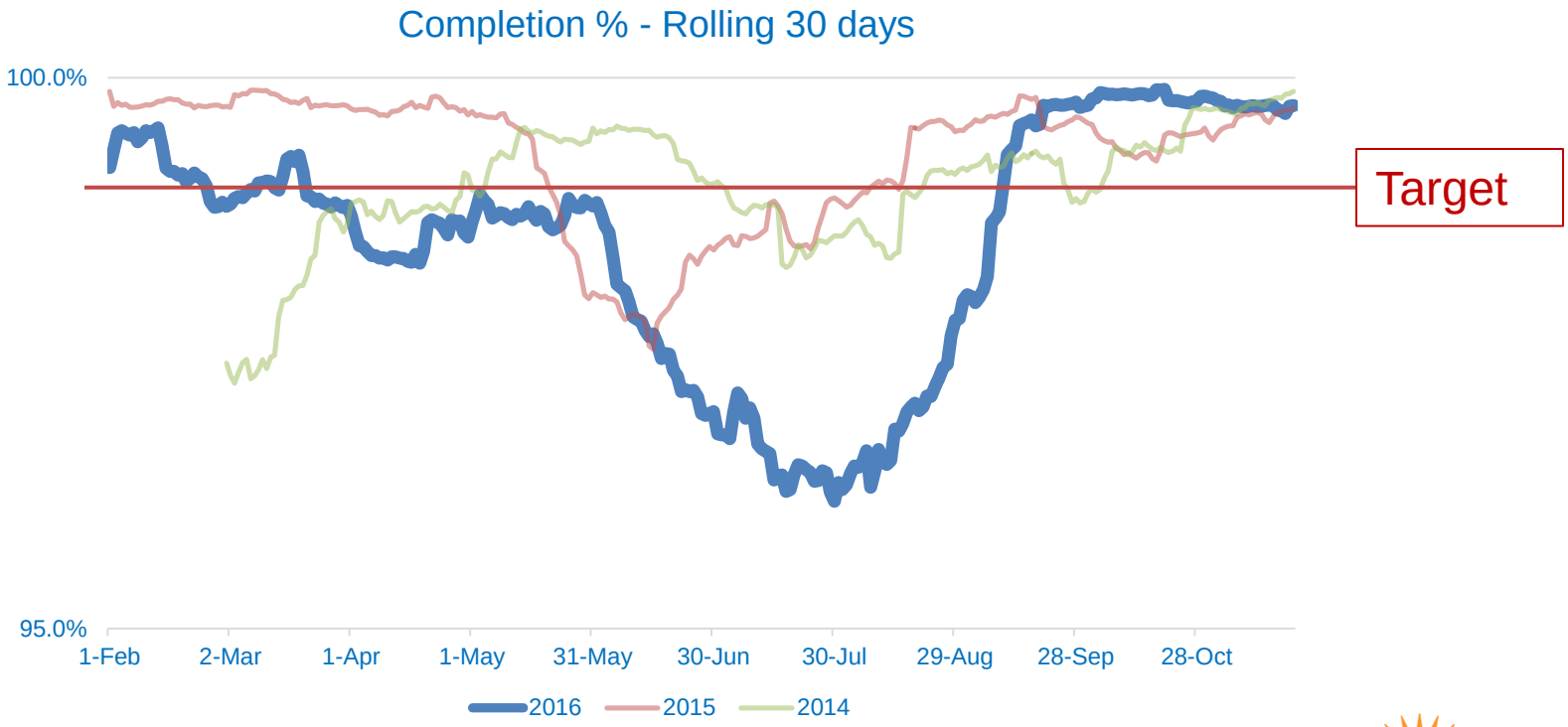


STAR performance is improving



STAR – Start the Airline Right
% of on-time departures for first daily flight on an aircraft

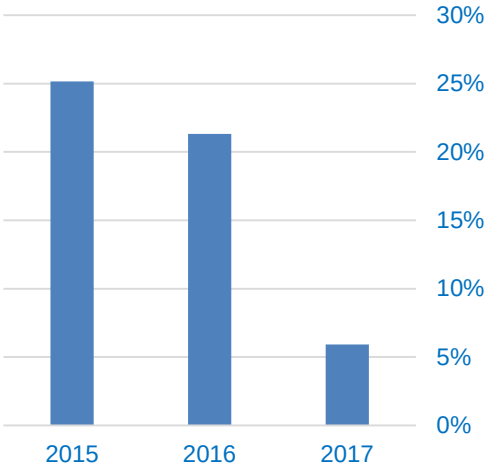
Completion – peak periods are critical



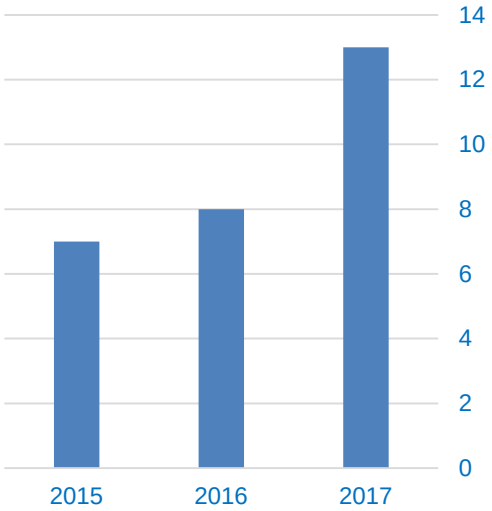
Excludes – cancels for airport conditions, weather, passenger medical and security
Excludes – flights scheduled less than seven days before departure

Investing heavily in Summer 2017

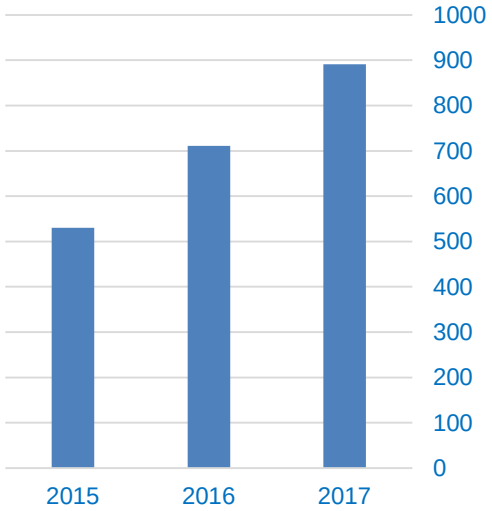
Summer Y/Y Departure Growth



Summer Spare Aircraft

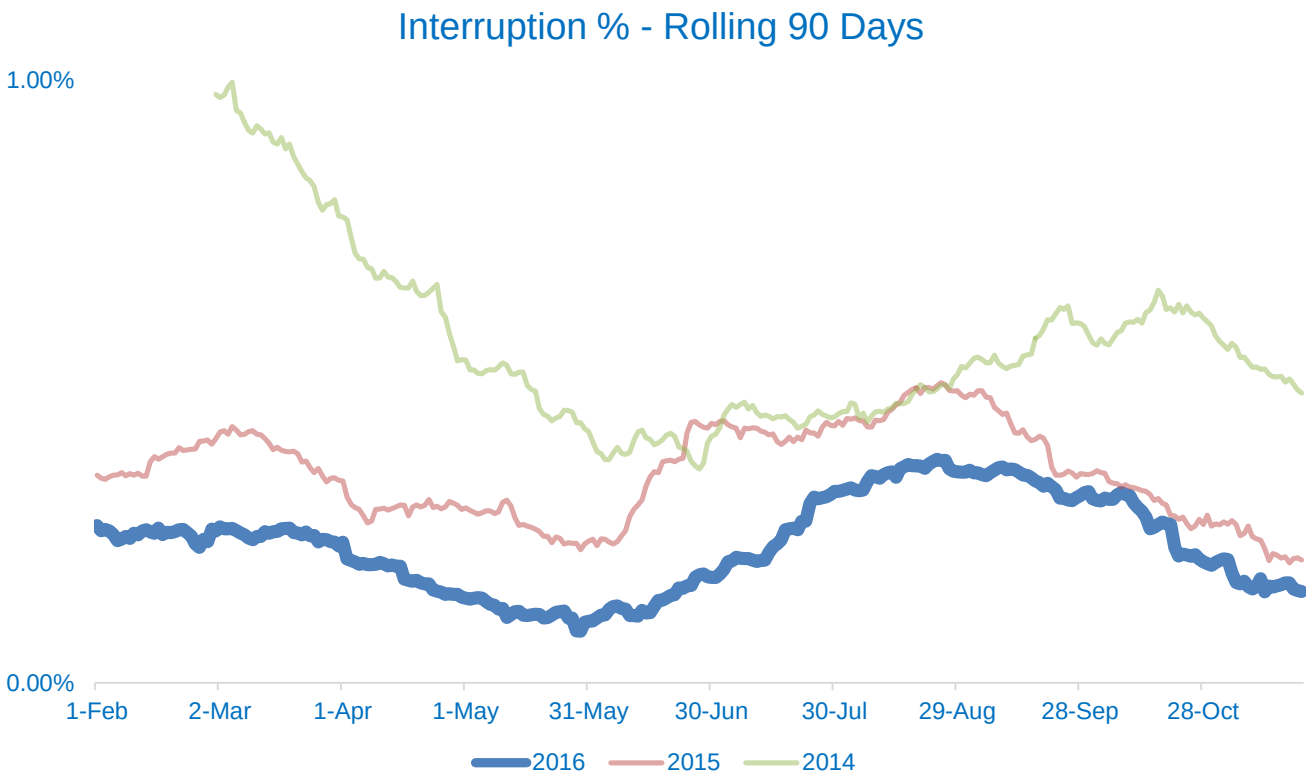


Summer Pilot Staffing



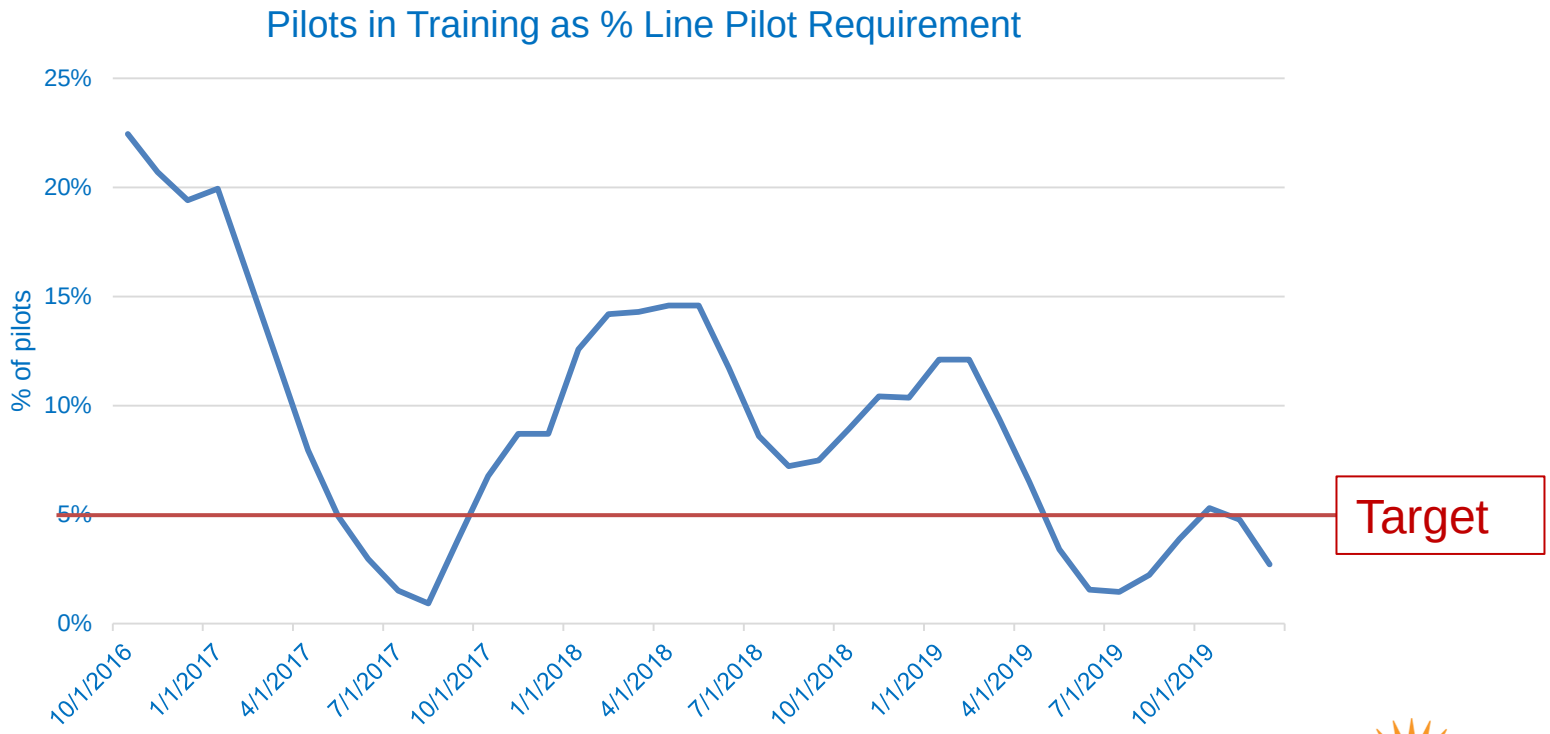
"Summer" shown as June and July only
Estimates are based on various assumptions which may not materialize

Interruptions – continuous improvement



Excludes – Air-traffic Control, Weather, Passenger Medical and Fuel Stops
Includes – Any flight diverted or turning back to origination airport

Pilot transition



Estimates are based on various assumptions which may not materialize

Operations lagniappes

- NCHEP Inspection and Results Implementation
- Pilot Contract Implementation
- East Coast Training Center
- FlyDesk Integration
- Flight Attendant Contract Negotiations
- CFM Engine Program
- Aircraft divestments

Contribution of initiatives

Operating earnings impact -$m	2017E	2020E
Fuel benefit from ASM production	$6	$21
Ex-fuel savings (costs)	(21)	73
Credit card program	10	45
eCommerce initiatives	14	92
Pricing engine	7	49
Fixed fee	5	20
186 seat modification	0	27
Fleet productivity	0	21
Total	$21m	$348m

Estimates are based on various assumptions which may not materialize

2017 guidance summary

- FY 2017 system ASMs +8 to 12% versus FY 2016
- FY 2017 scheduled service ASMs +8 to 12% versus FY 2016
- FY 2017 CASM ex fuel +5 to 9% versus FY 2016
- FY 2017 maintenance per aircraft per month $90 - $100 thousand
- FY 2017 depreciation per aircraft per month $125 - $135 thousand
- FY 2017 CAPEX $415m*
- FY 2017 Airbus heavy maintenance $30m
- FY 2017 fixed fee revenue $40m

*- Excludes Airbus heavy maintenance
Guidance subject to change