Risk Factors Comparison 2024-02-29 to 2023-02-27 Form: 10-K

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Readers should carefully consider the risks described below before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of their investment. Risks Related to **Allegiant Regulatory review of Boeing' s operations could delay its production schedule, which could impact us as any delivery delays may result in lower profitability than expected and delayed growth as well as bad publicity and other consequences. We are relying on Boeing to deliver our new 737 MAX aircraft to support airline growth and to replace aircraft we have designated for retirement. The FAA is working with Boeing to address quality control procedures at Boeing and its suppliers in the aftermath of the recent emergency landing of an Alaska Airlines Boeing 737 MAX 9 aircraft and subsequent temporary grounding of all 737 MAX 9 aircraft pending inspections of the door plug which was the source of the issue. As part of the focused attention on Boeing' s production, inspection and quality assurance processes, the FAA has indicated that aircraft production rates will be capped until** ~~the~~ **they** ~~COVID~~ **are fully satisfied with Boeing' s quality practices. These factors could delay deliveries to us. Delays in delivery will likely delay our ability to capitalize on the expected profitability from the addition of these aircraft to our fleet and increase our interest costs for funds borrowed for pre** - ~~19 Pandemic~~ **delivery deposits. In addition, our inability to add these aircraft to our operating fleet as planned may adversely impact our unit costs as fewer available seat miles will be produced without these aircraft in our operating fleet and given our announced plan to retire certain of our Airbus aircraft. We are also counting on the timely addition of our firm 737 MAX order to meet environmental goals we have published in our 2022 sustainability report. Any subsequent FAA action or any future adverse 737 MAX events or safety concerns might disproportionately impact us as we rely on these new aircraft to augment our fleet as well as to replace aircraft to be retired. Our firm order with Boeing calls for the delivery of a mix of 737 MAX- 8200 aircraft and 737 MAX- 7 aircraft.** The ~~of the~~ **.We expect we will continue to incur COVID** - ~~7 certification~~ **19 related costs as we sanitize airplanes and implement additional hygiene- related protocol to airplanes** , ~~which could affect~~ **and take other action to limit infection among** our ~~order~~ **employees and passengers** .As **COVID- 19 infection rates** ~~more than 1,100 737 MAX aircraft remain in service throughout the world~~ and **protective measures** ~~FAA oversight and Boeing process improvements should further assure the public regarding safety issues,we~~ continue to ~~believe that~~ **evolve,the ultimate impact of the COVID- 19 pandemic is highly uncertain and subject to change.Many attractions in the leisure destinations we serve,such as Walt Disney World in Orlando,Florida and Las Vegas hotels,temporarily closed during the pandemic.Any recurrence of** ~~the~~ **these closures** ~~addition of the 737 MAX aircraft~~ will **adversely impact travel** ~~be safe,reliable and accretive~~ to ~~our profitability.However,negative publicity from~~ these **destinations** ~~or future events could reflect poorly on our planned 737 service and our Company~~ . **Risks Related to Allegiant** Increases in fuel prices or unavailability of fuel would harm our business and profitability.Fuel costs constituted approximately ~~30~~ **36** . ~~4~~ **9** percent of our total operating expenses in ~~2023~~ **2022** ~~.Although~~ **and the** average ~~fuel~~ cost per gallon ~~was lower~~ **increased by 73.5 percent** in ~~2023 than~~ 2022 **over** ~~,the price per gallon as of early 2024~~ **2021** ~~remains significantly higher than in prior years~~ .Significant increases in fuel costs have negatively affected our operating results in the past,and future fuel cost volatility could materially affect our financial condition and results of operations.Both the cost and availability of aircraft fuel are subject to many economic and political factors and events occurring throughout the world over which we have no control.Meteorological events may also result in short- term disruptions in the fuel supply.Aircraft fuel availability is also subject to periods of market surplus and shortage,and is affected by demand for heating oil,gasoline,and other petroleum products.Due to the effect of these events on the price and availability of aircraft fuel,our ability to control this cost is limited,and the price and future availability of fuel cannot be predicted with any degree of certainty.Due to the high percentage of our operating costs represented by fuel,a relatively small increase in the price of fuel could have a significantly negative impact on our operating costs.A fuel supply shortage or higher fuel prices could result in reduction of our service during the period affected.We have made a business decision not to purchase financial derivatives to hedge against increases in the cost of fuel.This decision may make our operating results more vulnerable to the impact of fuel price increases.Increased labor costs could result from industry conditions and could be impacted by labor- related disruptions.Labor costs constituted approximately ~~30~~ **25** .0 percent of our total operating costs in ~~2023~~ **2022** ,our second largest expense line item.Labor costs are generally rising and ~~there is much competition for qualified~~ **it has become more difficult to find suitable** candidates **in the current economic environment** .Further,we have four employee groups (pilots,flight attendants,flight dispatchers and maintenance technicians) which have elected union representation.These groups represent approximately ~~53~~ **64** . ~~4~~ **6** percent of our employees.In 2016,we reached a collective bargaining agreement with the International Brotherhood of Teamsters,representing our pilots.The pilot agreement is now amendable and ~~in 2022~~ the parties **,after negotiations for several months,have** jointly sought mediation through the National Mediation Board.Pilot pay scales have increased significantly in the industry and we expect our next contract with this work group to reflect industry competitive rates which will be significantly higher than our current pilot rates. ~~In the meantime and in recognition of these higher prevailing pilot pay rates,in May 2023,we began to accrue a retention bonus which will become payable to our pilots who remain with us until a new collective bargaining agreement is ratified.~~ An agreement with the Transport Workers Union for the flight attendant group was approved in 2017 and became amendable in 2022.We ~~reached~~ **are also in the process of negotiating** a ~~tentative~~ **new labor** agreement with this ~~union,but the tentative agreement was rejected by the flight attendants in July 2023 by a 39 percent to 61~~

~~percent vote.As such,we continue to negotiate with this work~~ group.We also have agreements with the International Brotherhood of Teamsters for the flight dispatchers **which was approved in May 2019** and for maintenance technicians ~~.In~~ **which was approved in October** ~~2023~~ **2021 .These** ~~,we entered into~~ agreements **will** ~~with both groups to~~ increase **our costs over** ~~pay rates and extend all other~~ - **their respective five- year contract** terms ~~of the agreement by two years,until 2026 for our flight dispatchers and until 2028 for maintenance technicians~~ .Future union contracts with these,or other,work groups could put additional pressure on our labor costs.If we are unable to reach agreement on the terms of collective bargaining agreements in the future,or we experience wide- spread employee dissatisfaction,attrition in these work groups,difficulty in hiring sufficient personnel or work slow downs or stoppages could have an adverse effect on our operations and future results.The inability to attract and retain qualified flight crew and other airline personnel could limit our growth plans and operations and adversely affect our business and results of operations.We compete against other U.S.airlines for pilots,aircraft maintenance technicians and other labor.Recently,there has been a scarcity of pilots for hire,more pilots in the industry are approaching mandatory retirement age and there is significant competition to hire new pilots.Attrition beyond normal levels or the inability to attract new pilots could negatively impact our growth,operations and results of operations.The scarcity of pilots and opportunities at other carriers could encourage our captains and first officers to leave our airline,exacerbating the challenge to maintain sufficient numbers of pilots to fly our published schedule and to grow our network.The lack of a new collective bargaining agreement with our pilots' union (now in negotiation) could also contribute to attrition and serve as an impediment to our being able to hire and maintain sufficient numbers of pilots.Additionally,the airline industry,including our third party vendors,has experienced and may continue to experience challenges in hiring and retaining other labor positions,such as aircraft maintenance technicians,ground handling and customer service agents,and flight attendants.Our and our vendors' inability to attract and retain personnel for these positions could negatively impact our results of operations and growth plans.Additionally,we may be required to increase our wage and benefit packages,or pay increased rates to our vendors,to retain these positions.This would result in increased overall costs and may adversely impact our results of operations.Our reputation and financial results could be harmed in the event of an accident or restrictions affecting aircraft in our fleet.As of February 1, ~~2024~~ **2023** ,our operating fleet consists of ~~126~~ **122** Airbus A320 series aircraft,of which **all but** 13 ~~were acquired new and 113~~ were acquired used.Our aircraft range from ~~5~~ **4** to ~~26~~ **25** years from their manufacture date at February 1, ~~2024~~ **2023** ,with an average age of ~~15~~ **14** . ~~5~~ **8** years.An accident involving one of our aircraft,even if fully insured,could result in a public perception that we are less safe or reliable than other airlines,which would harm our business.Further,there is no assurance that the amount of insurance we carry would be sufficient to protect us from material loss.Because we are smaller than most airlines,an accident would likely adversely affect us to a greater degree than a larger,more established airline.In- flight emergencies affecting our aircraft,and resulting media attention,could also contribute to a public perception regarding safety concerns and a loss of business.The FAA could suspend or restrict the use of our aircraft in the event of actual or perceived mechanical problems or safety issues while it conducts its own investigation,whether involving our aircraft or another U.S.or foreign airline' s aircraft.Our business could also be significantly harmed if the public avoids flying our aircraft due to an adverse perception of the aircraft we utilize because of safety concerns or other problems,whether real or perceived,or in the event of an accident involving these aircraft.A breach in the security of personal information,breach in credit card data **,** or system disruptions caused by security breaches or cyberattacks – including attacks on those parties we do business with – could harm our ability to conduct our operations and could have a material adverse effect on our financial position or results of operations.We receive,retain,and transmit certain personal information about our customers.Additionally,our online operations rely on the secure transmission of customer data.We use third party systems,integrated software,and advanced cyber security tools in order to protect the customer data we obtain through the course of our business.Although we use a variety of security techniques to protect customer information,a compromise of our physical or network security systems through a cyberattack would create the risk that customers' personal information might be obtained by unauthorized persons.In addition,such security related events could be widely publicized and could adversely affect our reputation with our customers,vendors and stockholders,could harm our competitive position particularly with respect to our ecommerce operations,and could thereby materially adversely affect our operations,revenues,results of operations and financial position.Consequences could include litigation,other legal actions against us,and / or the imposition of penalties,fines,fees or liabilities.We currently are self insured against these risks.Moreover,a security compromise or ransomware event could require us to devote significant management resources to address the problems created by the issue and to expend significant additional resources to further upgrade the security measures we employ to guard personal and confidential information against cyberattacks and other attempts to access or otherwise compromise such information and could result in a disruption of our operations,particularly our digital operations.The way organizations handle customer data is subject to increasing legislation and regulation,typically intended to protect the privacy of customer data received,retained,and transmitted.We could be adversely affected if we fail to comply with existing rules or practices,or if legislation or regulations are expanded to require changes in our business practices.These privacy developments are difficult to anticipate and could adversely affect our business,financial condition,and results of operations.We rely heavily on automated systems to operate our business and any failure of these systems could harm our business.We depend on automated systems to operate our business,including our air reservation system,telecommunication systems,our website,and other automated systems.Our continuing initiatives to enhance the capabilities of our automated systems could increase the risk of automation failures.Any failure by us to handle our automation needs could negatively affect our internet sales (on which we rely heavily) and customer service,and result in lost revenues and increased costs.Our website and reservation system must be able to accommodate a high volume of traffic and deliver necessary functionality to support our operations.Our automated systems cannot be completely protected against events that are beyond our control,such as natural disasters,telecommunications failures,malware,ransom ware,security breaches or cyber- security attacks.Although we have implemented security measures and have information systems disaster recovery plans in place,we cannot assure investors that these measures are adequate to prevent disruptions or **that the insurance would cover all** losses.Substantial or repeated website,reservations system,or telecommunication system failures could decrease the attractiveness of our services.Any disruption to these systems could result in the loss of important data and revenue,increase in expenses,and harm to our business.Unfavorable economic conditions may adversely affect travel from our markets to our leisure destinations.The airline industry is particularly sensitive to changes in economic conditions.Unfavorable U.S.economic conditions have historically driven changes in travel patterns and have resulted in reduced discretionary spending for leisure travel.Unfavorable economic conditions could impact demand for airline travel in our under- served cities to our leisure destinations.During difficult economic times,we may be unable to raise prices in response to fuel cost increases,labor,or other operating costs,which could adversely affect our results of operations and financial condition.The successful ~~operation~~ **development** of our **first** Sunseeker Resort is dependent on commercial and economic factors,some of which are beyond our control.We ~~opened Sunseeker~~ **are developing a hotel** ~~Resort~~ **resort** in Southwest Florida **.After suspension of construction during the pandemic,construction recommenced** in ~~December~~ **August** ~~2023~~ **2021** .The successful ~~operation~~ **development** of the project will be subject to **various** ~~the usual~~ risks ~~of any new business~~ **inherent in construction projects (such as supply chain issues** , ~~including~~ **cost overruns and construction delays) as well as** risks of gaining sufficient interest from vacationers to stay in our hotel and suites,the desirability of the project’ s location,competition ~~,retention of the management team,unfavorable weather,the ability to attract,train and retain sufficient numbers of suitable line employees~~ and the ability to profitably operate the hotel and related offerings ~~at~~ **once open.Near the end of September 2022,Hurricane Ian (the" Hurricane") struck Southwest Florida and caused significant damage to our Sunseeker Resort.Although we believe the damage will be fully covered by our insurance,the actual amount of damage has yet to be finally calculated and we have yet to recover the full amount of our claims from our insurers.The damage caused by the Hurricane will delay the completion of the Resort,but the actual completion date will depend on the availability of workers and materials and** ~~the~~ **other** ~~rates offered~~ **factors which are beyond our control** .The success of our alliance with VivaAerobus will depend on our ability to obtain necessary government approvals and other factors.We will be able to implement the joint alliance with VivaAerobus as planned only if the DOT grants us antitrust immunity and we receive similar approval from Mexican authorities.Although we believe we should qualify for these approvals,there can be no assurance ~~when or if~~ we will be able to obtain them ~~.DOT approval has now been held up indefinitely pending the outcome of diplomatic engagement~~ on ~~broader treaty issues~~ **a timely basis,or at all.In addition,performance under the joint alliance is contingent upon Mexico reattaining Category 1 status under the FAA’ s International Aviation Safety Assessment program,a matter within the control of the FAA and the Government of Mexico.A delay in Mexico achieving Category 1 status would likely delay our plans to enter the U.S.- Mexico market for a period of time** .Many of the U.S.airports from which we hope to offer this service do not currently qualify to offer international service.The initiation of this service from these airports will depend on the airport satisfying the requirements for international service,for which we can provide no assurance.Prior to offering international service on our website,we will need to implement the necessary systems to accommodate international travel and to meet the various requirements imposed by the U.S.and Mexico. ~~In 2023,we implemented many of these systems.However,there~~ **There** is no assurance that these requirements will be met in time for the expected launch of these services.For Mexican routes to be operated by VivaAerobus,we will be relying on them to provide our customers with the quality flight experience our customers expect when traveling on our airline.Otherwise,the success of the joint alliance and our reputation may suffer.Increases in taxes could impact demand for our services.In ~~2024~~ **2023** ,Congress may consider legislation that could increase the amount of Federal Excise Tax (“ FET ”) and / or one or more of the other government fees imposed on air travel.By increasing the overall price charged to passengers,any additional taxes or fees could lessen the demand for air travel or force carriers to lower fares to maintain demand.Increased taxes and fees per passenger may impact our load factors more than other airlines as our lower fares are designed to stimulate demand for our services,and taxes and fees ~~may~~ **often** represent a higher proportion of our overall price than for other airlines.FAA limitations could impact our ability to grow in the future.As with all scheduled airlines,the FAA must approve each aircraft we utilize and each airport we serve.Although there are no generic restrictions on growth in place at the current time,future limitations from the FAA could potentially hinder our growth.Our indebtedness,debt service obligations and other commitments could adversely affect our business,financial condition and results of operations as well as limit our ability to react to changes in the economy or our industry and prevent us from servicing our debt and operating our business.Our debt and finance lease obligations as of December 31, ~~2023~~ **2022** totaled $ 2. ~~26~~ **10** billion net of related costs.In addition,in December 2021,we entered into a purchase agreement with The Boeing Company to purchase 50 Boeing 737 MAX aircraft ~~which are expected~~ to deliver in ~~2024~~ **2023** ~~,~~ **to** 2025 ~~,and 2026~~ .This indebtedness,the Boeing purchase agreement and other commitments with debt service and fixed charge obligations could: ~~•~~ **–** make it more difficult for us to satisfy our obligations with respect to our indebtedness,and any failure to comply with the obligations of any of our debt instruments,including financial and other restrictive covenants,could result in an event of default under agreements governing our indebtedness; ~~•~~ **–** make it more difficult to satisfy our other future obligations,including our obligations to pay the purchase price in respect of current and future aircraft purchase contracts; ~~•~~ **–** require us to dedicate a substantial portion of our cash flow to pay principal and interest on our debt,which will reduce the funds available to fund internal growth through working capital,capital expenditures,and for other purposes; ~~•~~ **–** limit our flexibility in planning for,or reacting to,changes in our business,the competitive environment,legislation and our industry; ~~•~~ **–** make us more vulnerable to adverse changes in our business,economic,industry,market or competitive conditions and adverse changes in government regulation; ~~•~~ **–** expose us to interest rate and pricing increases on indebtedness and financing arrangements as general interest rates rise; ~~•~~ **–** restrict us from pursuing strategic acquisitions or exploiting certain business opportunities; ~~•~~ **–** subject us to a greater risk of non- compliance with financial and other restrictive covenants in financing arrangements; ~~•~~ **–** limit,among other things,our ability to obtain additional financing for working capital,capital expenditures,debt service requirements,execution of our business strategy and other purposes or raise equity capital in the future and increasing the costs of such additional financings;and ~~•~~ **–** place us at a competitive disadvantage compared to our competitors who may not be as highly leveraged or who have less debt in relation to cash flow.In addition,our ability to service our indebtedness will depend on our future performance,which will be affected by prevailing economic conditions and financial,business,regulatory and other factors.Many of these factors are beyond our control and could materially adversely affect our business,results of operations,cash flows and financial condition.At maturity,or in the event of an acceleration of payment obligations,we may be unable to pay our outstanding indebtedness with our cash and cash equivalents then on hand.In such event,we would be required to seek alternative sources of funding,which may not be available on commercially reasonable terms,terms as favorable as our current agreements,or at all.If we are unable to refinance our indebtedness or find alternative means of financing our operations,we may be required to take actions that are inconsistent with our current business practices or strategy.Covenants in our senior secured notes,revolving credit facility and construction loan could limit how we conduct our business,which could affect our long- term growth potential.As of December 31, ~~2023~~ **2022** ,the principal ~~balance~~ **balances** of our **Senior Secured Notes due 2024 and** Senior Secured Notes due 2027 (**collectively** the" Senior Secured Notes") ~~was~~ **totaled** $ ~~550~~ **700** .0 million and the principal balance of our Sunseeker construction loan was $ 350.0 million.These loan agreements as well as ~~one of~~ our revolving credit ~~facilities~~ **facility** contain covenants limiting our ability to,among other things,make certain types of restricted payments,including paying dividends,incur debt or liens,merge or consolidate with others,dispose of assets,enter into certain transactions with affiliates,engage in certain business activities or make certain investments.In addition,the loan agreements contain financial covenants,including requiring us,at the end of each calendar quarter,to maintain a maximum total leverage ratio and to maintain a minimum aggregate amount of liquidity of $ 300.0 million.We have pledged our assets to secure the Senior Secured Notes and revolving credit facility with the exceptions of aircraft and aircraft engines,the Sunseeker Resort and certain other exceptions.The Sunseeker Resort is pledged to secure the $ 350.0 million construction loan agreement to finance **the completion of** the construction of the Resort.This will limit our ability to obtain debt secured by these pledged assets while these loans are outstanding.These loan agreements contain various events of default (including failure to comply with the covenants under the loan agreements),and upon an event of default the lenders may,subject to various cure rights,require the immediate payment of all amounts outstanding under the these loans.As a result of these restrictive covenants,we may be limited in how we conduct business,and we may be unable to raise additional debt or equity financing to operate during difficult times or to take advantage of new business opportunities.Any inability to obtain financing for aircraft under contract could harm our fleet growth plan.We typically finance our aircraft through debt financing after purchase.Although we have entered into **an** ~~agreements~~ **agreement for a** ~~which had undrawn~~ financing ~~commitments~~ **commitment** of **up to** $ ~~25~~ **200** . ~~1~~ **0** million **of required pre- delivery deposits** for our Boeing order ~~at February 1,2024~~ ,we have secured revolving lines of credit for up to $ 275.0 million to offset the risk that financing may not be available on acceptable terms when needed and while we believe debt financing will be available for the aircraft we will acquire,we cannot provide assurance that we will be able to secure such financing on terms attractive to us or at all.To the extent we cannot secure such financing on acceptable terms or at all,we may be required to modify our aircraft acquisition plans,incur higher than anticipated financing costs,or use more of our cash balances for aircraft acquisitions than we currently expect.Our maintenance costs may increase as our fleet ages.The average age of our aircraft as of February 1, ~~2024~~ **2023** ,is ~~15~~ **14** . ~~5~~ **8** years,which is older than the fleets of many other carriers.In general,the cost to maintain aircraft increases as they age,and exceeds the cost to maintain newer aircraft.FAA regulations,including aging aircraft airworthiness directives,require additional and enhanced maintenance inspections for older aircraft.These regulations can directly impact the frequency of inspections as an aircraft ages,and vary by aircraft or engine type,depending on the unique characteristics of each aircraft and / or engine.In addition,we may be required to comply with any future law changes,regulations,or airworthiness directives.We cannot assure investors our maintenance costs will not exceed our expectations.We rely on third parties to provide us with aircraft,facilities and services that are integral to our business.We rely on Boeing and the owners of used aircraft under contract to be able to deliver aircraft in accordance with the terms of executed agreements in a timely manner.Delivery schedules for newly built aircraft frequently slip which could delay deliveries to us.Our planned initiation of service with these aircraft in the future could be adversely affected if Boeing or other third parties fail to perform as contractually obligated. ~~See also Risk Factors- Regulatory review of Boeing' s operations could delay its production schedule,which could impact us as any delivery delays may result in lower profitability than expected and delayed growth as well as bad publicity and other consequences.~~ We have entered into agreements with third party contractors to provide certain facilities and services required for our operations,such as aircraft maintenance,ground handling,baggage services,and ticket counter space.Our reliance on others to provide essential services on our behalf gives us less control over costs and the efficiency,timeliness and quality of contract services ~~.As our aircraft age and as we add a new aircraft type,we will need to rely further on outside MRO (maintenance,repair,overhaul) facilities to complete the necessary work.Currently,there is a concern about whether the capacity of the MRO' s we use is sufficient to handle all of our needed maintenance as well as their other business.If not,the cost of our maintenance events may increase and delays may occur in servicing our aircraft which could result in fewer aircraft available for our scheduled service~~ .We may not be able to maintain or grow our ancillary revenues.Our business strategy includes expanding our ancillary products and services.We cannot ensure that passengers will pay for additional ancillary products and services we offer in the future,or that they will continue to pay for the ancillary products and services we currently offer.Regulatory changes could also adversely affect our ancillary revenue opportunities.Failure to maintain our ancillary revenues could have a material adverse effect on our results of operations,financial condition and stock price.If we are unable to maintain and grow these revenues,we may be unable to execute our strategy to continue to offer low base fares in order to stimulate demand. ~~Our business~~ **Management changes** could **impact our success in the future.Within the last year,we have a new chief executive officer,president,chief financial officer and chief operating officer.Although each of the new senior officers has served as officers in other senior capacities with us for several years or longer with cumulatively more than 50 years of service with us,there can** be ~~harmed if~~ **no assurance** we ~~lose the services of key personnel~~ **will continue to be as successful as under prior leadership** .Our business depends upon the efforts of our chief executive officer, ~~Maury Gallagher~~ **John Redmond** ,president,Gregory Anderson,and a small number of executive management and operating personnel.We do not currently maintain key- man life insurance on Mr. ~~Gallagher~~ **Redmond** ,Mr.Anderson or any other executives.We may have difficulty replacing management or other key personnel who leave and,therefore,the loss of the services of any of these individuals could harm our business.Our reputation and brand could be harmed if various stakeholders are not satisfied with our ESG disclosures,goals and progress.We operate in a public- facing industry dependent on fossil fuels to a large extent.ESG (environmental,social and governance) has become a more prominent focus for public companies and the SEC has proposed rules which will mandate certain ESG disclosures.Although we are working with a recognized consultant in this area and we intend to comply with any SEC requirements,our brand and reputation may suffer if our stakeholders are not satisfied with our ESG disclosures,the goals we ~~have~~ set in that area or our progress toward meeting those goals **once established** . **Risks Associated with the Airline** ~~Failure to achieve our environmental,social~~ and ~~governance goals and public pressure~~ **Travel Industry Our operating results could be affected by outbreaks of communicable diseases.As has resulted** from ~~investors or policy groups' perception of~~ the ~~environmental~~ **COVID- 19 pandemic,contagious illness and fear of contagion could have a material adverse** impact **on the airline industry.Any general reduction in airline passenger traffic as a result** of ~~air~~ **an outbreak of disease or other** travel **advisories could dampen demand for our services even if not applicable to our markets.Resulting decreases in passenger volume** ~~could~~ **would** ~~also~~ **harm our load factors,could increase our cost per passenger and** adversely **affect** ~~impact our reputation and brand.Our ability to meet our environmental goal depends on various actions from third parties outside of our control.These include policy changes from federal and state governments,significant capital investment from third parties and research and development from manufacturers and other stakeholders,all to support or~~ **our operating results** ~~incentivize pursuit of commercially viable sustainable fuel alternatives or new technologies to support the industry' s achievement of its carbon abatement goals.Additionally,meeting our environmental goal will require the adoption of sustainable aviation fuels (SAF),the supply of which~~ COVID- 19 pandemic ~~has~~ **, contagious illness and fear of contagion could have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse** ~~affected,~~ **impact on the airline industry. Any general reduction in airline passenger traffic as a result of** ~~and~~ - **an** ~~may continue~~ **outbreak of disease or other travel advisories could dampen demand for our services even if not applicable** to ~~materially~~ **our markets. Resulting decreases in passenger volume would harm our load factors, could increase our cost per passenger** and adversely affect ~~,~~ our **operating** results ~~of operations, financial position and liquidity. In December 2019, an outbreak of COVID- 19 was identified in Wuhan, China. The COVID- 19 outbreak spread throughout the world. The COVID- 19 pandemic materially and adversely affected passenger demand and bookings for air travel, thereby materially and adversely affecting operating income and cash flows from operations. As a result, we incurred a net loss of $ 184. 1 million in 2020, our first net loss since 2002~~ . The extent of **impact of** any future ~~impact of the COVID- 19~~ pandemic **or contagion** on our business and our financial and operational performance will depend on ~~future developments, including~~ the duration, spread, severity and recurrences of the **disease** ~~COVID- 19 or similar viruses~~ ; the possible imposition of testing requirements before domestic travel; the duration and scope of ~~related~~ **any** federal, state and local government restrictions; the availability and effectiveness of vaccines ~~against COVID- 19 and any variants of the virus~~ ; the extent of the impact of the **outbreak** ~~COVID- 19 pandemic~~ on overall demand for air travel; and our access to capital during the affected periods, all of which ~~are~~ **could be** highly uncertain and cannot be predicted. ~~The~~ **Future pandemics or contagions may cause public health officials to recommend precautions to mitigate the spread of the disease. During the** COVID- 19 pandemic **,** ~~has caused public health officials to recommend precautions to mitigate the~~ **these resulted in** ~~spread of the virus. Since the onset of the COVID- 19 pandemic,~~ federal, state and local authorities ~~have at various times instituted~~ **instituting** measures such as imposing self- quarantine requirements, requiring testing before entry into certain states; issuing directives forcing businesses to temporarily close, restricting air travel and issuing shelter- in- place and similar orders limiting the movement of individuals. To the extent in effect **to address communicable diseases** in the future, such measures ~~may~~ **could** depress demand for air travel, disrupt our operations, and materially adversely affect our business. ~~Instances of actual or perceived risk of infection among our employees, or our service providers' employees, could further negatively impact our operations. We could also be materially adversely affected if we are unable to effectively maintain a suitably skilled and sized workforce, address employment- related matters, or maintain satisfactory relations with our employees or our employees' labor representatives. Particularly during December 2021 and January 2022, widespread positive COVID tests resulted in flight crew absences which caused us to cancel numerous flights. These cancellations resulted in unusually high irregular operations costs as we compensate passengers on company- cancelled flights for inconvenience suffered in addition to the ticket price.~~ Moreover, the ability to attract and retain passengers depends, in part, upon the perception and reputation of our company and the public' s concerns regarding the health and safety of air travel generally. Actual or perceived risk of infection ~~on our flights~~ could have a material adverse effect on the public' s comfort with air travel, **in general or on our flights,** which could harm our reputation and business . We expect we will continue to...... passenger and adversely affect our operating results . The airline industry is highly competitive and future competition in our under- served markets could harm our business. The airline industry is highly competitive. The under- served cities we serve on a scheduled basis have traditionally attracted considerably less attention from our potential competitors than larger markets, and in most of our small city markets, we are the only provider of nonstop service to our leisure destinations. If other airlines or new airline start- ups begin to provide nonstop services to and from these or similar markets, or otherwise target these or similar markets, the increase in the amount of direct or indirect competition could cause us to reconsider service to affected markets, could impact our margins or could impact our future planned service. A future act of terrorism, the threat of such acts, or escalation of U. S. military involvement overseas could adversely affect our industry. Even if not directed at the airline industry, a future act of terrorism, the threat of such acts, or escalation of U. S. military involvement overseas could have an adverse effect on the airline industry. In the event of a terrorist attack, the industry would likely experience significantly reduced demand for travel services. These actions, or consequences resulting from these actions, would likely harm our business and the airline and travel industry. If we are called on to provide aircraft in the event of national emergencies as a result of our participation in the CRAF program, our operations would be disrupted. Changes in government laws and regulations imposing additional requirements and restrictions on our operations could increase our operating costs. Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the FAA has issued a number of directives and other regulations relating to the maintenance and operation of aircraft that have required us to incur significant expenditures. FAA requirements cover, among other things, retirement of older aircraft, fleet integration of newer aircraft, safety management systems, collision avoidance systems, airborne windshear avoidance systems, noise abatement, aircraft weight and payload limits, assumed average passenger weight, employee drug and alcohol testing, pilot and flight attendant duty time limitations, and increased inspection and maintenance procedures to be conducted on aging aircraft. The future cost of complying with these and other laws, rules and regulations, including new federal legislative and DOT regulatory requirements in the consumer- protection area, cannot be predicted and could significantly increase our costs of doing business. Over the past ~~14~~ **15** years the DOT has adopted revisions and expansions to a variety of its consumer protection regulations and policies. Additional expanded regulations have ~~recently~~ been proposed by DOT and may take effect in ~~2023~~ **2024** or thereafter, as may new consumer protection legislation proposed in Congress. We are not able to predict the impact of new consumer protection rules on our business, though we monitor the progress of potential laws and rulings. We are subject to fines or other enforcement actions if the DOT believes we are not in compliance with these or other rules or regulations or with the federal consumer protection laws administered by the DOT. Even if our actions or practices are found to be compliant, we could incur substantial costs defending our actions or practices. Federal funding to airports and / or airport bond financing could be affected through future deficit reduction legislation, which could result in higher fees, rates, and charges at many of the airports we serve. Additionally, from time to time legislative proposals have been made to re- regulate the airline industry in varying degrees- for example, to specify minimum seat- size and legroom requirements- which if adopted could affect our costs materially. Such legislation may be proposed and could be adopted in ~~2023~~ **2024** , particularly in the course of ~~an~~ FAA reauthorization ~~act as the existing FAA~~ **. Proposed consumer- protection enhancements in** ~~authorization~~ **reauthorization** ~~expires September 30~~ **legislation include a requirement for fee- free family seating** , ~~2023~~ **a mandatory five- year validity of airline vouchers and credits, and substantially increased civil penalties for noncompliance by airlines with consumer- protection and other regulatory requirements** . We (i. e., our airline subsidiary) and VivaAerobus, a Mexican airline, submitted to DOT in ~~late~~ **December** 2021 a joint application requesting approval of and antitrust immunity for a comprehensive alliance agreement applicable to all routes we and / or Viva may operate between points in the United States and points in Mexico. ~~Although~~ **Over a period of 20 months,** the DOT ~~process has~~ **' s review and analysis** progressed substantially **, but on July 31, 2023, the DOT suspended processing of the joint application pending resolution of** ~~and~~ - **an** ~~is continuing,~~ **aviation trade dispute between the governments of Mexico and the United States that arose earlier in 2023. The dispute remains unresolved and** there is no assurance ~~as to~~ when or whether DOT will ultimately approve the agreement and grant antitrust immunity. While Mexican regulatory approval was issued in late 2022, **that approval will require renewal (which is not assured) and** both parties have stated they do not intend to proceed under the agreement in the absence of antitrust immunity issued by DOT. In addition, full performance under the agreement is contingent upon Mexico ~~reattaining~~ -- **retaining** Category 1 status under the FAA' s International Aviation Safety Assessment (" IASA ") program. ~~While progress has reportedly been made~~ **The FAA found Mexico to be noncompliant from May 2021 until September 2023** , ~~the~~ **when Mexico' s** IASA **Category 1 status was reinstated** ~~matter remains within the control of the FAA and the Government of Mexico~~ . An adverse outcome in one or more of these respects would likely thwart our plans to enter the U. S.- Mexico market for a number of years, despite the significant effort and expense we have incurred and continue to incur on the project. We anticipate that in ~~2023~~ **2024** and thereafter, legislative and regulatory concern with the environmental impacts of the air transportation industry will increase, and that the longer- term effects on our fleet and operating costs may be substantial. In the past, legislation to address climate change issues as they relate to the transportation industry has been introduced in the U. S. Congress, including a proposal to require transportation fuel producers and importers to acquire market- based allowances to offset the emissions resulting from combustion of their fuels. Similarly, as recently as February 2021, legislation was introduced in the U. S. Congress to incentivize the production of sustainable aviation fuel (also known as biofuel) and to assist the aviation industry in reducing emissions. According to a September 2021 White House announcement, civil aviation accounts for 11 percent of emissions by the U. S. transportation sector as a whole. The FAA has announced a U. S. aviation sector goal of net- zero greenhouse gas (" GHG ") emissions by 2050, consistent with the broader federal objective of achieving net- zero GHG emissions economy- wide by 2050. We cannot predict whether legislation to implement these goals will pass the Congress or, if enacted into law, how it ultimately would apply to our operations or the airline industry. In addition, the EPA concluded in 2016 that current and projected concentrations of GHG emitted by various aircraft, including all of the aircraft we and other carriers operate, threaten public health and welfare. This finding may be a precursor to increased EPA regulation of commercial aircraft emissions in the United States, as has taken effect for operations within the European Union under EU legislation. Binding international measures adopted under the auspices of the International Civil Aviation Organization (" ICAO "), a specialized agency of the United Nations, are scheduled to become effective over the next several years, with the pilot phase having begun in 2021. In January 2021 the EPA adopted regulations setting emissions standards equivalent to ICAO' s for newly- designed aircraft, with immediate effect, and for in- production aircraft, effective 2028. Similarly, in December 2022, the EPA adopted particulate matter emission standards and test procedures for newly- designed aircraft, with immediate effect, and for in- production aircraft, effective 2028. **In February 2024, the FAA adopted regulations implementing these EPA requirements.** These new **EPA and FAA** standards and procedures harmonize with ICAO requirements. **The** ~~At present, the~~ aircraft we **currently** operate are not affected by these standards, ~~although as~~ **and those we have on order would be affected only if manufactured after December 31, 2027. As** noted **, however** , we anticipate an ever- increasing legislative and regulatory focus on aviation' s impacts on the environment. These developments and any additional legislation or regulations addressing climate change are likely to increase our costs of doing business in the future and the increases could be material. With respect to aircraft weight and balance, consumer protection, climate change, taxation, and other matters affecting the airline industry, whether the source of new requirements is legislative or regulatory, increased costs will adversely affect our profitability if we are unable to pass the costs on to our customers or adjust our operations to offset the new costs. Existing and proposed state-specific labor laws could affect our ability to schedule and operate flights efficiently, and as a result could increase our operating costs and liability exposure. Various states and localities across the country are attempting to impose requirements, such as wage and hour requirements, meal and rest break and sick leave laws, on flight attendants and pilots (" flight crew ") who spend the vast majority of their working hours in the air and in various states and jurisdictions on a daily basis. These requirements would create significant operational challenges for air carriers by creating a patchwork of state and local laws which undermine the federal deregulation of the airline industry and, in theory, could require airlines to simultaneously comply with rules which conflict with those of other jurisdictions, federal regulations, and the provisions of labor agreements. Courts continue to remain divided on whether federal deregulation preempts these state laws and Congress has not addressed the issue. The impact on flight crew staffing, pay and scheduling technology may potentially increase our costs of doing business and could make certain routes cost prohibitive. Flight crews have filed class action lawsuits against air carriers in a number of states with varied results and, in many cases, the results have been appealed. ~~We have been sued in California by a flight attendant seeking class action certification on claims involving these issues. Although we have reached a preliminary settlement in that case, such~~ **Such** suits are costly to defend and could result in sizeable liability exposure for any air carrier. Airlines are often affected by factors beyond their control, including air traffic congestion, weather conditions, increased security measures, and a reduction in demand to any particular market, any of which could harm our operating results and financial condition. Like other airlines, we are subject to delays caused by factors beyond our control, including air traffic congestion at airports and en route, adverse weather conditions, increased security measures, and the outbreak of disease. Delays frustrate passengers and increase costs, which in turn could affect profitability. During periods of fog, snow, rain, storms or other adverse weather conditions, flights may be canceled or significantly delayed. Cancellations or delays due to weather conditions, traffic control problems, and breaches in security could harm our operating results and financial condition. A substantial proportion of our scheduled flights have Las Vegas, Orlando, Phoenix, Tampa / St. Petersburg, Punta Gorda, Destin or Sarasota as either their destination or origin. Our business could be harmed by any circumstances causing a reduction in demand for air transportation to one or more of these markets, or our other leisure destinations, such as adverse changes in local economic conditions, negative public perception of the particular city, significant price increases, or the impact of future terrorist attacks or natural disasters. ~~Near the end of September 2022, Hurricane Ian struck Southwest Florida and moved across the State of Florida causing substantial damage in its wake. Particular areas in Southwest Florida suffered damage which may take years to restore. These areas include the tourist destinations of Fort Myers Beach, Sanibel Island and Captiva Island among others, to which many of our customers travel when flying on our network. There is no assurance that passenger travel to our leisure destinations in Punta Gorda, Sarasota and Key West will not be impacted, or to what extent, as a result of the lingering effects of the damage and recovery from Hurricane Ian.~~ Risks Related to Our Stock Price The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline. The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including: ~~–~~ **•** the impact of pandemics and other communicable diseases on air travel and any related government restrictions impacting air travel ~~–~~ **•** fuel price volatility, and the effect of economic and geopolitical factors and worldwide oil supply and consumption on fuel availability ~~–~~ **•** announcements concerning our competitors, new market entrants, the airline industry, or the economy in general ~~–~~ **•** strategic actions by us or our competitors, such as acquisitions or restructurings ~~–~~ **•** media reports and publications about the safety of our aircraft or the aircraft types we operate ~~–~~ **•** new regulatory pronouncements and changes in regulatory guidelines ~~–~~ **•** announcements concerning our business strategy ~~–~~ **•** our ability to grow service in the future as rapidly as the market anticipates **•** ~~as we continue to add more cities to our network –~~ general and industry- specific economic conditions ~~–~~ **•** changes in financial estimates or recommendations by securities analysts ~~–~~ **•** substantial sales of our common stock or other actions by investors with significant shareholdings ~~–~~ **•** additional issuances of our common stock ~~–~~ **•** labor costs or work actions ~~–~~ **•** general market conditions The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Although we have insurance to cover these claims up to policy limits, these lawsuits or similar litigation could result in substantial costs, divert management' s attention and resources, and harm our business or results of operations. Other companies may ~~have difficulty~~ **be deterred from attempting to** ~~acquiring~~ **acquire** us **or our stock** , even ~~if doing so would benefit our stockholders~~ **at prices in excess of current market prices** , due to **the effects of** ~~provisions under our corporate charter and bylaws, as well as~~ Nevada ~~law~~ **statutes** . We are subject to a Nevada statute (NRS 78. 411 ~~to~~ **through** 78. 444) that prohibits us from engaging in ~~any~~ **certain** " combinations **,** " **including mergers, consolidations, sales and leases of assets, issuances of securities and similar transactions,** with ~~any " interested stockholder, " as such terms are defined in that statute, meaning generally that~~ a stockholder who is the beneficial owner of 10 percent or more of our stock ~~cannot acquire~~ **(an " interested stockholder ")** , ~~or engage in certain significant transactions with us~~ for a period of up to four years after the date that person became an interested stockholder **,** unless **either our board of directors** ~~various conditions are met, such as approval~~ **approves** ~~of~~ **, in advance,** the transaction by ~~our board of directors~~ **which the person became** ~~and~~ - **an interested stockholder, or such combination is approved at a meeting** by at least 60 percent of **voting power of our stock that is not beneficially owned by the** ~~disinterested~~ --- **interested** ~~stockholders~~ - **stockholder, or its affiliates or associates. Between two and four years after the date the person first became an interested stockholder, a combination may also be permitted if the interested**

stockholder satisfies certain requirements with respect to the aggregate consideration to be received by holders of outstanding shares in the combination . In addition, another Nevada statute (NRS 78. 378 ~~to~~ **through** 78. 3793) may eliminate **the** voting rights of ~~" control~~ shares ~~" in a Nevada corporation with at least 200 stockholders~~ of **our stock** ~~record (of which at least 100 have addresses in Nevada)~~ to the extent ~~they~~ - **the shares** are acquired by a holder in connection with **, or within 90 days prior to,** an acquisition of ~~shares~~ **a " controlling interest "** that causes such holder to exceed certain thresholds (one- fifth, one- third and a majority or more) of the **total** voting power of ~~such corporation~~ **our stock** . In such event, the holder **will** only ~~obtains~~ - **obtain such** voting rights in ~~such~~ **the "** control shares **" so acquired** as ~~are conferred~~ **may be approved** by a resolution of ~~the~~ **our** stockholders of the corporation at a special or annual meeting. **The statute also provides a mechanism for us to force the redemption of the control shares at the average price paid therefor. Our board of directors may, however, exempt any acquisition of a controlling interest by certain existing or future stockholders by amending the corporation' s bylaws (or articles of incorporation) within 10 days following such acquisition.** These Nevada statutes **could discourage or make more difficult a takeover attempt that certain stockholders** may ~~discourage certain persons potentially~~ **consider in their best** ~~interested~~ **interests . These provisions** ~~in acquiring control of us, or~~ may ~~inhibit certain types of acquisition offers~~ **also adversely affect prevailing market prices for our common stock** . We have not opted out of either of these statutes ~~.~~ ~~Under U. S. laws and the regulations of the DOT, we must be under the actual control of U. S. citizens at all times. By law, our president / CEO and at least two- thirds of our board of directors and other managing officers must be U. S. citizens and not more than 25 percent of our voting stock may be owned or controlled by non- U. S. citizens (although consistent with DOT policy, our overall foreign economic ownership may be as high as 49 percent). Any of these restrictions as well as DOT prior-approval requirements could have the effect of delaying or preventing a change in control~~ . Our corporate charter and bylaws include provisions limiting voting by non- U. S. citizens. To comply with restrictions imposed by federal law on foreign ownership of U. S. airlines, our articles of incorporation and bylaws restrict voting of shares of our capital stock by non- U. S. citizens. The restrictions imposed by federal law currently require no more than 25 percent of our stock be voted, directly or indirectly, by persons who are not U. S. citizens, and that our president and at least two- thirds of the members of our board of directors be U. S. citizens. Our bylaws provide no shares of our capital stock may be voted by or at the direction of non- U. S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our bylaws further provide no shares of our capital stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Registration on the foreign stock record is made in chronological order based on the date we receive a written request for registration. Non- U. S. citizens will be able to own and vote shares of our common stock only if the combined ownership by all non- U. S. citizens does not violate these requirements.