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Allegiant Air Declares its Ancillary Revenue Manifesto

Allegiant Air's recent stock prospectus reveals it is changing the business model for US low cost carriers.

December 13, 2006, Shorewood, Wisconsin, USA. Ryanair is generally accorded “rock star” status for its prowess for generating non-ticket revenue from its customers. But another star is standing in the curtains and may take a portion of the stage from this European phenomenon. Allegiant Air reports it generated ancillary revenues of €10.79 (US\$13.58) per passenger during the first 6 months of 2006, which substantially bests the €7.84 (US\$9.87) posted by Ryanair for the same period.

An IdeaWorks analysis reveals Las Vegas-based Allegiant Air has perfected its craft in the most unlikely of markets – the United States – where airlines don't typically charge extra for all the extras they provide. Here is a sampling of the observations from the analysis:

- In Las Vegas alone, the airline has agreements with 37 hotels, including major players such as Harrah's Entertainment, MGM Mirage, and Wynn Resorts.
- Allegiant Air generates more than 80% of its bookings via its web site.
- IdeaWorks believes Allegiant Air focuses on the unbundled aspect of travel products to a greater degree than any other US-based airline.
- On a total ancillary revenue basis, Allegiant Air generated a modest €14 million (US\$11 million) for fiscal year 2005 and its results are roughly comparable to those posted by AirAsia and SkyEurope.

“Viva Las Vegas and the King of Ancillary Revenues” was released today as an 8-page Industry Analysis. The full Industry Analysis is available at the IdeaWorks web site: <http://www.ideaworkscompany.com/news/>. The Industry Analysis was independently produced and has not been completed as work on behalf of a client company.

About IdeaWorks: IdeaWorks was founded in 1996 as a consulting organization building brands through innovation in product, partnership and marketing and, building profits through financial improvement and restructuring. Its international client list includes the hotel, airline, marine, railroad, consumer products and health care sectors. IdeaWorks specializes in brand development, customer service improvement, customer research, competitive analysis, creating partner marketing strategies, cost reduction programs and business restructuring. Learn more at IdeaWorksCompany.com.

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