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Allegiant To Buy 18 Planes From Scandinavian Airlines System

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Allegiant Travel Co. (ALGT) said Monday it has signed an agreement to buy 18 MD-80 aircraft from Scandinavian Airlines System, completing its expected fleet growth through 2011.

Allegiant, which specializes in flying small-city travelers to leisure destinations, said it will have 13 of the planes, MD-82s and MD-83s, in service by the end of 2011. The other five planes, MD-87s, will be used for spare engines and parts.

"Our ability to acquire such highly-reliable aircraft at attractive economics permits Allegiant to closely tailor our capacity to demand, a key element of our leisure-oriented business model," said Allegiant President and Chief Financial Officer Andrew Levy.

Allegiant said the cost of putting each aircraft into service, including all necessary upgrades and maintenance, will be less than \$4 million per plane. The deal with the unit of SAS AB (SAS.SK), paired with a separate deal in which Allegiant bought two additional planes, comprises the company's expected fleet growth through 2011.

The plane purchase is the fifth aircraft transaction between the two companies. Allegiant currently operates 46 MD-80 aircraft, 42 of them owned by the company.

In October, Allegiant said its third-quarter earnings jumped as it saw increased revenue and better margins.

Shares of Allegiant closed at \$47.17 Thursday and were inactive premarket.

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