

Allegiant Travel CO
Form 10-K/A
May 02, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 2)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2013

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 (I.R.S. Employer Identification No.)
Organization)

8360 S. Durango Drive, 89113
Las Vegas, Nevada (Zip Code)
(Address of Principal Executive Offices)

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

(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act. Yes No

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

Edgar Filing: Allegiant Travel CO - Form 10-K/A

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Edgar Filing: Allegiant Travel CO - Form 10-K/A

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of common equity held by non-affiliates of the registrant as of June 30, 2013, was approximately \$1,600,000,000 computed by reference to the closing price at which the common stock was sold on the Nasdaq Global Select Market on that date. This figure has been calculated by excluding shares owned beneficially by directors and executive officers as a group from total outstanding shares solely for the purpose of this response.

The number of shares of the registrant’s common stock outstanding as of the close of business on February 1, 2014 was 18,595,051.

DOCUMENTS INCORPORATED BY REFERENCE: None

EXHIBIT INDEX IS LOCATED ON PAGE 14.

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (the “Amendment”) amends the Annual Report on Form 10-K of Allegiant Travel Company for the fiscal year ended December 31, 2013, originally filed with the Securities and Exchange Commission (“SEC”) on February 28, 2014 (the “Original Filing”), as amended by Amendment No. 1 filed on April 30, 2014 (“Amendment No. 1”). We are filing this Amendment to correct the inadvertent omission of certain information from the Summary Compensation Table and table of Plan-Based Awards and to make corresponding conforming changes to the Executive Compensation disclosures. In connection with the filing of this Amendment and pursuant to the rules of the SEC, we are including with this Amendment certain new certifications by our principal executive officer and principal financial officer. Accordingly, Item 15 of Part IV has also been amended to reflect the filing of these new certifications.

Except as described above, no other changes have been made to the Original Filing or Amendment No. 1. The Original Filing continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing other than as expressly indicated in Amendment No. 1 or this Amendment. In this Amendment, unless the context indicates otherwise, the terms “Company,” “we,” “us,” and “our” refer to Allegiant Travel Company. Other defined terms used in this Amendment but not defined herein shall have the meaning specified for such terms in the Original Filing.

TABLE OF CONTENTS

PART III

ITEM 11. Executive Compensation

1

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

13

Signatures

16

Item 11. Executive Compensation

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our executive officers should be read together with the compensation tables and related disclosures in this filing.

Our compensation committee is responsible for establishing and implementing our compensation philosophy. We seek to ensure that the total compensation paid to our executive officers is fair, reasonable and competitive. Our compensation committee is appointed by our board of directors. Under the compensation committee charter, our compensation committee has responsibility for determining the compensation for our chief executive officer, for any other executive officer who serves on the Board and for any of our other executive officers with a base salary of \$200,000 or more. Our compensation committee also approves equity grants under our long-term incentive plan.

Our named executive officers for 2013 were:

Maurice J. Gallagher, Jr.	Chairman and Chief Executive Officer
Andrew C. Levy	President, Chief Operating Officer and Director
Scott Sheldon	Senior Vice President, Chief Financial Officer
Scott M. Allard	Senior Vice President, Chief Information Officer
Jude I. Bricker	Senior Vice President, Planning

Compensation Philosophy and Objectives

The primary objectives of the compensation committee of our board of directors with respect to executive compensation are to retain the executive team that has been in place for several years, to attract additional talented people to become employed, to provide annual cash incentives upon achievement of measurable corporate performance objectives, and to assure executives' incentives are aligned with stockholder value creation. To achieve these objectives, the compensation committee maintains compensation plans that tie a significant portion of executives' total compensation to our financial performance (specifically to our operating margin). Overall, the total compensation opportunity is intended to create an executive compensation program: (i) providing for base compensation at reasonable levels, and (ii) rewarding our named executive officers for profitable performance and increased share value.

Our chief executive officer, Maurice J. Gallagher, Jr., has a substantial equity position. Historically, he has chosen to serve without any base salary whatsoever and expects to continue to serve without base salary into the future. In 2013, the compensation committee decided not to include Mr. Gallagher in the allocation of the cash bonus pool but granted him stock-based awards to reward him for our company's industry-leading profit margins. Whether Mr. Gallagher will participate in future equity grants and the annual cash bonus will be determined in the discretion of the compensation committee from year to year and will depend on our profitability in relation to our expectations and other relevant factors.

Although we do not benchmark total compensation or any material element of compensation against any other particular company or group of companies, we do consider executive compensation and operating margin levels at other airlines and on-line travel agencies in gauging the reasonableness of each element of the compensation package for our executive officers. In particular, in determining cash bonus allocations and equity grants, we compare our executive compensation against averages of other airlines and on-line travel agencies in base salary levels, cash bonus amounts, cash bonus as a percentage of base salary, value of equity awards and total compensation in dollar amounts and in relation to the operating margin achieved by each company. As we are focused on low costs as a company, our philosophy is to provide for lower than industry prevailing rates of base compensation but with opportunity to benefit

from profitable operations in the form of cash bonuses and from stock value increases through equity awards. The compensation philosophy employed has been implemented by us without use of any outside compensation consultants.

As our stockholders approved our executive pay policies by a wide margin at our 2011 stockholders meeting, we have not implemented any changes to our pay policies in response to the stockholder vote.

Mr. Gallagher makes recommendations to the compensation committee with respect to the portion of the cash bonus pool payable and granting of stock-based awards to other executive officers. The compensation committee typically asks Mr. Gallagher to participate in its deliberations concerning approval of cash bonuses payable to and stock awards granted to these executive officers.

Mr. Gallagher and Andrew Levy, our president, chief operating officer and director, participate in making recommendations to the compensation committee with respect to the total amount of cash bonuses to be paid, the allocation of the bonus pool among other officers and key employees of our company and the granting of stock-based awards to other officers and key employees.

The compensation committee members consider the recommendations from management and also draw on the committee members' and the chief executive officer's substantial experience in managing companies in approving bonus levels and stock-based awards.

We structure our executive compensation program to deliver the majority of remuneration through incentives that drive both operating results and long-term value. During 2013, the substantial majority of each executive officer's pay was at risk as more than 80% of each executive's pay was payable under the cash bonus plan or long-term stock incentives. The mix of components comprising 2013 compensation for the named executive officers in this filing is illustrated below:

Name & Principal Position	Base Salary	Cash Bonus	Long-term Incentive	All other compensation
Maurice J. Gallagher, Jr., Chairman and Chief Executive Officer	—	—	88%	12%
Andrew C. Levy, Chief Operating Officer, Director, President	7%	17%	75%	1%
Scott Sheldon, Senior Vice President and Chief Financial Officer	16%	40%	42%	2%
Jude I. Bricker, Senior Vice President, Planning	16%	40%	42%	2%
Scott M. Allard, Chief Information Officer	17%	37%	44%	2%

Compensation Components

Compensation is broken out into the following components:

Base Salary. Mr. Gallagher does not receive a base salary. In February 2013, Mr. Levy entered into a new employment agreement which provided for an increase in his base salary. As no other executive officer has a base salary of \$200,000 or more, the base salary levels of other officers do not require compensation committee approval.

Annual Discretionary Incentive Bonus Program. We structure our annual bonus compensation program to reward named executive officers, other management employees (our vice presidents, director level employees and managers) and other employees for our successful performance and each individual's contribution to that performance. Depending on our profitability, cash bonuses may constitute a significant portion of our employees' total compensation. No cash bonus is earned unless our operating income exceeds 5% of our revenue for the year and, in that event, the total cash bonus pool will not exceed 10% of operating income. The final annual bonus pool amount is determined by our compensation committee after consideration of management recommendations and after the completion of the audit of our financial statements. The allocation of the bonus pool among groups of eligible employees and, for executive officers and other key employees, the division of the incentive compensation between cash and equity grants, are approved by the compensation committee without regard to any objective, predetermined individual performance criteria. The compensation committee relies significantly on the recommendation of our chief executive officer with respect to the participation level of our president and on executive management recommendations with respect to the bonus allocations for other employee groups and equity grants for other officers and managers.

For financial statement reporting purposes, the bonus is accrued throughout each year based on an estimated payment amount. Under our program, our named executive officers are eligible to share in the bonus pool in amounts determined after the end of each year. Compensation committee approval is required for bonuses payable to our chief executive officer, other executive officers on the Board (Andrew Levy) and any other executive officers with an annual base salary of \$200,000 or more (there are no others at this time). Generally, payments under this cash bonus program are contingent upon continued employment through the actual date of payment.

Long-Term Incentive Program. We believe long-term performance is achieved through an equity ownership culture that encourages long-term performance by our executive officers. Although our chief executive officer maintains a substantial

2

equity stake in our company, the compensation committee has decided to provide him with grants of stock-based awards to reward him for the successful operating results of our company and to further incentivize him to seek additional stock price growth.

The compensation committee considers stock-based awards as part of the discretionary incentive program to our executive officers each year at the time the cash bonus allocations are finalized after the completion of the audit for the year. Strike prices for options or stock appreciation rights (SARs) are established based on the market value of our stock at the time of grant when the final compensation decisions are made for the year. This will typically occur in February or March following the end of each year. Other than this annual evaluation of stock-based grants, we would typically only consider additional stock-based grants coincident with a new hire or promotion of management personnel.

Stock-based awards vest over a three year period to encourage continuing employment by the executive officers. Grants of stock options and stock appreciation rights have a five year term to further encourage the officers to seek stock value appreciation over a period of time.

The awards are set at amounts determined by the compensation committee to achieve a balance between meaningful incentives to our executive officers and reasonable compensation expense for our company. The compensation committee considers the current value of prior and newly granted awards, but does not target any particular weighting in comparison with the total compensation of each executive officer. Nor do we have a policy or target for the allocation between either cash and non-cash compensation or short-term and long-term incentive compensation. However, in determining 2013 compensation for all executive officers other than our chief executive officer, the compensation committee approved payment of approximately 50% in cash and 50% in the value of equity grants. Our chief executive officer received substantially all of his compensation for 2013 in the form of equity grants.

In March 2013, equity grants were awarded to executive officers as part of their 2012 compensation package.

In March 2014, we granted equity awards, consisting of restricted stock and stock options, to our named executive officers as part of their 2013 compensation package. As all of these equity awards provide for a three-year vesting period, the compensation to the executive officers remains at risk subject to their continuing employment with us. In the case of equity awards constituting a portion of the incentive compensation for all of our officers for 2013, 40% to 50% of the value of the equity awards was granted in the form of stock options, the entire value of which is at risk since the value of these equity grants will be based on appreciation in our stock price. This further aligns our officers' interests with the objective of increasing value to our stockholders.

The compensation committee also considers the impact each equity grant will have on the future earnings of our company and dilution of our stockholders. The stock grants during the past several years have not been dilutive to our stockholders as the number of shares of stock repurchased by us in the open market under our stock repurchase plans has far exceeded the number of shares subject to equity grants under our long-term incentive plan.

We do not have any guidelines for security ownership of management, nor do we restrict any individual executive's ability to hedge the economic risk of stock ownership.

Other Compensation. Our officers participate in employee benefits generally available to our full-time employees. We have no current plans to make changes to the levels of benefits and perquisites provided for our named executive officers.

401(k) Plan. We maintain a 401(k) retirement plan that qualifies as a defined contribution plan under Internal Revenue Code section 401(a) and includes a cash or deferred arrangement that qualifies under Code Section 401(k). The plan was established and is maintained for the exclusive benefit of our eligible employees and their beneficiaries. We make matching contributions for active participants equal to 100% of their permitted contributions, up to a maximum of 5% of the participant's annual salary. Eligible employees are immediately 100% vested in their individual contributions and "safe harbor" matching contributions.

Compensation Risk. The compensation committee has determined that our compensation programs do not pose significant risk to our company as management's interests are aligned with those of our stockholders. Except for those employee groups with whom we have reached a separate agreement on compensation, all employees are eligible to participate in the cash bonus program such that employees in any group or function are not included to the exclusion of employees in any other group or function. Further, the bonus pool depends on company-wide profitability such that rewards are based on the common goal of profitability. While the cash bonus program encourages short-term profitability, equity based grants to management employees under the long-term incentive plan encourage long-term success further reducing compensation risk.

Current Frequency of Shareholder Advisory Votes on the Compensation of Our Named Executive Officers. Our board of directors has determined to include a stockholder advisory vote on the compensation of our named executive officers in our proxy materials every three years. In making this determination, our board considered the outcome of the “say on pay frequency” advisory vote at the 2011 stockholders’ meeting. Although a slight majority of the votes of our stockholders were cast at the 2011 annual meeting in favor of holding an annual, non-binding advisory vote on executive compensation, more than 46% of the votes cast on the non-binding advisory “say on pay frequency” proposal were voted in favor of holding the non-binding advisory “say on pay” vote every three years. Further, our board considered (i) the advantage of a longer term perspective that a triennial vote would bring, in light of the significant equity component of our compensation program with vesting over three or more years, the value of which is directly linked to share price performance; (ii) that a vote every three years provides a longer term compensation history and business performance track record against which to measure management’s strategic long-term business decisions and more frequent votes may focus undue attention on the particular year being reported as opposed to the longer term focus we are seeking to achieve through our compensation policies; and (iii) the approval of our compensation program evidenced by the stockholders’ 2011 advisory “say on pay” vote on compensation.

As the last stockholder advisory vote on executive compensation was in 2011, a stockholder advisory vote on the compensation of our named executive officers will occur at this year’s annual meeting of stockholders. The next required say on pay frequency vote is currently scheduled for our 2017 annual meeting of stockholders.

In conjunction with this year’s stockholder advisory vote on compensation of our executive officers and to present a longer-term view of executive compensation consistent with our decision to have a stockholder advisory vote every three years, the following table provides information regarding our financial performance and executive compensation for our top two officers over the preceding three-year period:

(\$ in thousands except per share amounts)	2011	2012	2013	
Total Compensation (1)				
CEO	\$ 500	\$ 755	\$ 568	
President	\$ 1,515	\$ 1,911	\$ 5,207 (2)	
Operating Income	\$ 85,444	\$ 132,304	\$ 154,737	
Operating Margin	11.0	% 14.6	% 15.5	%
Fully diluted earnings per share	\$ 2.57	\$ 4.06	\$ 4.82	
Stock Price at end of year	\$ 53.34	\$ 73.41	\$ 105.44	
Market Capitalization at end of year (3)	\$ 1,017,802	\$ 1,419,457	\$ 1,960,662	
Dollars Returned to Stockholders:				
Cash Dividends (4)	\$—	\$ 38,602	\$ 41,787	
Stock Repurchases	\$ 1,493	\$ 3,981	\$ 83,462	
Total Stockholder Return (5)	8.3	% 41.4	% 46.7	%

(1) Compensation shown is total compensation from Summary Compensation Table, including equity compensation valued as specified in the footnotes for such Table.

(2) Includes equity grants with a value of approximately \$3,000,000 issued to Mr. Levy at the time of his entry into a four-year employment agreement in February 2013.

(3) Market capitalization equals total number of shares outstanding multiplied by the closing stock price on the last day of the year.

(4) Cash dividends for 2013 include dividends declared in November 2013 and paid in January 2014.

- (5) Increase in stock price over prior year end plus per share cash dividends declared during the year as a percentage of the per share price at the beginning of the year.

Compensation of Named Executive Officers and Other Information

The following table shows the cash compensation paid or to be paid by us, as well as certain other compensation paid or accrued, during the fiscal years ended December 31, 2013, 2012 and 2011 to our named executive officers:

SUMMARY COMPENSATION TABLE (1)

Name and Principal Position	Year	Salary	Bonus	Stock Awards (\$)(2)	Option/SAR Awards (\$) (3)	All Other Compensation (4)	Total
Maurice J. Gallagher, Jr. Chief Executive Officer	2013	—	\$—	\$250,000	\$250,100	\$67,995	\$568,095
	2012	—	200,000	265,437	264,533	25,236	755,206
	2011	—	—	500,000	—	—	500,000
Andrew C. Levy (5) President and Chief Operating Officer	2013	339,917	900,000	1,950,000	1,947,100	70,025	5,207,042
	2012	285,000	775,000	411,368	410,032	29,510	1,910,910
	2011	285,000	615,000	615,020	—	—	1,515,020
Scott Sheldon Senior Vice President, Chief Financial Officer and Principal Accounting Officer	2013	195,000	470,000	300,100	200,100	22,653	1,187,853
	2012	187,500	425,000	270,722	179,891	23,025	1,086,138
	2011	175,000	300,000	300,000	—	—	775,000
Jude I. Bricker (6) Senior Vice President, Planning	2013	188,712	470,000	300,100	200,100	26,159	1,185,071
	2012	165,625	425,000	449,462	179,891	23,703	1,243,681
Scott M. Allard (7) Senior Vice President, Chief Information Officer	2013	193,428	425,000	300,100	200,100	23,979	1,142,607
	2012	190,000	425,000	270,722	179,891	24,476	1,090,089
	2011	155,532	230,000	722,300	—	—	1,107,832

(1) The above tables do not include a column for change in pension value and nonqualified deferred compensation earnings as none of the named executive officers received any such compensation in the years disclosed. Cash bonuses are reported in the year to which they relate, but are paid no later than the end of the first quarter of the following year. Equity grants constituting part of the incentive bonus plan are reported in this table in the year to which they relate. Other equity grants are reported in the year of grant. In our 2012 proxy statement reporting 2011 compensation, we reported all equity grants as compensation in the year of grant. We changed to the current presentation last year to better portray the compensation package received by our named executive officers with respect to each year. As we adjusted the 2011 compensation reflected in the above summary compensation table to be consistent with the presentations for 2012 and 2013, the above table will not reflect the same equity compensation amounts for 2011 which were reported in our 2012 proxy statement.

(2) Represents the grant date fair value of restricted stock awards granted, as calculated in accordance with stock-based compensation accounting standards. The fair value of each of these awards is based on the closing share price of the Company's stock on the grant date. Although the table above indicates the full grant date value of the awards in the year which the compensation is considered, the restricted stock granted vests over a three-year period.

(3) Represents the grant date fair value of option and SAR awards granted, as calculated in accordance with stock-based accounting standards. The fair value of these awards is determined under the Black-Scholes option pricing model. For the assumptions used for purposes of determining the value of these awards included in each year's compensation, please refer to Note 12 to our consolidated financial statements for the year ended December 31, 2013. Although the table above indicates the full grant date value of the awards in the year which the compensation is considered, the options and SARs granted vest over a three-year period.

5

- (4) All Other Compensation consists of our matching contributions under the 401(k) plan for all officers and cash dividends paid in 2013 and 2012 on shares of unvested restricted stock. No dividends were paid in 2011 on shares of unvested restricted stock. No amount is included in this column for the value of all perquisites and personal benefits, including flight benefits, as these benefits did not exceed \$10,000 for any executive officer.
- (5) Mr. Levy has served as president throughout the period reported and as chief operating officer from October 2013 to present.
- (6) Mr. Bricker was promoted to senior vice president, planning in April 2012. Compensation for years prior to 2012 is not shown as he did not serve as an executive officer during such periods.
- (7) Mr. Allard was hired as our senior vice president, chief information officer in March 2011. The salary shown for Mr. Allard for 2011 is for the period from his hire date in March 2011 through the end of the year.

Mr. Gallagher serves without base compensation as a result of his substantial equity interest. In 2013 and 2012, Mr. Gallagher received equity grants and an allocation under our annual cash bonus program in 2012 as a reward for our profitability achievements.

Mr. Levy's base salary was established at \$350,000 per year in connection with the new employment agreement entered into in February 2013. Under the employment agreement entered into at that time, Mr. Levy received grants of restricted stock and stock options reflected in the table of plan-based awards below, participates in our annual bonus program and is eligible to participate in future equity grants.

Mr. Sheldon's base salary was established upon the recommendation of executive management and is reviewed from year to year. Mr. Bricker's base salary was increased to \$175,000 per year upon his promotion to senior vice president, planning in May 2012 and is reviewed from year to year. Mr. Allard's base salary level was based on negotiations at the time of his employment in March 2011 and is reviewed from year to year.

The compensation committee is to approve all base salary, bonus payments and other compensation payments to executive officers serving on our board of directors and to any other officers making \$200,000 or more per year in base salary.

For 2013, each executive officer received a bonus under our annual discretionary incentive bonus program. No bonus is earned unless our operating income exceeds 5% of our revenue for the year and, in that event, the bonus pool will not exceed 10% of operating income. The final bonus pool amount is determined by our compensation committee after review of the year-end financial statements and after consideration of management recommendations. Each executive officer's allocation of the bonus pool is determined by the compensation committee without regard to any objective, predetermined individual performance criteria. The bonus allocation for any executive officer is not targeted at or limited to any particular percentage of base salary. In determining 2013 compensation for our executive officers other than our chief executive officer, the compensation committee approved payment of 50% or more in the value of equity grants and the balance in cash. The equity grants were split between restricted stock and stock options.

In 2013 and 2012, other compensation included cash dividends paid on unvested restricted stock. No dividends were paid in 2011 on shares of unvested restricted stock. Other compensation also includes matching contributions under our 401(k) plan. The amount of matching contribution paid for each executive officer depends on his salary reductions.

No executive officer's salary and bonus is tied to any particular percentage of total compensation, but rather, bonus allocations are made based on our profitability and a subjective evaluation of each officer's performance.

Grants of Plan-Based Awards in 2013

The following table describes grants of plan-based awards to our named executive officers during 2013:

Name	Grant date	Stock awards: number of shares of stock (1) (#)	Option/SAR awards: number of securities underlying options (#)	Exercise or base price of option/SAR awards (\$/sh)	Grant date fair value (2) of stock awards \$
Maurice J. Gallagher, Jr.	3/8/2013 (3)	3,114			\$265,437
Maurice J. Gallagher, Jr.	3/8/2013 (3)		12,645	85.24	264,533
Andrew C. Levy	2/26/2013	18,682			1,500,000
Andrew C. Levy	2/26/2013		75,796	80.29	1,497,000
Andrew C. Levy	3/8/2013 (3)	4,826			411,368
Andrew C. Levy	3/8/2013 (3)		19,600	85.24	410,032
Scott Sheldon	3/8/2013 (3)	3,176			270,722
Scott Sheldon	3/8/2013 (3)		8,599 (4)	\$85.24	179,891
Jude I. Bricker	3/8/2013 (3)	3,176			270,722
Jude I. Bricker	3/8/2013 (3)		8,599 (4)	\$85.24	179,891
Scott M. Allard	3/8/2013 (3)	3,176			270,722
Scott M. Allard	3/8/2013 (3)		8,599 (4)	\$85.24	179,891

(1) Grant of restricted stock.

As determined as set forth in Note 12 to our consolidated financial statements. Although the table above indicates (2) the full grant date value of the awards, the restricted stock, stock option and SAR awards granted vest over a three-year period.

(3) All equity grants on March 8, 2013 were part of 2012 compensation and are reflected as such in the summary compensation table.

(4) Each of these awards consists of a grant of SARs which may only be settled in cash at the time of exercise.

Our compensation committee considers grants of restricted stock, stock options and SARs to our executive officers annually. The number of shares granted is not based on any particular percentage of the total compensation of the executive officer. Our compensation committee determines the amount of equity grants in an attempt to provide meaningful incentives for the officers, but with consideration to the financial impact on our operating results.

The restricted stock, stock options and SARs granted to our executive officers in 2013 are subject to a three-year vesting schedule to encourage continued employment by the executive officers and the stock options and SARs have a five year term to provide incentives to create stock price appreciation over that period.

The grants of restricted stock, stock options and SARs in March 2013 are considered to be part of the compensation of our executive officers for 2012. In March 2014, we granted to our executive officers shares of restricted stock and stock options as part of their 2013 compensation package. The value of these grants is reflected in the summary compensation table above as part of each executive officer's 2013 compensation. The value of the equity grants in March 2013 is reflected in the summary compensation table above as part of each executive officer's 2012 compensation.

7

Outstanding Equity Awards at Year End

The following table summarizes the number of shares underlying outstanding equity incentive plan awards for each named executive officer as of December 31, 2013:

Name	Number of Shares Underlying Exercisable Options/SARs (#)	Number of Shares Underlying Unexercisable Options/SARs (#)	Option/SAR Exercise Price \$	Option/SAR Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) (12)
Maurice J. Gallagher, Jr.	5,514 (1)	2,757 (1)	42.22	3/25/2016		
		12,645 (2)	85.24	3/8/2018	6,190 (8)	\$652,674
Andrew C. Levy	13,785 (1)	9,190 (1)	42.22	3/25/2016	3,114 (9)	328,340
		19,600 (2)	85.24	3/8/2018		
		75,796 (3)	80.29	2/26/2018		
		14,590 (4)	36.97	10/25/2017		
		50,000 (6)	38.65	10/16/2014		
						18,682 (7)
Scott Sheldon		4,136 (1)	42.22	3/25/2016	7,614 (8)	802,820
		8,599 (5)	85.24	3/8/2018	4,826 (9)	508,853
					3,714 (8)	391,604
Jude I. Bricker		3,216 (1)	42.22	3/25/2016	3,176 (9)	334,877
		8,599 (5)	85.24	3/8/2018		
					3,095 (8)	326,337
Scott M. Allard		8,599 (5)	85.24	3/8/2018	2,000 (11)	210,880
					3,714 (8)	391,604
					3,176 (9)	334,877
					3,333 (10)	351,432

- (1) These SARs which may only be settled in cash vest over a three year period with last remaining vesting on March 25, 2014.
- (2) These options vest over one-third on each of March 8, 2014, 2015, and 2016.
- (3) These options vest over one-third on each of February 26, 2014, 2015, and 2016.
- (4) These options vested over a four year period and were fully vested as of December 31, 2013.
- (5) These SARs which may only be settled in cash vest one-third on each of March 8, 2014, 2015, and 2016.
- (6) These SARs which may only be settled in stock, vested over a three year period, and were fully vested as of December 31, 2013.
- (7) Unvested restricted stock to vest one-third on each of February 26, 2014, 2015, and 2016.
- (8) Unvested restricted stock to vest one-half on each of February 8, 2014 and 2015.
- (9) Unvested restricted stock to vest one-third on each of March 8, 2014, 2015, and 2016.
- (10) Unvested restricted stock to vest on March 7, 2014.
- (11) Unvested restricted stock to vest one-half on each of April 24, 2014 and 2015.
- (12) Based on our closing stock price of \$105.44 on December 31, 2013.

Option Exercises and Stock Vested Table

The following table summarizes the number of option/SAR awards exercised and stock awards vested by our named executive officers in 2013 and the value realized on option/SAR exercise or stock award vesting:

	Option/SAR Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (#)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Maurice J. Gallagher, Jr.			3,095	241,781 (2)
			3,333	268,107 (3)
Andrew C. Levy	25,000	1,509,157 (1)	3,807	297,403 (2)
			3,333	268,107 (3)
Scott Sheldon	8,270	405,313 (5)	1,857	145,069 (2)
			1,667	134,093 (3)
			834	79,422 (6)
Jude I. Bricker	3,216	148,193 (5)	1,548	120,930 (2)
			1,167	93,873 (3)
			1,000	92,230 (7)

Edgar Filing: Allegiant Travel CO - Form 10-K/A

Scott M. Allard

1,857

145,069 (2)

3,333

281,405 (4)

9

- (1) Based on actual sale price of shares on dates of option exercise (shares were sold by officer on the dates of option exercise).
- (2) Based on our closing stock price of \$78.12 on February 8, 2013, the date of vesting.
- (3) Based on our closing stock price of \$80.44 on February 15, 2013, the date of vesting.
- (4) Based on our closing stock price of \$84.43 on March 7, 2013, the date of vesting.
- (5) Based on value of awards on date of SAR exercise (share price at date of exercise less exercise price).
- (6) Based on our closing stock price of \$95.23 on May 18, 2013, the date of vesting.
- (7) Based on our closing stock price of \$92.23 on April 24, 2013, the date of vesting.

Employee Benefit Plans

Long-Term Incentive Plan

Our Long-Term Incentive Plan (the “2006 Plan”) was adopted by our board of directors and approved by the stockholders in 2006. All outstanding options under the predecessor Allegiant Air 2004 Share Option Plan have been transferred to our 2006 Plan, and no further stock-based awards will be made under that predecessor plan. The transferred options continue to be governed by their existing terms. Except as otherwise noted below, the transferred options have substantially the same terms as grants made under our 2006 Plan.

We have reserved 3,000,000 shares of our common stock for issuance under our 2006 Plan. Such share reserve consists of 500,000 shares that were carried over from our predecessor plan, including the shares subject to outstanding options thereunder. In addition, no participant in our 2006 Plan may be granted stock-based awards for more than 100,000 shares of our common stock per calendar year.

The individuals eligible to participate in our 2006 Plan include our officers and other employees, our non-employee board members and any consultants we engage.

Our 2006 Plan is administered by the compensation committee. This committee determines which eligible individuals are to receive stock-based awards, the time or times when such stock-based awards are to be made, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory stock option under the federal tax laws, and the terms and conditions of each award including, without limitation, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding, provided that no option term may exceed ten years measured from the date of grant.

Vesting of any option grant is contingent on continued service with us. Upon the cessation of an optionee’s service, any unvested options will terminate and will be forfeited. Any vested, but unexercised options (i) will terminate immediately if the optionee is terminated for misconduct, or (ii) if the cessation of service is other than for misconduct, will remain exercisable for such period of time as determined by the compensation committee at the time of grant and set forth in the documents evidencing the option. The compensation committee has the discretion, however, at any time while the option remains outstanding to (i) extend the period of time that the option may be exercisable following the cessation of an optionee’s service (but not beyond the term of the option) and (ii) permit the optionee to exercise following a cessation of service options that were not vested at the time of the cessation of service.

The exercise price for the shares of the common stock subject to option grants made under our 2006 plan may be paid in cash or in shares of common stock valued at fair market value on the exercise date.

The compensation committee has the authority to cancel outstanding options under our option plan, in return for the grant of new options for the same or a different number of option shares with an exercise price per share based upon the fair market value of our common stock on the new grant date.

In the event we are acquired by a merger, a sale by our stockholders of more than 50% of our outstanding voting stock or a sale of all or substantially all of our assets, each outstanding option under our option plan which will not be assumed by the successor corporation or otherwise continued in effect may accelerate in full to the extent provided in the applicable stock option agreement. However, the compensation committee has complete discretion to structure any or all of the options under the option plan so those options will (or may not) immediately vest in the event we are acquired, whether or not those options

are assumed by the successor corporation or otherwise continued in effect. Alternatively, the compensation committee may condition such accelerated vesting upon the subsequent termination of the optionee's service with us or the acquiring entity.

We intend that any compensation deemed paid by us in connection with the exercise of options or stock appreciation rights granted under our 2006 Plan for the disposition of the shares purchased or acquired under those options or stock appreciation rights will be regarded as "performance-based," within the meaning of Section 162(m) of the Internal Revenue Code and that such compensation will not be subject to the annual \$1 million limitation on the deductibility of compensation paid to covered executive officers which otherwise would be imposed pursuant to Section 162(m).

For accounting purposes, compensation expense related to equity based awards under the 2006 Plan is measured and recognized in accordance with stock-based compensation accounting standards.

Our board may amend or modify the 2006 Plan at any time, subject to any required stockholder approval, or participant consent. The 2006 Plan will terminate no later than March 31, 2016.

Potential Payments upon Termination of Employment and Change in Control

Under his 2013 employment agreement, Mr. Levy would receive a lump sum severance pay of \$650,000 in the event of termination without cause or resignation for good reason. In addition, he would continue to receive fringe benefits for a 24-month period. In addition, any unvested equity grants, including restricted stock, stock options and SARs, would vest immediately upon a termination without cause, resignation for good reason or change in control. If such a termination, resignation or change of control had occurred on December 31, 2013, Mr. Levy would have realized approximately \$6,164,869 from an acceleration of vesting of his theretofore unvested restricted stock (31,122 shares), unvested options (95,396 shares) and cash-settled SARs (9,190 shares) held as of December 31, 2013, based on the \$105.44 closing stock price on that date.

Director Compensation

The members of our board of directors receive an annual retainer of \$20,000 per year plus an additional \$5,000 for each meeting attended and will also be reimbursed for their out-of-pocket expenses.

Any new director will receive an initial grant of 1,000 shares of restricted stock on the date such individual joins the board. The restricted stock will vest over a period of two years upon the director's completion of each year of board service over the two-year period measured from the grant date.

In addition, on the date of each annual stockholders meeting, each board member (other than executive officers) who is to continue to serve as a board member will automatically be granted 1,000 shares of restricted stock, provided such individual has served on our board for at least six months. The restricted shares subject to each annual automatic grant will vest upon the director's completion of one year of board service measured from the grant date.

The following table illustrates the compensation earned or paid to our non-management directors during 2013:

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$) (1)	Stock Awards (2) (\$)	All Other Compensation (\$)	Total (\$)
Montie Brewer	45,000	96,380	—	141,380
Gary Ellmer	45,000	96,380	—	141,380

Edgar Filing: Allegiant Travel CO - Form 10-K/A

Charles Pollard	45,000	96,380	—	141,380
Linda Marvin (3)	40,000	183,390	—	223,390
John Redmond	30,000	- (4)	—	30,000

11

- (1) Excludes expense reimbursements. We reimburse our directors for expenses incurred in attending board meetings.
- (2) Represents the grant date fair value of restricted stock awards granted to each director in 2013 based on the closing stock price on the date of grant. All restricted stock granted to directors in 2013 will vest in 2014.
- (3) Linda Marvin received a grant of 1,000 shares of restricted stock upon her selection to the board in January 2013 and also received an annual grant of an additional 1,000 shares in July 2013.
- (4) John Redmond received a grant of 1,000 shares at the 2013 annual stockholders meeting, but forfeited his right to these shares when he resigned from the board.

In 2013, no directors received \$10,000 or more in aggregate perquisites or other personal benefits, including the value of flight benefits. We do not provide tax gross-up payments to members of our board of directors.

As of December 31, 2013, each non-employee director held the following number of shares of restricted stock that have not vested:

Director Compensation Table - Outstanding Stock Awards

Name	Award Grant Date	Number of Shares not Vested	Grant Date Fair Value (\$) (1)
Montie Brewer	6/4/2013	1,000	96,380
Gary Ellmer	6/4/2013	1,000	96,380
Charles Pollard	6/4/2013	1,000	96,380
Linda Marvin	1/29/2013	1,000	76,490
Linda Marvin	7/22/2013	1,000	106,900

(1) Based on closing stock price on date of grant.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as members of our board of directors or compensation committee.

REPORT OF THE COMPENSATION COMMITTEE

The compensation committee is responsible for, among other things, reviewing and approving salary, bonus and other compensation for our executive officers, and setting the overall compensation principles that guide the committee's decision-making. The compensation committee has reviewed the Compensation Discussion and Analysis ("CD&A") included in this filing and discussed it with management. Based on the review and discussions with management, the compensation committee recommended to our board of directors that the CD&A be included in this filing.

COMPENSATION COMMITTEE

Montie R. Brewer

Charles Pollard

The foregoing report 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.

Item 15. Exhibits and Financial Statement Schedules

The following exhibits were filed with the Original Filing of this report:

1. Financial Statements and Supplementary Data. The following consolidated financial statements of the Company were included in Item 8 of the Original Filing of this report:

Reports of Independent Registered Public Accounting Firm	36
Consolidated Balance Sheets	38
Consolidated Statements of Income	39
Consolidated Statements of Comprehensive Income	40
Consolidated Statements of Stockholders' Equity	41
Consolidated Statements of Cash Flows	42
Notes to Consolidated Financial Statements	43
2. Financial Statement Schedules. Schedules are not submitted because they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.
3. Exhibits. Exhibits. The Exhibits listed below are filed or incorporated by reference as part of this Form 10-K. Where so indicated by footnote, exhibits which were previously filed are incorporated by reference.

Edgar Filing: Allegiant Travel CO - Form 10-K/A

Exhibit Number	Description
3.1*	Articles of Incorporation of Allegiant Travel Company.
3.2	Bylaws of Allegiant Travel Company as amended on January 28, 2013. (Incorporated by reference to Exhibit 3.2 to the Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Commission on February 26, 2013).
3.3	Specimen Stock Certificate (incorporated by reference to Exhibit 3.3 to the Form 8-A filed with the Commission on November 22, 2006).
10.1	2006 Long-Term Incentive Plan, as amended on July 19, 2009.(1) (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the Commission on November 9, 2009.)
10.2	Form of Restricted Stock Agreement used for Directors of the Company.(1) (Incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Commission on March 3, 2009-SEC File No. 001-33166.)
10.3	Form of Indemnification Agreement. (Incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Commission on February 26, 2013).
10.4	Lease dated May 1, 2007, between Allegiant Air, LLC and Windmill Durango Office, LLC (Incorporated by reference to Exhibit 10.22 to the Form S-1 registration statement filed with the Commission on May 16, 2007).
10.5	Amendment to Lease dated as of June 23, 2008 between Windmill Durango Office, LLC and Allegiant Air, LLC. (Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Commission on March 3, 2009-SEC File No. 001-33166.)
10.6	Lease dated June 23, 2008 between Windmill Durango Office II, LLC and Allegiant Air, LLC. (Incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Commission on March 3, 2009-SEC File No. 001-33166.)
10.7	Addendum to Lease between Windmill Durango Office II, LLC and Allegiant Air, LLC signed on June 17, 2009. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 filed with the Commission on August 7, 2009.)
10.8	Stock Appreciation Rights Agreement dated October 16, 2009, between the Company and Andrew C. Levy.(1) (Incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K for the year ended December 31, 2009, filed with the Commission on March 9, 2010.)
10.9	Credit Agreement dated as of March 10, 2011 between the Company, the Lenders, Citadel Securities Trading LLC, as administrative agent, and The Bank of New York Mellon, as collateral agent for the Lenders. (2) (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed with the Commission on May 10, 2011.)
10.10	Guarantee and Collateral Agreement dated as of March 10, 2011 between the Company and The Bank of New York Mellon, collateral agent. (2) (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed with the Commission on May 10, 2011.)
10.11	Aircraft Security Agreement dated as of March 10, 2011, between the Company and The Bank of New York Mellon as collateral agent. (2) (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed with the Commission on May 10, 2011.)
10.12	Airport Use and Lease Agreement signed on March 17, 2011 between the Company and Clark County Department of Aviation. (Incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Commission on February 27, 2012.)
10.13	Successor Agent Agreement dated March 8, 2012, with certain Lenders and Gleacher Products Corp. as successor administrative agent. (Incorporated by reference to Exhibit 10.1 to the Quarterly Report for the quarter ended March 31, 2012, filed with the Commission on May 7, 2012.)
10.14	Amendment to Lease Agreement dated September 1, 2012 between Windmill Durango Office, LLC and Allegiant Air, LLC. (Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for the

Edgar Filing: Allegiant Travel CO - Form 10-K/A

year ended December 31, 2012, filed with the Commission on February 26, 2013.)

10.15 Second Amendment to Credit Agreement dated as of November 21, 2012 between the Company, the Lenders, Gleacher Products Corp., administrative agent, and the Bank of New York Mellon, collateral agent for the Lenders. (Incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Commission on February 26, 2013.)

10.16 First Amendment to Aircraft Security Agreement dated as of November 21, 2012 between the Company and the Bank of New York Mellon, collateral agent for the Lenders. (Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Commission on February 26, 2013.)

14

Exhibit Number	Description
10.17	Employment Agreement dated as of February 26, 2013, between the Company and Andrew C. Levy.(1) (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 8, 2013).
10.18	Form of Stock Option Agreement used for Officers of the Company.(1) (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 8, 2013).
10.19	Form of Restricted Stock Agreement used for Officers of the Company.(1) (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 8, 2013).
10.20	Form of Stock Appreciation Rights Agreement used for Officers of the Company.(1) (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 8, 2013).
10.21	Agreement of Sale and Purchase dated April 19, 2013 between the Company and Crossing Business Center 1 and 2, LLC and Crossing Business Center 7 LLC.(1) (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, filed with the Commission on August 7, 2013).
21.1**	List of Subsidiaries
23.1**	Consent of Ernst & Young LLP, independent registered public accounting firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32	Section 1350 Certifications
101**	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 28, 2014, formatted in XBRL includes (i) Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012 (ii) Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011 (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011 (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2013, 2012 and 2011 (v) Consolidated Cash Flow Statements for the years ended December 31, 2013, 2012 and 2011 (vi) the Notes to the Consolidated Financial Statements. (3)
*	Incorporated by reference to Exhibits filed with Registration Statement #333-134145 filed by Allegiant Travel Company with the Commission and amendments thereto.
**	Previously filed as part of the Original Filing.

- (1) Management contract or compensation plan or agreement required to be filed as an Exhibit to this Report on Form 10-K pursuant to Item 15(b) of Form 10-K.
- Portions of the indicated document have been omitted pursuant to a request for confidential treatment and the (2) document indicated has been filed separately with the Commission as required by Rule 24b-2 of the Securities Exchange Act of 1934, as amended.
- Pursuant to Rule 406 of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to (3) the liability of that section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 2 to Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Las Vegas, State of Nevada on May 2, 2014.

Allegiant Travel Company

By: /s/ Scott Sheldon
 Scott Sheldon
 Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, Amendment No. 2 to Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Maurice J. Gallagher, Jr. Maurice J. Gallagher, Jr.	Chief Executive Officer and Director (Principal Executive Officer)	May 2, 2014
/s/ Scott Sheldon Scott Sheldon	Chief Financial Officer (Principal Financial and Accounting Officer)	May 2, 2014
Montie Brewer	Director	May , 2014
* Gary Ellmer	Director	May 2, 2014
* Andrew C. Levy	Director	May 2, 2014
* Linda Marvin	Director	May 2, 2014
Charles W. Pollard	Director	May , 2014
John Redmond	Director	May , 2014
		* By /s/ Scott Sheldon Scott Sheldon, Attorney in Fact