

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

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

For the quarterly period ended June 30, 2021

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: 001-35186

SPIRIT AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

2800 Executive Way Miramar Florida
(Address of principal executive offices)

38-1747023
(I.R.S. Employer
Identification No.)
33025
(Zip Code)

(954) 447-7920

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered	Trading Symbol
Common Stock, \$0.0001 par value	New York Stock Exchange	SAVE

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the close of business on July 21, 2021:

Class	Number of Shares
Common Stock, \$0.0001 par value	108,401,850

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PART I. Financial Information

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Spirit Airlines, Inc.
Condensed Consolidated Statements of Operations
(unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating revenues:				
Passenger	\$ 846,507	\$ 130,817	\$ 1,296,842	\$ 884,367
Other	12,802	7,712	23,746	25,243
Total operating revenues	859,309	138,529	1,320,588	909,610
Operating expenses:				
Salaries, wages and benefits	257,236	213,579	502,928	454,059
Aircraft fuel	214,825	19,910	357,755	233,118
Depreciation and amortization	73,703	69,113	148,015	135,104
Landing fees and other rents	81,497	40,348	153,605	107,469
Aircraft rent	64,641	49,256	119,423	94,402
Maintenance, materials and repairs	39,639	19,227	69,542	53,303
Distribution	35,263	11,352	58,905	45,095
Loss on disposal of assets	189	—	1,306	—
Special credits	(115,002)	(151,911)	(291,940)	(151,911)
Other operating	114,107	58,039	210,368	187,347
Total operating expenses	766,098	328,913	1,329,907	1,157,986
Operating income (loss)	93,211	(190,384)	(9,319)	(248,376)
Other (income) expense:				
Interest expense	39,662	27,792	84,468	51,670
Loss on extinguishment of debt	331,630	—	331,630	—
Capitalized interest	(4,631)	(3,757)	(9,363)	(7,421)
Interest income	(373)	(1,949)	(4,744)	(5,542)
Other (income) expense	233	66	181	47
Total other (income) expense	366,521	22,152	402,172	38,754
Income (loss) before income taxes	(273,310)	(212,536)	(411,491)	(287,130)
Provision (benefit) for income taxes	14,553	(68,108)	(11,307)	(114,874)
Net loss	\$ (287,863)	\$ (144,428)	\$ (400,184)	\$ (172,256)
Basic loss per share	\$ (2.73)	\$ (1.81)	\$ (3.94)	\$ (2.33)
Diluted loss per share	\$ (2.73)	\$ (1.81)	\$ (3.94)	\$ (2.33)

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Spirit Airlines, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net loss	\$ (287,863)	\$ (144,428)	\$ (400,184)	\$ (172,256)
Unrealized gain (loss) on short-term investment securities and cash and cash equivalents, net of deferred taxes of \$(5), \$5, \$(3) and \$59	(19)	18	(12)	203
Interest rate derivative loss reclassified into earnings, net of taxes of \$13, \$15, \$27 and \$39	44	48	89	89
Other comprehensive income (loss)	\$ 25	\$ 66	\$ 77	\$ 292
Comprehensive loss	<u>\$ (287,838)</u>	<u>\$ (144,362)</u>	<u>\$ (400,107)</u>	<u>\$ (171,964)</u>

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Spirit Airlines, Inc.
Condensed Consolidated Balance Sheets
(unaudited, in thousands)

Assets	June 30, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	\$ 1,863,710	\$ 1,789,723
Restricted cash	62,200	71,401
Short-term investment securities	106,375	106,339
Accounts receivable, net	141,254	42,940
Aircraft maintenance deposits, net	45,111	73,134
Income tax receivable	37,714	147,460
Prepaid expenses and other current assets	132,038	124,983
Total current assets	2,388,402	2,355,980
Property and equipment:		
Flight equipment	4,257,349	4,177,631
Ground property and equipment	356,344	334,167
Less accumulated depreciation	(781,431)	(680,230)
	3,832,262	3,831,568
Operating lease right-of-use assets	1,598,137	1,417,823
Pre-delivery deposits on flight equipment	443,445	356,262
Long-term aircraft maintenance deposits	50,654	53,158
Deferred heavy maintenance, net	323,105	347,907
Other long-term assets	35,478	36,127
Total assets	\$ 8,671,483	\$ 8,398,825
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 55,072	\$ 28,454
Air traffic liability	608,136	401,966
Current maturities of long-term debt and finance leases	210,945	384,197
Current maturities of operating leases	144,571	133,791
Deferred salaries, wages and benefits	86,360	—
Other current liabilities	496,095	393,614
Total current liabilities	1,601,179	1,342,022
Long-term debt and finance leases, less current maturities	3,014,958	3,066,635
Operating leases, less current maturities	1,422,139	1,248,519
Deferred income taxes	412,621	439,894
Deferred gains and other long-term liabilities	39,779	52,060
Shareholders' equity:		
Common stock	11	10
Additional paid-in-capital	1,126,031	799,549
Treasury stock, at cost	(75,448)	(74,124)
Retained earnings	1,130,754	1,524,878
Accumulated other comprehensive loss	(541)	(618)
Total shareholders' equity	2,180,807	2,249,695
Total liabilities and shareholders' equity	\$ 8,671,483	\$ 8,398,825

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Spirit Airlines, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Six Months Ended June 30,	
	2021	2020
Operating activities:		
Net loss	\$ (400,184)	\$ (172,256)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Losses reclassified from other comprehensive income	116	128
Share-based compensation	6,740	6,442
Allowance for doubtful accounts (recoveries)	170	(226)
Amortization of deferred gains, losses and debt issuance costs	6,412	4,633
Depreciation and amortization	148,015	135,104
Accretion of 8.00% senior secured notes and convertible debt	753	2,029
Deferred income tax expense (benefit)	(12,353)	31,518
Loss on disposal of assets	1,306	—
Loss on extinguishment of debt	331,630	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(98,484)	17,360
Aircraft maintenance deposits, net	5,616	11,254
Long-term deposits and other assets	(5,770)	(16,717)
Prepaid income taxes	(52)	—
Deferred heavy maintenance, net	(21,657)	(57,306)
Income tax receivable	109,746	(125,948)
Accounts payable	24,024	(6,477)
Air traffic liability	206,170	136,615
Deferred salaries, wages and benefits, net	86,360	114,052
Other liabilities	95,193	(127,204)
Other	365	40
Net cash provided (used) by operating activities	484,116	(46,959)

Investing activities:		
Purchase of available-for-sale investment securities	(55,936)	(54,992)
Proceeds from the maturity and sale of available-for-sale investment securities	55,500	54,195
Pre-delivery deposits on flight equipment, net of refunds	(81,208)	(153,353)
Capitalized interest	(9,055)	(6,289)
Assets under construction for others	(1,170)	(2,282)
Purchase of property and equipment	(87,154)	(294,633)
Net cash used in investing activities	(179,023)	(457,354)
Financing activities:		
Proceeds from issuance of long-term debt	562,996	674,146
Proceeds from issuance of common stock and warrants	375,662	203,723
Proceeds from stock options exercised	—	39
Payments on debt obligations	(857,552)	(149,429)
Payments for the early extinguishment of debt	(317,905)	—
Payments on finance lease obligations	(397)	(25,020)
Reimbursement for assets under construction for others	959	2,322
Repurchase of common stock	(1,324)	(1,554)
Long-term debt and equity issuance costs	(2,746)	(21,411)
Net cash provided (used) by financing activities	(240,307)	682,816
Net increase (decrease) in cash, cash equivalents, and restricted cash	64,786	178,503
Cash, cash equivalents, and restricted cash at beginning of period (1)	1,861,124	978,957
Cash, cash equivalents, and restricted cash at end of period (1)	\$ 1,925,910	\$ 1,157,460
Supplemental disclosures		
Cash payments for:		
Interest, net of capitalized interest	\$ 79,689	\$ 37,636
Income taxes paid (received), net	\$ (108,648)	\$ (19,631)
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 132,323	\$ 103,127
Financing cash flows for finance leases	\$ 48	\$ 139
Non-cash transactions:		
Capital expenditures funded by finance lease borrowings	\$ 538	\$ 565
Capital expenditures funded by operating lease borrowings	\$ 268,169	\$ 120,961

(1) The sum of cash and cash equivalents and restricted cash on our condensed consolidated balance sheets equals cash, cash equivalents, and restricted cash in our statement of cash flows.

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Spirit Airlines, Inc.
Condensed Consolidated Statements of Shareholders' Equity
(unaudited, in thousands)

Six Months Ended June 30, 2020

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2019	\$ 7	\$ 379,380	\$ (72,455)	\$ 1,955,187	\$ (787)	\$ 2,261,332
Effect of ASU No. 2016-13 implementation	—	—	—	(1,609)	—	(1,609)
Share-based compensation	—	3,790	—	—	—	3,790
Repurchase of common stock	—	—	(1,536)	—	—	(1,536)
Proceeds from options exercised	—	16	—	—	—	16
Changes in comprehensive income	—	—	—	—	226	226
Net loss	—	—	—	(27,828)	—	(27,828)
Balance at March 31, 2020	\$ 7	\$ 383,186	\$ (73,991)	\$ 1,925,750	\$ (561)	\$ 2,234,391
Issuance of common stock and warrants, net	20	194,866	—	—	—	194,886
Equity component value of convertible debt issuance, net	—	55,590	—	—	—	55,590
Share-based compensation	—	2,652	—	—	—	2,652
Repurchase of common stock	—	—	(18)	—	—	(18)
Proceeds from options exercised	—	23	—	—	—	23
Changes in comprehensive income	—	—	—	—	66	66
Net loss	—	—	—	(144,428)	—	(144,428)
Balance at June 30, 2020	\$ 27	\$ 636,317	\$ (74,009)	\$ 1,781,322	\$ (495)	\$ 2,343,162

Six Months Ended June 30, 2021

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2020	\$ 10	\$ 799,549	\$ (74,124)	\$ 1,524,878	\$ (618)	\$ 2,249,695
Effect of ASU No. 2020-06 implementation (refer to Note 3)	—	(55,590)	—	6,060	—	(49,530)
Share-based compensation	—	4,254	—	—	—	4,254
Repurchase of common stock	—	—	(1,307)	—	—	(1,307)
Changes in comprehensive income	—	—	—	—	52	52
Issuance of warrants	—	2,146	—	—	—	2,146
Net loss	—	—	—	(112,321)	—	(112,321)
Balance at March 31, 2021	\$ 10	\$ 750,359	\$ (75,431)	\$ 1,418,617	\$ (566)	\$ 2,092,989
Issuance of common stock and warrants, net	1	373,186	—	—	—	373,187
Share-based compensation	—	2,486	—	—	—	2,486
Repurchase of common stock	—	—	(17)	—	—	(17)
Changes in comprehensive income	—	—	—	—	25	25
Net loss	—	—	—	(287,863)	—	(287,863)
Balance at June 30, 2021	\$ 11	\$ 1,126,031	\$ (75,448)	\$ 1,130,754	\$ (541)	\$ 2,180,807

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Spirit Airlines, Inc. ("Spirit") and its consolidated subsidiaries (the "Company"). In August 2020, Spirit formed several new subsidiaries; Spirit Finance Cayman 1 Ltd. ("HoldCo 1"), Spirit Finance Cayman 2 Ltd. ("HoldCo 2"), Spirit IP Cayman Ltd. ("Spirit IP") and Spirit Loyalty Cayman Ltd. ("Spirit Loyalty"). Each are Cayman Islands exempted companies incorporated with limited liability. Spirit IP and Spirit Loyalty are wholly-owned subsidiaries of HoldCo 2 (other than the special share issued to the special shareholder, who granted a proxy to vote such share to the collateral agent for the 8.00% senior secured notes (as defined herein)). HoldCo 1 and HoldCo 2 are special purpose holding companies. HoldCo 2 is a wholly-owned direct subsidiary of HoldCo 1 (other than the special share issued to the special shareholder, who granted a proxy to vote such share to the collateral agent for the 8.00% senior secured notes). HoldCo 1 is a wholly-owned subsidiary of Spirit (other than the special share issued to the special shareholder, who granted a proxy to vote such share to the collateral agent for the 8.00% senior secured notes). As a result, our financial statements are presented on a consolidated basis.

These unaudited condensed consolidated financial statements reflect all normal recurring adjustments which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the audited annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission on February 10, 2021.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect both the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of the results that may be expected for other interim periods or for the full year. The air transportation business is subject to significant seasonal fluctuations as demand is generally greater in the second and third quarters of each year. The air transportation business is also volatile and highly affected by economic cycles and trends. In addition, the Company experienced significant impacts from the global coronavirus ("COVID-19") pandemic during the year ended December 31, 2020 and has continued to experience an impact through the six months ended June 30, 2021.

2. Impact of COVID-19

Since its initial onset in early 2020, the impact of the COVID-19 pandemic has evolved and continues to be fluid. As a result, the Company's financial and operational outlook remains subject to change. The Company continues to monitor the impacts of the pandemic on its operations and financial condition, and to adjust its mitigation and operational strategies.

Capacity Reductions

At the onset of the COVID-19 pandemic in March 2020, in response to government restrictions on travel and drastically reduced consumer demand, the Company began to significantly reduce capacity each month with the largest capacity reduction in May 2020 at approximately 94%, year over year, and smaller capacity reductions of 20.8% and 20.1% in the holiday months of November and December, respectively. Through early 2021, the Company continued to operate at reduced capacity levels although to a lesser extent than noted at the height of the pandemic during mid 2020. Through 2021, the Company has continually added back capacity such that by the end of the second quarter of 2021, it was nearly back to the capacity levels it was operating at prior to the pandemic.

The COVID-19 pandemic and its effects continue to evolve, with developments including fluctuations in the rate of infections during 2021, infections from the more recently identified Delta variant, the emergency use authorization issued by the U.S. Food and Drug Administration for COVID-19 vaccines, the requirement, effective January 26, 2021, that all U.S. inbound international travelers provide a negative COVID-19 test prior to flying and increases in the availability of COVID-19 vaccines resulting in expanded eligibility to more groups of people to receive the vaccine. While the Company currently

estimates that air travel demand will continue to be volatile and will fluctuate in the upcoming months as the lingering effects of COVID-19 continue to develop, it expects that air travel demand will continue to gradually recover in 2021. However, the situation continues to be fluid and actual capacity adjustments may be different than what the Company currently expects. Refer to Note 4, Revenue, for discussion of the impact of COVID-19 on the Company's air traffic liability, credit shells and refunds.

COVID-19 Legislation

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act was a relief package intended to assist many aspects of the American economy, including providing the airline industry with up to \$25 billion in grants to be used for employee salaries, wages and benefits and up to \$25 billion in secured loans.

On April 20, 2020, the Company entered into a Payroll Support Program ("PSP") Agreement with the United States Department of the Treasury ("Treasury"), pursuant to which the Company received a total of \$344.4 million, used exclusively to pay for salaries, wages and benefits for the Company's Team Members through September 30, 2020. Of that amount, \$73.3 million is in the form of a low-interest 10-year loan. In addition, in connection with its participation in the PSP, the Company issued to Treasury warrants pursuant to a warrant agreement to purchase up to 520,797 shares of the Company's common stock at a strike price of \$14.08 per share (the closing price for the shares of the Company's common stock on April 9, 2020) with a fair value of \$3.9 million. The Company registered the resale of the warrants pursuant to the warrant agreement with Treasury in September and October 2020. The remaining amount of \$267.2 million, net of related costs, is in the form of a grant and was recognized in special credits in the Company's condensed consolidated statement of operations in 2020.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law which extended the PSP portion of the CARES Act through March 31, 2021 ("PSP2") and provided an additional \$15 billion to fund the PSP2 for employees of passenger air carriers. The Company entered into the PSP2 payroll support program agreement with the Treasury on January 15, 2021. During the six months ended June 30, 2021, the Company received a total of \$212.1 million through the PSP2, used exclusively to pay for salaries, wages and benefits for the Company's Team Members through March 31, 2021. Of that amount, \$33.6 million is in the form of a low-interest 10-year loan. In addition, in connection with its participation in the PSP2, the Company issued to Treasury warrants pursuant to a warrant agreement to purchase up to 137,753 shares of the Company's common stock at a strike price of \$24.42 per share (the closing price for the shares of the Company's common stock on December 24, 2020) with a fair value of \$2.8 million. The Company registered the resale of the warrants pursuant to the warrant agreement with Treasury in May 2021. The remaining amount of \$175.6 million, net of related costs, is in the form of a grant and was recognized in special credits in the Company's condensed consolidated statement of operations.

In connection with the Company's participation in the PSP2, the Company is subject to certain restrictions and limitations, including, but not limited to:

- Restrictions on payment of dividends and stock buybacks through March 31, 2022;
- Limits on executive compensation through October 1, 2022;
- Restrictions from conducting involuntary furloughs or reducing pay rates and benefits until March 31, 2021;
- Requirements to maintain certain levels of scheduled services through March 1, 2022;
- Reporting requirements; and
- A recall of all employees that were involuntarily furloughed or terminated between October 1, 2020 and the date the carrier enters into the new payroll support agreement with the Treasury. Such employees, if returning to work, must be compensated for lost pay and benefits between December 1, 2020 and the date of such new payroll support agreement.

The CARES Act also provided an employee retention credit ("CARES Employee Retention credit") which was a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020. The Company qualified for the credit beginning on April 1, 2020 and received additional credits for qualified wages through December 31, 2020.

The Consolidated Appropriations Act extended and expanded the availability of the CARES Employee Retention credit through June 30, 2021. Subsequently, the American Rescue Plan Act of 2021 ("ARP"), enacted on March 11, 2021, extended

and expanded the availability of the CARES Employee Retention credit through December 31, 2021, however, certain provisions apply only after December 31, 2020. This legislation amended the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before January 1, 2022. During calendar year 2021, a maximum of \$10,000 in qualified wages for each employee per qualifying calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer is \$7,000 per employee per qualifying calendar quarter of 2021. The Company expects it will qualify for the employee retention credit only for the first and second quarters of 2021. During the three and six months ended June 30, 2021, the Company recorded \$16.3 million and \$37.5 million, respectively, related to the CARES Employee Retention credit within special credits on the Company's condensed consolidated statement of operations. Refer to Note 5, Special Credits, for additional information.

ARP also authorized Treasury to provide additional assistance to passenger air carriers that received financial assistance under PSP2 ("PSP3"). Under the ARP, Treasury provided up to \$14 billion to fund the PSP3 for employees of passenger air carriers. The Company entered into the PSP3 payroll support program agreement with the Treasury on April 29, 2021. During the three months ended June 30, 2021, the Company received a total of \$197.9 million through the PSP3, to be used exclusively to pay for salaries, wages and benefits for the Company's Team Members through September 30, 2021. Of that amount, \$29.4 million is in the form of a low-interest 10-year loan. In addition, in connection with its participation in the PSP3, the Company issued to Treasury warrants pursuant to a warrant agreement to purchase up to 80,539 shares of the Company's common stock at a strike price of \$36.45 (the closing price for the shares of the Company's common stock on March 10, 2021) per share with a fair value of \$1.5 million. The Company registered the resale of the warrants pursuant to the warrant agreement with Treasury in June 2021. The remaining amount of \$167.0 million, net of related costs, is in the form of a grant of which \$80.6 million was recognized in special credits in the Company's condensed consolidated statement of operations and \$86.4 million remains within deferred salaries, wages and benefits in the Company's consolidated condensed balance sheet as of June 30, 2021. Total warrants issued in connection with the PSP, PSP2 and PSP3 represent less than 1% of the outstanding shares of the Company's common stock as of June 30, 2021.

In connection with the Company's participation in the PSP3, the Company is subject to certain restrictions and limitations, including, but not limited to:

- Restrictions on payment of dividends and stock buybacks through September 30, 2022;
- Limits on executive compensation through April 1, 2023;
- Restrictions from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2021, or the date on which all PSP funding has been expended; and
- Reporting requirements.

Finally, the CARES Act also provided for deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. As of June 30, 2021, the Company had deferred \$23.2 million in social security tax payments. The deferred amounts are recorded within other current liabilities and within deferred gains and other long-term liabilities on the Company's condensed consolidated balance sheet.

Income Taxes

The Company's effective tax rate for the six months ended June 30, 2021 was 2.7% compared to 40.0% for the six months ended June 30, 2020. The decrease in tax rate, as compared to the prior year period, is primarily due to a \$54.9 million discrete federal tax benefit recorded during the six months ended June 30, 2020 related to the passage of the CARES Act. The 2020 discrete federal tax benefit reflects the impact of the CARES Act which allowed for carryback of net operating losses generated at a 21% tax rate to recover taxes paid at a 35% tax rate. In addition, the Company had an unfavorable permanent tax adjustment recorded during the six months ended June 30, 2021, related to the repurchase of a portion of the Company's 4.75% convertible notes due 2025. Excluding the impact from the unfavorable permanent tax adjustment, the Company's effective tax rate for the six months ended June 30, 2021 would have been 20.9%. While the Company expects its tax rate to be fairly consistent in the near term, it will tend to vary depending on recurring items such as the amount of income we earn in each state and the state tax rate applicable to such income. Discrete items particular to a given year may also affect our effective tax rates.

Balance Sheet, Cash Flow and Liquidity

Since the onset of the COVID-19 pandemic in the U.S. in the first quarter of 2020, the Company has taken several actions to increase liquidity and strengthen its financial position. During the twelve months ended December 31, 2020, these actions included the private offering of \$850 million of the 8.00% senior secured notes, the public offering of \$175.0 million in the Company's 4.75% convertible notes due 2025, the public offering of 20,125,000 shares of the Company's voting common stock for which it received net proceeds of \$192.4 million, the issuance and sale of 9,000,000 shares of the Company's voting common stock through its ATM Program for which it received net proceeds of \$156.7 million and the execution of a revolving credit facility with a total commitment of \$180.0 million as of December 31, 2020. During the first quarter of 2021, the Company entered into an amendment to this revolving credit facility which extended the maturity to March 30, 2024 and increased the commitment amount to \$240.0 million. During the second quarter of 2021, the revolving credit facility was paid down in full and \$240.0 million remained undrawn and available as of June 30, 2021. During the six months ended June 30, 2021, the Company further improved its liquidity and financial position through the public offering of \$500.0 million in 1.00% convertible notes due 2026, the issuance of 10,594,073 shares of the Company's voting common stock for which it received net proceeds of \$370.8 million, the extinguishment of \$146.8 million in principal amount of the Company's 4.75% convertible notes due 2025 and the extinguishment of \$340.0 million in principal amount of the Company's 8.00% senior secured notes. Refer to Note 12, Debt and Other Obligations and Note 13, Equity for additional information. As a result of these actions, as of June 30, 2021, the Company had \$2,210.1 million of liquidity comprised of unrestricted cash and cash equivalents, short-term investment securities and funds available under its revolving credit facility due in 2024.

For purposes of assessing its liquidity needs, the Company estimates that demand will continue to recover in 2021. The Company believes the actions taken since the onset of the COVID-19 pandemic address its future liquidity needs, but it may implement further discretionary changes and other cost reduction and liquidity preservation and/or enhancement measures, as needed, to address the volatility and quickly changing dynamics of passenger demand and the impact of revenue changes, regulatory and public health directives and prevailing government policy and financial market conditions.

Workforce Actions

In 2020, in response to the COVID-19 pandemic, the Company worked with unionized employees and the related unions to create voluntary leave programs for pilots, flight attendants and other unionized employee groups. The Company also created voluntary leave programs for certain non-unionized employee groups. Due to the high level of support and acceptance of the voluntary programs offered, the total number of Team Members involuntarily terminated in 2020 was reduced by more than 95%. As required by the PSP2, during the first quarter of 2021, the Company offered to rehire all eligible Team Members who were involuntarily terminated during 2020. For the three and six months ended June 30, 2021, the Company recorded \$0.6 million and \$1.4 million in special charges within special credits on the Company's condensed consolidated statement of operations related to the rehiring of Team Members under its involuntary employee separation program. In addition, in response to increased air travel demand, during the first quarter of 2021, the Company requested the voluntary return to work of certain Team Members on leave under the Company's voluntary leave programs. As of June 30, 2021, substantially all Team Members previously on voluntary leave had returned to work. Expenses related to voluntary leave programs were recorded within salaries, wages and benefits on the Company's condensed consolidated statement of operations. As the Company continues to monitor the impacts of the pandemic on its operations and financial condition, it will consider and evaluate the need for any additional workforce actions in future periods.

3. Recent Accounting Developments

Recently Adopted Accounting Pronouncements

Convertible Instruments and Contracts

In August 2020, the FASB issued ASU No. 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity." This new standard simplifies and adds disclosure requirements for the accounting and measurement of convertible instruments. It eliminates the treasury stock method for convertible instruments and requires application of the "if-converted" method for certain agreements. In addition, the standard eliminates the beneficial conversion and cash conversion accounting models that require separate accounting for embedded conversion features and the recognition of a debt discount and related amortization to interest expense of those embedded features.

The Company elected to early adopt this standard effective January 1, 2021 using the modified retrospective approach transition method. Therefore, the condensed consolidated financial statements for the three and six months ended June 30, 2021 are presented under the new standard, while the comparative periods presented are not adjusted and continue to be reported in accordance with the Company's historical accounting policy.

In connection with the adoption of this standard, the Company recognized a cumulative effect adjustment, net of tax, of \$6.1 million to retained earnings on the Company's condensed consolidated balance sheet as of January 1, 2021. This adjustment was primarily driven by the derecognition of interest expense related to the accretion of the debt discount associated with the embedded conversion option recorded in the prior period as required under the legacy guidance. In addition, the Company reclassified \$75.6 million, less related tax of \$17.1 million and issuance costs of \$2.9 million, from additional paid-in-capital ("APIC") to long-term debt and finance leases on the Company's condensed consolidated balance sheet as of January 1, 2021. The reclassification was recorded in order to combine the two legacy units of account into a single instrument classified as a liability since bifurcation of the instrument into two units of account is no longer required under the new standard. Under this new guidance, the Company will no longer incur interest expense related to the accretion of the debt discount associated with the embedded conversion option.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), "Simplifying the Accounting for Income Taxes." This new standard simplifies various aspects related to the accounting for income taxes. The standard removes certain exceptions to the general principles in Topic 740 and also clarifies and modifies existing guidance to improve consistent application of Topic 740. The Company adopted this standard effective January 1, 2021 with no material impact to its condensed consolidated financial statements.

4. Revenue

Operating revenues is comprised of passenger revenues, which includes fare and non-fare revenues, and other revenues. The following table shows disaggregated operating revenues for the three and six months ended June 30, 2021 and 2020.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Operating revenues:				
Fare	\$ 369,691	\$ 63,769	\$ 543,978	\$ 385,216
Non-fare	476,816	67,048	752,864	499,151
Total passenger revenues	846,507	130,817	1,296,842	884,367
Other	12,802	7,712	23,746	25,243
Total operating revenues	\$ 859,309	\$ 138,529	\$ 1,320,588	\$ 909,610

The Company is managed as a single business unit that provides air transportation for passengers. Operating revenues by geographic region as defined by the Department of Transportation ("DOT") are summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
DOT—Domestic	\$ 770,800	\$ 134,373	\$ 1,177,964	\$ 832,2
DOT—Latin America	88,509	4,156	142,624	77,3
Total	\$ 859,309	\$ 138,529	\$ 1,320,588	\$ 909,6

The Company defers the amount for award travel obligation as part of loyalty deferred revenue within air traffic liability ("ATL") on the Company's condensed consolidated balance sheets and recognizes loyalty travel awards in passenger revenues as points are used for travel or expire unused.

As a result of the COVID-19 pandemic, the Company experienced significantly increased customer requests for credit shells, or customer travel funds held by the Company that can be redeemed for future travel, and refunds beginning in the second half of March 2020 and continuing to varying degrees through the first and second quarters of 2021 primarily due to flight cancellations and a change in the Company's flight cancellation and refund policy. The total value of refunds issued during the three and six months ended June 30, 2021 was \$43.5 million and \$75.3 million, respectively. The total value of refunds issued during the three and six months ended June 30, 2020 was \$77.4 million and \$121.0 million, respectively.

The Company expects that the level of requests for credit shells and refunds in the upcoming months will continue to decrease with some fluctuation as the effects of COVID-19 continue to evolve. In addition, in response to COVID-19, during 2020 and early 2021, the Company increased the expiration period on some of its credit shells from 60 days to up to 12 months or longer and waived change and cancellation fees for Guests who booked travel through the first quarter of 2021. As of June 30, 2021 and December 31, 2020, the Company had ATL balances of \$608.1 million and \$402.0 million, respectively. Substantially all of the Company's ATL, including the balance of credit shells, is expected to be recognized within 12 months of the respective balance sheet date.

For credit shells that the Company estimates are not likely to be used prior to expiration ("breakage"), the Company recognizes the associated value proportionally during the period over which the remaining credit shells may be used. Breakage estimates are based on the Company's historical information about customer behavior as well as assumptions about customers' future travel behavior. Assumptions used to generate breakage estimates can be impacted by several factors including, but not limited to, changes to the Company's ticketing policies, changes to the Company's refund, exchange, and credit shell policies, and economic or governmental regulation factors. Given the unprecedented amount of cancellations in the past year and the related increase in credit shells provided, the Company expects additional variability in the amount of breakage revenue recorded in future periods, as the estimates of the portion of those funds that will expire unused may differ from historical experience.

Loyalty Programs

The Company operates the Free Spirit loyalty program, which attracts members and partners and builds customer loyalty for the Company by offering a variety of awards, benefits and services. Free Spirit loyalty program members earn and accrue points for dollars spent on Spirit for flights and other non-fare services as well as services from non-air partners such as retail merchants, hotels or car rental companies or by making purchases with credit cards issued by partner banks and financial services providers. Points earned and accrued by Free Spirit loyalty program members can be redeemed for travel awards such as free (other than taxes and government-imposed fees), discounted or upgraded travel. In January 2021, the Company launched a new, more expansive frequent flyer program, "Free Spirit Program", with extended point expiration, additional benefits based on status tiers, and other changes.

The Company operates the Spirit Saver\$ Club™ (the "Spirit Saver\$ Club™" formerly known as the \$9 Fare Club™), which is a subscription-based loyalty program that allows members access to unpublished, extra-low fares as well as discounted prices on bags, exclusive offers on hotels, rental cars and other travel necessities. Also in January 2021, the benefits of the Spirit Saver\$ Club™ were expanded to include discounts on seats, shortcut boarding and security, and "Flight Flex" flight modification product.

The Company's frequent flyer program generates customer loyalty by rewarding customers with points to travel on Spirit. Customers earn redeemable points for every dollar spent on Spirit. Customers can also earn points through participating companies such as the co-branded Spirit credit card. Points are redeemable by customers in future periods for air travel on Spirit.

To reflect the points earned, the program includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) points earned with travel and (2) points sold to co-branded credit card partner. Passenger ticket sales earning points provide customers with points earned and air transportation. The Company values each performance obligation on a standalone basis.

The Company defers revenue for the points when earned and recognizes loyalty travel awards in passenger revenue as the points are redeemed and services are provided. The Company records the air transportation portion of the passenger ticket sales in air traffic liability and recognizes passenger revenue when transportation is provided or if the ticket goes unused, at the date of scheduled travel.

Customers may earn points based on their spending with the Company's co-branded credit card company with which the Company has an agreement to sell points. The contract to sell points under this agreement has multiple performance obligations, as discussed below.

The Company's co-branded credit card agreement provides for joint marketing where cardholders earn points for making purchases using co-branded cards. During 2020, the Company extended its agreement with the administrator of the FREE SPIRIT affinity credit card program to extend through March 31, 2024. The Company accounts for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered. The value is allocated based on the relative selling prices of those products and services, which generally consists

of (i) points to be awarded, (ii) airline benefits and (iii) advertising and marketing efforts. The Company determined the best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of points awarded and number of points redeemed, (2) the estimated stand-alone selling price of the award travel obligation and airline benefits, and (3) advertising and marketing efforts. Based on the terms of the new program, the Company updated its estimates of the allocation of future revenues to the performance obligations described above. The Company defers the amount for award travel obligation as part of loyalty deferred revenue within air traffic liability on the consolidated balance sheet and recognizes loyalty travel awards in passenger revenue as the points are used for travel. Revenue allocated to advertising and the remaining performance obligations, primarily marketing components, is recorded in other revenue over time as points are delivered.

5. Special Credits

During the three and six months ended June 30, 2021, the Company recorded \$99.3 million and \$255.8 million, respectively, net of related costs, within special credits on the Company's condensed consolidated statements of operations related to the grant component of the PSP2 and PSP3 agreements with the Treasury.

In addition, during the three and six months ended June 30, 2021, the Company recorded \$16.3 million and \$37.5 million, respectively, related to the CARES Act Employee Retention credit within special credits on the Company's condensed consolidated statements of operation. These special credits were partially offset by \$0.6 million and \$1.4 million in special charges recorded during the three and six months ended June 30, 2021, respectively. The \$0.6 million and \$1.4 million were related to salaries, wages and benefits paid to rehired employees, previously terminated with the Company's involuntary employee separation program, in compliance with the restrictions of PSP2.

During the three and six months ended June 30, 2020, the Company recorded \$123.9 million within special credits on the Company's condensed consolidated statements of operations related to the grant component of the PSP agreement with the Treasury.

In addition, during the three and six months ended June 30, 2020, the Company recorded \$28.0 million related to the CARES Act Employee Retention credit within special credits on the Company's condensed statements of operation. Refer to Note 2, Impact of COVID-19, for further information on the CARES Act and the Company's workforce actions.

6. Loss per Share

The following table sets forth the computation of basic and diluted loss per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands, except per-share amounts)			
Numerator				
Net loss	\$ (287,863)	\$ (144,428)	\$ (400,184)	\$ (172,256)
Denominator				
Weighted-average shares outstanding, basic	105,258	79,601	101,537	74,061
Effect of dilutive stock awards	—	—	—	—
Adjusted weighted-average shares outstanding, diluted	105,258	79,601	101,537	74,061
Loss per share				
Basic loss per common share	\$ (2.73)	\$ (1.81)	\$ (3.94)	\$ (2.33)
Diluted loss per common share	\$ (2.73)	\$ (1.81)	\$ (3.94)	\$ (2.33)

7. Short-term Investment Securities

The Company's short-term investment securities are classified as available-for-sale and generally consist of U.S. Treasury and U.S. government agency securities with contractual maturities of 12 months or less. These securities are stated at fair value within current assets on the Company's condensed consolidated balance sheets. Realized gains and losses on sales of investments, if any, are reflected in non-operating income (expense) in the condensed consolidated statements of operations.

As of June 30, 2021 and December 31, 2020, the Company had \$106.4 million and \$106.3 million in short-term available-for-sale investment securities, respectively. During the six months ended June 30, 2021, these investments earned interest income at a weighted-average fixed rate of approximately 0.1%. For the three and six months ended June 30, 2021, an unrealized loss of \$13 thousand and \$6 thousand, respectively, net of deferred taxes of \$4 thousand and \$2 thousand, respectively, was recorded within accumulated other comprehensive income ("AOCI") related to these investment securities. For the three and six months ended June 30, 2020, an unrealized loss and an unrealized gain of \$199 thousand and \$123 thousand, respectively, net of deferred taxes of \$59 thousand and \$36 thousand, respectively, was recorded within AOCI related to these investment securities. For the three and six months ended June 30, 2021, the Company had no realized gains or losses as the Company did not sell any of these securities during these periods. For the three and six months ended June 30, 2020, the Company had substantially no realized gains or losses related to these securities. As of June 30, 2021 and December 31, 2020, \$25 thousand and \$31 thousand, net of tax, respectively, remained in AOCI, related to these instruments.

8. Accrued Liabilities

Other current liabilities as of June 30, 2021 and December 31, 2020 consist of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Salaries, wages and benefits	\$ 118,439	\$ 112,838
Federal excise and other passenger taxes and fees payable	107,144	36,884
Airport obligations	83,928	68,677
Aircraft maintenance	55,016	27,466
Aircraft and facility lease obligations	41,216	67,374
Fuel	25,985	11,704
Interest payable	24,899	37,202
Other	39,468	31,469
Other current liabilities	\$ 496,095	\$ 393,614

9. Leases

The Company leases aircraft, engines, airport terminals, maintenance and training facilities, aircraft hangars, commercial real estate, and office and computer equipment, among other items. Certain of these leases include provisions for variable lease payments which are based on several factors, including, but not limited to, relative leased square footage, enplaned passengers, and airports' annual operating budgets. Due to the variable nature of the rates, these leases are not recorded on the Company's condensed consolidated balance sheets as a right-of-use asset and lease liability. Lease terms are generally 8 years to 18 years for aircraft and up to 99 years for other leased equipment and property.

As of June 30, 2021, the Company had a fleet consisting of 164 A320 family aircraft. As of June 30, 2021, the Company had 59 aircraft financed under operating leases with lease term expirations between 2023 and 2039. In addition, the Company owned 105 aircraft of which 33 were purchased off lease and were unencumbered as of June 30, 2021. As of June 30, 2021, the Company also had 8 spare engines financed under operating leases with lease term expiration dates ranging from 2023 to 2033 and owned 16 spare engines, all of which, as of June 30, 2021, were pledged as collateral under the Company's revolving credit facility maturing in 2024.

Some of the Company's aircraft and engine master lease agreements provide that the Company pays maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles, while some maintenance reserve payments are fixed, time-based contractual amounts. Maintenance reserve payments that are probable of being recovered when the Company performs qualifying maintenance are recorded in aircraft maintenance deposits on the Company's condensed consolidated balance sheets. Fixed maintenance reserve payments that are not probable of being

recovered are considered lease payments and are included in the right-of-use asset and lease liability. Maintenance reserve payments that are based on a utilization measure and are not probable of being recovered are considered variable lease payments that are recognized when they are probable of being incurred and are not included in the right-of-use asset and lease liability.

Some of the master lease agreements do not require that the Company pay maintenance reserves so long as the Company's cash balance does not fall below a certain level. As of June 30, 2021, the Company was in full compliance with those requirements and does not anticipate having to pay reserves related to these master leases in the future.

Aircraft rent expense consists of monthly lease rents for aircraft and spare engines under the terms of the Company's aircraft and spare engine lease agreements recognized on a straight-line basis. Aircraft rent expense also includes maintenance reserves paid to aircraft lessors in advance of the performance of major maintenance activities that are not probable of being reimbursed and probable lease return condition obligations.

Under the terms of the lease agreements, the Company will continue to operate and maintain the aircraft. Payments under the majority of the lease agreements are fixed for the term of the lease. The lease agreements contain standard termination events, including termination upon a breach of the Company's obligations to make rental payments and upon any other material breach of the Company's obligations under the leases, and standard maintenance and return condition provisions. These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition) when it is probable that such amounts will be incurred. When determining probability and estimated cost of lease return obligations, there are various other factors that need to be considered such as the contractual terms of the lease, the ability to swap engines or other aircraft components, current condition of the aircraft, the age of the aircraft at lease expiration, utilization of engines and other components, the extent of repairs needed at return, return locations, current configuration of the aircraft and cost of repairs and materials at the time of return. Management assesses the factors listed above and the need to accrue lease return costs throughout the lease as facts and circumstances warrant an assessment. As a result of COVID-19, the Company is currently operating its aircraft at lower utilization levels. If the Company continues flying its aircraft at lower utilization levels beyond its current projections, the timing of future maintenance events may change such that the Company will be required to accrue lease return costs and/or record reserves against its maintenance deposits earlier than it would have expected and such amounts could be significant. The Company expects lease return costs and unrecoverable maintenance deposits will increase as individual aircraft lease agreements approach their respective termination dates and the Company begins to accrue the estimated cost of return conditions for the corresponding aircraft. Upon a termination of the lease due to a breach by the Company, the Company would be liable for standard contractual damages, possibly including damages suffered by the lessor in connection with remarketing the aircraft or while the aircraft is not leased to another party.

During the six months ended June 30, 2021, the Company took delivery of five aircraft under direct operating leases and two aircraft under sale-leaseback transactions. In addition, the Company purchased four previously leased aircraft.

As of June 30, 2021, the Company's finance lease obligations primarily relate to the lease of computer equipment used by the Company's flight crew and office equipment. Payments under these finance lease agreements are fixed for terms ranging from 4 to 5 years. Finance lease assets are recorded within property and equipment and the related liabilities are recorded within long-term debt and finance leases in the Company's condensed consolidated balance sheets.

The following table provides details of the Company's future minimum lease payments under finance lease liabilities and operating lease liabilities recorded on the Company's condensed consolidated balance sheets as of June 30, 2021. The table does

not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

	Operating Leases				Total Operating and Finance Lease Obligations
	Finance Leases	Aircraft and Spare Engine Leases	Property Facility Leases		
	(in thousands)				
remainder of 2021 (1)	\$ 433	\$ 118,970	\$ 2,479	\$ 121,882	
2022	842	227,481	4,711	233,034	
2023	465	219,274	4,008	223,747	
2024	214	197,212	2,819	200,245	
2025	117	175,588	1,060	176,765	
2026 and thereafter	39	1,248,820	143,093	1,391,952	
Total minimum lease payments	\$ 2,110	\$ 2,187,345	\$ 158,170	\$ 2,347,625	
Less amount representing interest	134	639,640	133,937	773,711	
Present value of minimum lease payments	\$ 1,976	\$ 1,547,705	\$ 24,233	\$ 1,573,914	
Less current portion	776	141,057	3,514	145,347	
Long-term portion	\$ 1,200	\$ 1,406,648	\$ 20,719	\$ 1,428,567	

(1) Includes \$5.2 million of aircraft and spare engine rent payment deferrals due to COVID-19 which are recorded in other current liabilities within the Company's condensed consolidated balance sheets.

Commitments related to the Company's noncancellable short-term operating leases not recorded on the Company's condensed consolidated balance sheets are expected to be \$2.2 million for the remainder of 2021 and none for 2022 and beyond. During 2020, the Company entered into agreements to defer payments in 2020 and early 2021 related to facility rents and other airport service contracts at certain locations. Also during 2020, the Company entered into agreements to defer payments in 2020 and early 2021 related to certain aircraft and engine leases. The Company elected to apply the practical expedient issued by the Financial Accounting Standards Board in April 2020 which allows companies to treat a lease concession related to COVID-19 as though enforceable rights and obligations for the concessions existed regardless of whether those enforceable rights and obligations explicitly exist in the lease agreement. Amounts deferred as of June 30, 2021 are recorded in accrued rent within other current liabilities on the Company's condensed consolidated balance sheet.

The table below presents information for lease costs related to the Company's finance and operating leases:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Finance lease cost				
Amortization of leased assets	\$ 176	\$ 135	\$ 345	\$ 270
Interest of lease liabilities	24	26	48	139
Operating lease cost				
Operating lease cost (1)	52,632	51,006	104,774	98,223
Short-term lease cost (1)	7,076	6,884	14,091	13,598
Variable lease cost (1)	50,511	25,568	88,661	55,383
Total lease cost	\$ 110,419	\$ 83,619	\$ 207,919	\$ 167,613

(1) Expenses are classified within aircraft rent and landing fees and other rents on the Company's condensed consolidated statements of operations.

The table below presents lease terms and discount rates related to the Company's finance and operating leases:

	June 30, 2021		June 30, 2020
Weighted-average remaining lease term			
Operating leases	13.7 years		13.1 years
Finance leases	2.9 years		3.1 years
Weighted-average discount rate			
Operating leases	5.92	%	6.07
Finance leases	4.91	%	5.56

10. Commitments and Contingencies

Aircraft-Related Commitments and Financing Arrangements

The Company's contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers and aircraft leasing companies. As of June 30, 2021, the Company's total firm aircraft orders consisted of 124 A320 family aircraft with Airbus, including A319neos, A320neos and A321neos, with deliveries expected through 2027. Out of these 124 aircraft, the Company has 4 aircraft scheduled for delivery in the remainder of 2021 and 17 aircraft scheduled for delivery in 2022. In addition, as of June 30, 2021, the Company has financing agreements in place for 5 direct leases for A320neos with third-party lessors with deliveries scheduled in the remainder of 2021.

The Company also has one spare engine order for a V2500 SelectTwo engine with International Aero Engines ("IAE") and two spare engine orders for PurePower PW1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2021 through 2023. As of June 30, 2021, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and pre-delivery payments, are expected to be \$249.2 million for the remainder of 2021, \$884.7 million in 2022, \$908.7 million in 2023, \$980.0 million in 2024, \$1,066.6 million in 2025, and \$2,248.4 million in 2026 and beyond. During the third quarter of 2019, the United States announced its decision to levy tariffs on certain imports from the European Union, including commercial aircraft and related parts. These tariffs include aircraft and other parts that the Company is already contractually obligated to purchase including those reflected above. In June 2021, the United States Trade Representative announced that the United States and European Union had agreed to suspend reciprocal tariffs on large civilian aircraft for five years, pending discussions to resolve their trade dispute.

As of June 30, 2021, the Company had secured financing for two aircraft, scheduled for delivery from Airbus in 2021, which will be financed through sale leaseback transactions. As of June 30, 2021, the Company did not have financing commitments in place for the remaining 122 Airbus aircraft on firm order through 2027. However, the Company has a financing letter of agreement with Airbus which provides backstop financing for a majority of the aircraft included in the A320 NEO Family Purchase Agreement signed in the fourth quarter of 2019. The agreement provides a standby credit facility in the form of senior secured mortgage debt financing.

As of June 30, 2021, aircraft rent commitments for future aircraft deliveries to be financed under direct leases from third-party lessors and sale leaseback transactions are expected to be approximately \$8.7 million for the remainder of 2021, \$25.8 million in 2022, \$25.8 million in 2023, \$25.8 million in 2024, \$25.8 million in 2025, and \$198.0 million in 2026 and beyond.

Interest commitments related to the secured debt financing of 72 delivered aircraft as of June 30, 2021 are \$49.2 million for the remainder of 2021, \$71.7 million in 2022, \$61.0 million in 2023, \$49.8 million in 2024, \$42.4 million in 2025, and \$96.1 million in 2026 and beyond. As of June 30, 2021, interest commitments related to the Company's 8.00% senior secured notes, convertible debt financing, unsecured term loans and revolving credit facilities are \$24.6 million for the remainder of 2021, \$48.5 million in 2022, \$48.5 million in 2023, \$48.5 million in 2024, \$45.5 million in 2025, and \$19.9 million in 2026 and beyond. For principal commitments related to the Company's debt financing, refer to Note 12, Debt and Other Obligations.

The Company is contractually obligated to pay the following minimum guaranteed payments for its reservation system and other miscellaneous subscriptions and services as of June 30, 2021: \$19.0 million for the remainder of 2021, \$22.8 million in 2022, \$19.5 million in 2023, \$16.4 million in 2024, \$17.0 million in 2025, and \$35.6 million in 2026 and thereafter. During the first quarter of 2018, the Company entered into a contract renewal with its reservation system provider which expires in 2028.

Litigation

The Company is subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. The Company believes the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on its financial position, liquidity or results of operations.

Credit Card Processing Arrangements

The Company has agreements with organizations that process credit card transactions arising from the purchase of air travel, baggage charges, and other ancillary services by customers. As is standard in the airline industry, the Company's contractual arrangements with credit card processors permit them, under certain circumstances, to retain a holdback or other collateral, which the Company records as restricted cash, when future air travel and other future services are purchased via credit card transactions. The required holdback is the percentage of the Company's overall credit card sales that its credit card processors hold to cover refunds to customers if the Company fails to fulfill its flight obligations.

The Company's credit card processors do not require the Company to maintain cash collateral provided that the Company satisfies certain liquidity and other financial covenants. Failure to meet these covenants would provide the processors the right to place a holdback resulting in a commensurate reduction of unrestricted cash. As of June 30, 2021 and December 31, 2020, the Company's credit card processors were holding back no remittances.

The maximum potential exposure to cash holdbacks by the Company's credit card processors, based upon advance ticket sales and Spirit Saver\$ Club™ memberships as of June 30, 2021 and December 31, 2020, was \$728.7 million and \$423.7 million, respectively.

Employees

The Company has 5 union-represented employee groups that together represented approximately 81% of all employees as of June 30, 2021. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of June 30, 2021.

Employee Groups	Representative	Amendable Date	Percentage of Workforce
Pilots	Air Line Pilots Association, International ("ALPA")	February 2023	28%
Flight Attendants	Association of Flight Attendants ("AFA-CWA")	September 2021	46%
Dispatchers	Professional Airline Flight Control Association ("PAFCA")	October 2023	1%
Ramp Service Agents	International Association of Machinists and Aerospace Workers ("IAMAW")	June 2020	3%
Passenger Service Agents	Transport Workers Union of America ("TWU")	NA	3%

In February 2020, the IAMAW notified the Company, as required by the Railway Labor Act, that it intended to submit proposed changes to the collective bargaining agreement covering the Company's ramp service agents which became amendable in June 2020. The parties have been actively engaged in negotiations for an amended agreement since April 2021.

The Company's passenger service agents are represented by the TWU, but the representation applies only to the Company's Fort Lauderdale station where the Company has direct employees in the passenger service classification. The Company and the TWU began meeting in late October 2018 to negotiate an initial collective bargaining agreement. As of June 30, 2021, the Company continued to negotiate with the TWU.

In February 2021, the Company entered into a Letter of Agreement with the AFA-CWA to change the amendable date of the collective bargaining agreement from May 4, 2021 to September 1, 2021. All other terms of the collective bargaining agreement remained the same. In June 2021, the AFA-CWA notified the Company, as required by the Railway Labor Act, that it intends to submit proposed changes to the collective bargaining agreement covering the Company's flight attendants. No dates for negotiations have been set as of yet.

11. Fair Value Measurements

Under ASC 820, "Fair Value Measurements and Disclosures," disclosures relating to how fair value is determined for assets and liabilities are required, and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs, as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes several valuation techniques in order to assess the fair value of the Company's financial assets and liabilities.

Long-Term Debt

The estimated fair value of the Company's secured notes, term loan debt agreements and revolving credit facilities have been determined to be Level 3 as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes a discounted cash flow method to estimate the fair value of the Level 3 long-term debt. The estimated fair value of the Company's publicly and non-publicly held EETC debt agreements and the Company's convertible notes has been determined to be Level 2 as the Company utilizes quoted market prices in markets with low trading volumes to estimate the fair value of its Level 2 long-term debt.

The carrying amounts and estimated fair values of the Company's long-term debt at June 30, 2021 and December 31, 2020 were as follows:

	June 30, 2021		December 31, 2020		Fair Value Level Hierarchy
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	
	(in millions)				
8.00% senior secured notes	\$ 510.0	\$ 533.7	\$ 850.0	\$ 886.0	Level 3
Fixed-rate term loans	1,238.8	1,279.6	1,301.9	1,362.9	Level 3
Unsecured term loans	136.3	145.9	73.3	83.1	Level 3
2015-1 EETC Class A	311.6	325.6	322.6	323.4	Level 2
2015-1 EETC Class B	60.0	61.1	64.0	62.5	Level 2
2015-1 EETC Class C	80.9	80.5	86.6	77.8	Level 2
2017-1 EETC Class AA	207.3	211.7	214.4	207.4	Level 2
2017-1 EETC Class A	69.1	69.4	71.5	68.8	Level 2
2017-1 EETC Class B	58.2	58.2	60.6	56.2	Level 2
2017-1 EETC Class C	85.5	84.8	85.5	76.3	Level 2
4.75% convertible notes due 2025	28.2	73.4	175.0	380.3	Level 2
1.00% convertible notes due 2026	500.0	483.1	—	—	Level 2
Revolving credit facilities	—	—	275.1	275.1	Level 3
Total long-term debt	\$ 3,285.9	\$ 3,407.0	\$ 3,580.5	\$ 3,859.9	

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 and December 31, 2020 are comprised of liquid money market funds and cash, and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions.

Restricted Cash

Restricted cash is comprised of cash held in account subject to account control agreements or otherwise pledged as collateral against the Company's letters of credit and is categorized as a Level 1 instrument. As of June 30, 2021, the Company had a \$35.0 million standby letter of credit secured by restricted cash, of which \$26.5 million had been drawn upon for issued letters of credit. In addition, the Company had \$27.2 million of restricted cash held in accounts subject to control agreements to be used for the payment of interest and fees on the 8.00% senior secured notes.

Short-term Investment Securities

Short-term investment securities at June 30, 2021 and December 31, 2020 are classified as available-for-sale and generally consist of U.S. Treasury and U.S. government agency securities with contractual maturities of 12 months or less. The Company's short-term investment securities are categorized as Level 1 instruments, as the Company uses quoted market prices in active markets when determining the fair value of these securities. For additional information, refer to Note 7, Short-term Investment Securities.

Assets Held for Sale

The Company's assets held for sale consist of rotatable aircraft parts. When long-lived assets are identified as held for sale and the required criteria are met, the Company reclassifies the assets from property and equipment to prepaid expenses and other current assets on the Company's condensed consolidated balance sheets and discontinues depreciation. The assets are measured at the lower of the carrying amount or fair value less cost to sell and a loss is recognized for any initial adjustment of the asset's carrying amount to fair value less cost to sell. Such valuations include estimations of fair values and incremental direct costs to transact a sale. The fair value measurements for the Company's held-for-sale assets were based on Level 3 inputs, which include information obtained from third-party valuation sources. As of June 30, 2021 and December 31, 2020, the Company had \$2.3 million in assets held for sale recorded within prepaid expenses and other current assets in the Company's condensed consolidated balance sheets. The balance of the Company's held-for-sale assets remained the same during the six months ended June 30, 2021, as the Company had no purchases, sales nor realized and unrealized losses or gains related to these assets during this period.

Assets and liabilities measured at gross fair value on a recurring basis are summarized below:

	Fair Value Measurements as of June 30, 2021			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Cash and cash equivalents	\$ 1,863.7	\$ 1,863.7	\$ —	\$ —
Restricted cash	62.2	62.2	—	—
Short-term investment securities	106.4	106.4	—	—
Assets held for sale	2.3	—	—	2.3
Total assets	\$ 2,034.6	\$ 2,032.3	\$ —	\$ 2.3
Total liabilities	\$ —	\$ —	\$ —	\$ —

Fair Value Measurements as of December 31, 2020				
	Total	Level 1	Level 2	Level 3
(in millions)				
Cash and cash equivalents	\$ 1,789.7	\$ 1,789.7	\$ —	\$ —
Restricted cash	71.4	71.4	—	—
Short-term investment securities	106.3	106.3	—	—
Assets held for sale	2.3	—	—	2.3
Total assets	\$ 1,969.7	\$ 1,967.4	\$ —	\$ 2.3
Total liabilities	\$ —	\$ —	\$ —	\$ —

The Company had no transfers of assets or liabilities between any of the above levels during the six months ended June 30, 2021 and the year ended December 31, 2020.

The Company's Valuation Group, which reports to the Chief Financial Officer, is made up of individuals from the Company's Treasury and Corporate Accounting departments. The Valuation Group is responsible for the execution of the Company's valuation policies and procedures. The Valuation Group compares the results of the Company's internally developed valuation methods with counterparty reports at each balance sheet date, assesses the Company's valuation methods for accurateness and identifies any needs for modification.

12. Debt and Other Obligations

As of June 30, 2021, the Company had outstanding public and non-public debt instruments. During the six months ended June 30, 2021, the Company incurred debt through unsecured term loans and the 1.00% convertible senior notes due 2026 described below.

Unsecured term loans

In connection with the Company's participation in the PSP2, the Company received a total of \$212.1 million during the six months ended June 30, 2021, used exclusively to pay for salaries, wages and benefits for the Company's Team Members through March 31, 2021. Of that amount, \$33.6 million is in the form of a low-interest 10-year unsecured term loan. Interest on this loan is payable semi-annually at a rate of 1.0% in years 1 through 5 and a rate of the Secured Overnight Financing Rate plus 2.0% in years 6 through 10. The note is prepayable at any time, without penalty, at the Company's option and has principal due at maturity in 2031.

In connection with the Company's participation in the PSP3, the Company received a total of \$197.9 million during the six months ended June 30, 2021, to be used exclusively to pay for salaries, wages and benefits for the Company's Team Members through September 30, 2021. Of that amount, \$29.4 million is in the form of a low-interest 10-year unsecured term loan. Interest on this loan is payable semi-annually at a rate of 1.0% in years 1 through 5 and a rate of the Secured Overnight Financing Rate plus 2.0% in years 6 through 10. The note is prepayable at any time, without penalty, at the Company's option and has principal due at maturity in 2031.

The Company has concluded that no terms exist within the contract that would require a short-term classification of the debt instrument within the Company's condensed consolidated balance sheet at the inception of the loan. Therefore, the debt has been recorded at face value and classified within long-term debt and finance leases in the Company's condensed consolidated balance sheets.

Revolving credit facility due in 2024

On March 30, 2020, the Company entered into a revolving credit facility for \$110.0 million, with an option to increase the overall commitment amount up to \$350 million with the consent of any participating lenders and subject to borrowing base availability. In the second quarter of 2020, the commitment was increased to \$180.0 million and during the first quarter of 2021, the commitment was further increased to \$240.0 million. As of December 31, 2020, the Company had drawn \$180.0 million on the revolving credit facility. During the second quarter of 2021, the Company paid down the revolving credit facility in full leaving \$240.0 million undrawn and available as of June 30, 2021. Any amounts drawn on this facility are included in long-term debt and finance leases, less current maturities on the Company's condensed consolidated balance sheets. During the first quarter of 2021, the maturity date of the facility was extended for two additional years. The final maturity of the facility is March 30, 2024.

Revolving credit facility due in 2021

During the fourth quarter of 2018, the Company entered into a revolving credit facility for up to \$160.0 million secured by the collateral assignment of certain of the Company's rights under the purchase agreement with Airbus, related to Airbus A320neo aircraft scheduled to be delivered at the time. The maximum borrowing capacity of the facility decreased with the deliveries of the related aircraft. As of December 31, 2020, the Company had drawn the then maximum borrowing capacity of \$95.1 million, included in current maturities of long-term debt and finance leases on the Company's condensed consolidated balance sheets. The revolving credit facility matured on March 30, 2021 and as such, there is no outstanding amount as of June 30, 2021.

Convertible senior notes due 2025

On May 12, 2020, the Company completed the public offering of \$175.0 million aggregate principal amount of 4.75% convertible senior notes due 2025 ("convertible notes due 2025"). After taking into account the extinguishment of debt discussed below, as of June 30, 2021, the if-converted value exceeds the principal amount of the convertible notes by \$49.4 million and \$46.1 million, using the average stock price for the three and six ended June 30, 2021, respectively. Since the notes are currently convertible in accordance with the terms of the indenture governing such notes, the Company had \$28.2 million recorded within current maturities of long-term debt and finance leases on its condensed consolidated balance sheets as of June 30, 2021 related to its convertible senior notes due 2025.

Noteholders may convert their notes at their option only in the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2020 (and only during such calendar quarter), if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on the Company's common stock; and (4) at any time from, and including, February 18, 2025 until the close of business on the second scheduled trading day immediately before the maturity date. As of June 30, 2021, the notes may be converted by noteholders through September 30, 2021. No notes were converted during the six months ended June 30, 2021, with the exception of the loss on extinguishment of debt discussed below.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election. The initial conversion rate is 78.4314 shares of voting common stock per \$1,000 principal amount of convertible notes (equivalent to an initial conversion price of approximately \$12.75 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest.

Convertible senior notes due 2026

On April 30, 2021, the Company completed the public offering of \$500.0 million aggregate principal amount of 1.00% convertible senior notes due 2026 ("convertible notes due 2026"). The convertible notes due 2026 will bear interest at the rate of 1.00% per year and will mature on May 15, 2026. Interest on the notes is payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2021. The Company recorded \$487.2 million in long-term debt, net of debt issuance costs of \$12.8 million, on its condensed consolidated balance sheets as of June 30, 2021 related to its 1.00% convertible notes due 2026.

Noteholders may convert their notes at their option only in the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading day period (such five consecutive trading day period, the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company's common stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on the Company's common stock; (4) if the Company calls such notes for redemption; and (5) at any time from, and including, February 17, 2026 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election. However, upon conversion of any notes, the conversion value, which will be determined over an observation period consisting of 40 trading days, will be paid in cash up to at least the principal amount of the notes being converted. The initial conversion rate is 20.3791 shares of voting common stock per \$1,000 principal amount of convertible notes (equivalent to an initial conversion price of approximately \$49.07 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest.

The notes will be redeemable, in whole or in part (subject to certain limitations described below), at the Company's option at any time, and from time to time, on or after May 15, 2024 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of our common stock exceeds 130% of the conversion price for a specified period of time. However, the Company may not redeem less than all of the outstanding notes unless at least \$150.0 million aggregate principal amount of notes are outstanding and not called for redemption as of the time the Company sends the related redemption notice.

Extinguishment of Debt

During the second quarter of 2021, the Company used a portion of the net proceeds generated from the issuance of its 1.00% convertible notes due 2026 to repurchase \$146.8 million aggregate principal amount of its 4.75% convertible notes due 2025 for \$440.7 million, which included a premium of \$290.7 million and accrued and unpaid interest of \$3.2 million. In connection with this debt extinguishment, the Company recorded \$295.2 million within loss on extinguishment of debt on its condensed consolidated statement of operations for the three and six months ended June 30, 2021. This amount includes the \$290.7 million in premiums paid to early extinguish the debt and \$4.5 million for the write off of related deferred financing costs.

In addition, during the second quarter of 2021, the Company used net proceeds from a registered direct placement of its common stock to holders of its 4.75% convertible notes due 2025 to redeem \$340.0 million principal amount of its 8.00% senior secured notes for \$368.7 million, which included a premium of \$27.2 million and accrued and unpaid interest of \$1.5 million. In connection with this debt extinguishment, the Company recorded \$36.4 million within loss on extinguishment of debt on its condensed consolidated statement of operation for the three and six months ended June 30, 2021. This amount includes the \$27.2 million in premiums paid to early extinguish the debt, \$6.1 million for the write-off of related deferred financing costs and \$3.1 million for the write-off of the related original issuance discount. Refer to Note 13, Equity for additional information on the common stock offering completed in the second quarter of 2021.

Long-term debt is comprised of the following:

	As of		As of	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	(in millions)		(weighted-average interest rates)	
8.00% senior secured notes due 2025	\$ 510.0	\$ 850.0	8.00 %	8.00 %
Fixed-rate loans due through 2032	1,238.8	1,301.9	3.36 %	3.36 %
Unsecured term loans due in 2031	136.3	73.3	1.00 %	1.00 %
Fixed-rate class A 2015-1 EETC due through 2028	311.6	322.6	4.10 %	4.10 %
Fixed-rate class B 2015-1 EETC due through 2024	60.0	64.0	4.45 %	4.45 %
Fixed-rate class C 2015-1 EETC due through 2023	80.9	86.6	4.93 %	4.93 %
Fixed-rate class AA 2017-1 EETC due through 2030	207.3	214.4	3.38 %	3.38 %
Fixed-rate class A 2017-1 EETC due through 2030	69.1	71.5	3.65 %	3.65 %
Fixed-rate class B 2017-1 EETC due through 2026	58.2	60.6	3.80 %	3.80 %
Fixed-rate class C 2017-1 EETC due through 2023	85.5	85.5	5.11 %	5.11 %
Convertible notes due 2025	28.2	175.0	4.75 %	4.75 %
Convertible notes due 2026	500.0	—	1.00 %	N/A
Revolving credit facility due in 2021	—	95.1	N/A	1.55 %
Revolving credit facility due in 2024	—	180.0	N/A	2.15 %
Long-term debt	\$ 3,285.9	\$ 3,580.5		
Less current maturities	210.2	383.5		
Less unamortized discounts, net	61.9	131.4		
Total	\$ 3,013.8	\$ 3,065.6		

During the three and six months ended June 30, 2021, the Company made scheduled principal payments of \$234.8 million and \$370.7 million on its outstanding debt obligations, respectively. During the three and six months ended June 30, 2020, the Company made scheduled principal payments of \$106.9 million and \$149.4 million on its outstanding debt obligations, respectively.

At June 30, 2021, long-term debt principal payments for the next five years and thereafter are as follows:

	June 30, 2021	
	(in millions)	
remainder of 2021	\$	99.2
2022		192.0
2023		335.5
2024		221.0
2025		725.3
2026 and beyond		1,712.9
Total debt principal payments	\$	3,285.9

Interest Expense

Interest expense related to long-term debt and finance leases consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
8.00% senior secured notes (1)	13,541	\$ —	30,975	\$ —
Fixed-rate term loans	10,746	10,811	21,649	21,237
Unsecured term loans	282	57	481	57
Class A 2015-1 EETC	3,178	3,403	6,453	6,952
Class B 2015-1 EETC	664	752	1,369	1,548
Class C 2015-1 EETC	997	1,138	2,053	2,347
Class AA 2017-1 EETC	1,759	1,868	3,514	3,755
Class A 2017-1 EETC	634	673	1,267	1,354
Class B 2017-1 EETC	556	623	1,113	1,267
Class C 2017-1 EETC	1,092	1,092	2,171	2,184
Convertible notes (2)	1,749	3,138	3,827	3,138
Revolving credit facilities	562	1,456	1,733	2,614
Finance leases	24	27	48	140
Commitment and other fees	604	228	1,032	445
Amortization of deferred financing costs	3,274	2,526	6,783	4,632
Total	\$ 39,662	\$ 27,792	\$ 84,468	\$ 51,670

(1) Includes \$0.3 million and \$0.8 million of accretion and \$13.2 million and \$30.2 million of interest expense for the three and six months ended June 30, 2021, respectively.

(2) Includes \$2.0 million of accretion and \$1.1 million of interest expense for the three and six months ended June 30, 2020, respectively. In connection with the adoption of ASU 2020-06, effective January 1, 2021, the Company derecognized the interest expense related to the accretion of the debt discount recorded in prior periods. Refer to Note 3, Recent Accounting Developments, for further information on the adoption of ASU No. 2020-06.

13. Equity

Warrants

In connection with the Company's participation in the PSP2 agreement with the Treasury, during the six months ended June 30, 2021, the Company issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 137,753 shares of the Company's common stock at a strike price of \$24.42 per share (the closing price for the shares of the Company's common stock on December 24, 2020). Additionally, in connection with the Company's participation in the PSP3 agreement with the Treasury, during the six months ended June 30, 2021, the Company issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 80,539 shares of the Company's common stock at a strike price of \$36.45 (the closing price for the shares of the Company's common stock on March 10, 2021) per share. The warrant agreements set out the Company's obligations to issue warrants in connection with disbursements under the PSP2 and PSP3 and to file a resale shelf registration statement for the warrants and the underlying shares of common stock; prospectus supplements for which were filed in May 2021 and June 2021, respectively. The Company has also granted the Treasury certain demand and piggyback registration rights with respect to the warrants and the underlying common stock. The warrants include adjustments for below market issuances, payment of dividends and other customary anti-dilution provisions. The warrants are transferable and have no voting rights. The warrants expire in five years from the date of issuance and at the Company's option, may be settled on a "net cash" or "net shares" basis. Refer to Note 2, Impact of COVID-19, for further information on the PSP2 and PSP3 agreements with Treasury. The 137,753 warrants issued in connection with the PSP2 agreement and the 80,539 warrants issued in connection with the PSP3 agreement, together with the 520,797 warrants issued in connection with the PSP agreement, represent less than 1% of the outstanding shares of the Company's common stock as of June 30, 2021.

The Company concluded that the PSP, PSP2, and PSP3 warrant agreements are derivative contracts classified within equity, at fair value upon issuance, within the Company's condensed consolidated balance sheet. Equity-classified contracts are initially measured at fair value and subsequent changes in fair value are not recognized as long as the contract continues to be

classified in equity. As of June 30, 2021, the Company had recorded \$4.3 million, net of issuance cost, in APIC related to the fair value of warrants issued in connection with the Company's participation in the PSP2 and PSP3 programs.

Common Stock Offering

On April 30, 2021, the Company completed the registered direct placement of 10,594,073 shares of the Company's voting common stock at an offering price of \$35.05 per share for which it received net proceeds of \$370.8 million. The Company used substantially all of the net proceeds to redeem \$340.0 million aggregate principal amount of its 8.00% senior secured notes at a redemption price equal to 108.0%, plus accrued and unpaid interest on the principal amount being redeemed. For additional information on this extinguishment of debt, refer to Note 12, Debt and Other Obligations.

Series A Preferred Stock Purchase Rights

On March 29, 2020, the Board of Directors of the Company declared a dividend of one preferred stock purchase right (a "Right") for each outstanding share of common stock of the Company. The dividend was paid on April 9, 2020 to holders of record as of the close of business on that date. The Board of Directors adopted the Rights Agreement to reduce the likelihood that a potential acquirer would gain (or seek to influence or change) control of the Company by open market accumulation or other tactics without paying an appropriate premium for the Company's shares. In general terms and subject to certain exceptions, it works by imposing a significant penalty upon any person or group (including a group of persons that are acting in concert with each other) that acquires 10% or more of the outstanding common stock of the Company without the approval of the Board of Directors. These Rights expired on March 29, 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical factors are "forward-looking statements" for purposes of these provisions. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential," and similar expressions intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" in this report and in Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Spirit Airlines, headquartered in Miramar, Florida, offers affordable travel to value-conscious customers. Our all-Airbus fleet is one of the youngest and most fuel efficient in the United States. We serve destinations throughout the United States, Latin America and the Caribbean, and are dedicated to giving back and improving those communities. Our stock trades under the symbol "SAVE" on the New York Stock Exchange ("NYSE").

We focus on value-conscious travelers who pay for their own travel, and our business model is designed to deliver what our Guests want: low fares and a great experience. We compete based on total price. We allow our Guests to see all available options and their respective prices prior to purchasing a ticket, and this full transparency illustrates that our total price, including options selected, is lower on average than other airlines. By offering Guests unbundled base fares, we give them the power to save by paying only for the À La Smarte™ options they choose, such as checked and carry-on bags and advance seat assignments. We record revenue related to these options as non-fare passenger revenue, which is recorded within passenger revenues in our statement of operations.

We use low fares to address underserved markets, which helps us to increase passenger volume, load factors and non-ticket revenue. We also have high-density seating configurations on our fuel-efficient, all-Airbus fleet and a simplified onboard product designed to lower costs. High passenger volumes and load factors help us sell more ancillary products and services, which in turn allows us to reduce our fares even further.

We are committed to delivering the best value in the sky while providing an exceptional Guest experience. Our optimized mobile-friendly website makes booking easier. Our updated mobile app allows Guests to search for the lowest fares, book and check in while on the go, and our airport kiosks and self-bag tagging help our Guests move through the airport more quickly.

Comparative Operating Statistics:

The following tables set forth our operating statistics for the three and six month periods ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Percent Change
	2021	2020	
Operating Statistics (unaudited) (A):			
Average aircraft	159.9	151.9	5.3 %
Aircraft at end of period	164	154	6.5 %
Average daily aircraft utilization (hours)	9.9	2.0	395.0 %
Average stage length (miles)	1,012	960	5.4 %
Block hours	143,635	27,423	423.8 %
Departures	53,984	10,754	402.0 %
Passenger flight segments (PFSs) (thousands)	8,385	900	831.7 %
Revenue passenger miles (RPMs) (thousands)	8,635,827	894,900	865.0 %
Available seat miles (ASMs) (thousands)	10,226,746	1,809,874	465.1 %
Load factor (%)	84.4 %	49.4 %	35 pts
Fare revenue per passenger flight segment (\$)	44.09	70.82	(37.7)%
Non-ticket revenue per passenger flight segment (\$)	58.39	83.03	(29.7)%
Total revenue per passenger flight segment (\$)	102.48	153.85	(33.4)%
Average yield (cents)	9.95	15.48	(35.7)%
TRASM (cents)	8.40	7.65	9.8 %
CASM (cents)	7.49	18.17	(58.8)%
Adjusted CASM (cents)	8.50	26.57	(68.0)%
Adjusted CASM ex-fuel (cents)	6.40	25.47	(74.9)%
Fuel gallons consumed (thousands)	110,202	18,997	480.1 %
Average economic fuel cost per gallon (\$)	1.95	1.05	85.7 %

(A) See "Glossary of Airline Terms" elsewhere in this quarterly report for definitions used in this table.

	Six Months Ended June 30,		
	2021	2020	Percent Change
Operating Statistics (unaudited) (A):			
Average aircraft	158.6	149.7	5.9 %
Aircraft at end of period	164	154	6.5 %
Average daily aircraft utilization (hours)	8.8	6.8	29.4 %
Average stage length (miles)	1,024	1,011	1.3 %
Block hours	251,490	185,270	35.7 %
Departures	93,986	68,928	36.4 %
Passenger flight segments (PFSs) (thousands)	13,858	8,554	62.0 %
Revenue passenger miles (RPMs) (thousands)	14,383,382	8,843,863	62.6 %
Available seat miles (ASMs) (thousands)	18,202,904	12,723,808	43.1 %
Load factor (%)	79.0 %	69.5 %	9.5 pts
Fare revenue per passenger flight segment (\$)	39.25	45.04	(12.9) %
Non-ticket revenue per passenger flight segment (\$)	56.04	61.31	(8.6) %
Total revenue per passenger flight segment (\$)	95.29	106.35	(10.4) %
Average yield (cents)	9.18	10.29	(10.8) %
TRASM (cents)	7.25	7.15	1.4 %
CASM (cents)	7.31	9.10	(19.7) %
Adjusted CASM (cents)	8.80	10.29	(14.5) %
Adjusted CASM ex-fuel (cents)	6.84	8.46	(19.1) %
Fuel gallons consumed (thousands)	190,748	136,942	39.3 %
Average economic fuel cost per gallon (\$)	1.88	1.70	10.6 %

(A) See "Glossary of Airline Terms" elsewhere in this quarterly report for definitions used in this table.

Executive Summary

As a result of the COVID-19 pandemic, we experienced sharp declines in passenger demand and bookings beginning in March 2020 that lasted throughout 2020, and to a lesser extent throughout the first and second quarters of 2021. Since its initial onset in early 2020, the impact of the COVID-19 pandemic has evolved and continues to be fluid. While air travel demand improved during the first and second quarters of 2021, as compared to the majority of 2020, during early 2021 we still experienced weakened passenger demand and bookings as compared to pre-pandemic levels.

Load factor for the second quarter of 2021 was 84.4% as compared to 49.4% for the same period in the prior year. We experienced an increase in capacity of 465.1%, period over period, as air travel demand significantly increased compared to the same period in the prior year when the effects of the COVID-19 pandemic took their biggest toll on air travel demand. As the COVID-19 pandemic continues to evolve, our financial and operational outlook remains subject to change. We continue to monitor the impact of the pandemic on our operations and financial condition, and to adjust our mitigation and operational strategies.

Caring for Guests and Team Members

In response to the COVID-19 pandemic, in early 2020, we implemented measures for the safety of our Guests and Team Members as well as to mitigate the impact of COVID-19 on our financial position and operations. In addition to previously existing procedures including utilization of hospital-grade disinfectants and state-of-the-art HEPA filters that capture 99.97% of airborne particles on board the aircraft, we expanded cleaning protocols which included increased cleaning at airports and other facilities, expanded aircraft turn and overnight cleaning protocols and use of new antimicrobial fogging tool in our facilities and aircraft. In addition, we continue to require Guests and Guest-facing Team Members to wear an appropriate face covering when traveling through the airport or onboard aircraft. We have continued these safety measures through 2021 and our Operations and Task Force teams remain in constant contact with authorities, continuing to evolve its response to ensure the safety of Guests and Team Members. We have also offered future flight credits with extended expiration dates to Guests with impacted travel plans and waived change and cancellation fees for Guests who booked travel through the first quarter of 2021.

Capacity Reductions

At the onset of the COVID-19 pandemic in March 2020, in response to government restrictions on travel and drastically reduced consumer demand, we began to significantly reduce capacity each month with the largest capacity reduction in May 2020 at approximately 94%, year over year, and smaller capacity reductions of 20.8% and 20.1% in the holiday months of November and December, respectively. Through early 2021, we continued to operate at reduced capacity levels although to a lesser extent than noted at the height of the pandemic during mid 2020. Through 2021, we have continually added back capacity such that by the end of the second quarter of 2021, we were nearly back to the capacity levels we were operating at prior to the pandemic.

The COVID-19 pandemic and its effects continue to evolve, with developments including fluctuations in the rate of infections during 2021, infections from the more recently identified Delta variant, the emergency use authorization issued by the U.S. Food and Drug Administration for COVID-19 vaccines, the requirement, effective January 26, 2021, that all U.S. inbound international travelers provide a negative COVID-19 test prior to flying and increases in the availability of COVID-19 vaccines resulting in expanded eligibility to more groups of people to receive the vaccine. While we currently estimate that air travel demand will continue to be volatile and will fluctuate in the upcoming months as the lingering effects of COVID-19 continue to develop, we expect that air travel demand will continue to gradually recover in 2021. However, the situation continues to be fluid and actual capacity adjustments may be different than what we currently expect. Refer to "Notes to Condensed Consolidated Financial Statements—Note 4, Revenue," for discussion of the impact of COVID-19 on our air traffic liability, credit shells and refunds.

COVID-19 Legislation

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law. The CARES Act was a relief package intended to assist many aspects of the American economy, including providing the airline industry with up to \$25 billion in grants to be used for employee salaries, wages and benefits and up to \$25 billion in secured loans.

On April 20, 2020, we entered into a Payroll Support Program ("PSP") Agreement with the United States Department of the Treasury ("Treasury"), pursuant to which we received a total of \$344.4 million, used exclusively to pay for salaries, wages and benefits for our Team Members through September 30, 2020. Of that amount, \$73.3 million is in the form of a low-interest 10-year loan. In addition, in connection with its participation in the PSP, we issued to Treasury warrants pursuant to a warrant agreement to purchase up to 520,797 shares of our common stock at a strike price of \$14.08 per share (the closing price for the shares of our common stock on April 9, 2020) with a fair value of \$3.9 million. We registered the resale of the warrants pursuant to the warrant agreement with Treasury in September and October 2020. The remaining amount of \$267.2 million, net of related costs, is in the form of a grant and was recognized in special credits in our condensed consolidated statement of operations in 2020.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law which extended the PSP portion of the CARES Act through March 31, 2021 ("PSP2") and provided an additional \$15 billion to fund the PSP2 for employees of passenger air carriers. We entered into the PSP2 payroll support program agreement with the Treasury on January 15, 2021. During the six months ended June 30, 2021, we received a total of \$212.1 million through the PSP2, used exclusively to pay for salaries, wages and benefits for our Team Members through March 31, 2021. Of that amount, \$33.6 million is in the form of a low-interest 10-year loan. In addition, in connection with our participation in the PSP2, we issued to Treasury warrants pursuant to a warrant agreement to purchase up to 137,753 shares of our common stock at a strike price of \$24.42 per share (the closing price for the shares of our common stock on December 24, 2020) with a fair value of \$2.8 million. We registered the resale of

the warrant pursuant to the warrant agreement with Treasury in May 2021. The remaining amount of \$175.6 million, net of related costs, is in the form of a grant and was recognized in special credits in our condensed consolidated statement of operations.

In connection with the our participation in the PSP2, we are subject to certain restrictions and limitations, including, but not limited to:

- Restrictions on payment of dividends and stock buybacks through March 31, 2022;
- Limits on executive compensation through October 1, 2022;
- Restrictions from conducting involuntary furloughs or reducing pay rates and benefits until March 31, 2021;
- Requirements to maintain certain levels of scheduled services through March 1, 2022;
- Reporting requirements; and
- A recall of all employees that were involuntarily furloughed or terminated between October 1, 2020 and the date the carrier enters into the new payroll support agreement with the Treasury. Such employees, if returning to work, must be compensated for lost pay and benefits between December 1, 2020 and the date of such new payroll support agreement.

The CARES Act also provided an employee retention credit ("CARES Employee Retention credit") which was a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020. We qualified for the credit beginning on April 1, 2020 and received additional credits for qualified wages through December 31, 2020.

The Consolidated Appropriations Act extended and expanded the availability of the CARES Employee Retention credit through June 30, 2021. Subsequently, the American Rescue Plan Act of 2021 ("ARP"), enacted on March 11, 2021, extended and expanded the availability of the CARES Employee Retention credit through December 31, 2021, however, certain provisions apply only after December 31, 2020. This legislation amended the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before January 1, 2022. During calendar year 2021, a maximum of \$10,000 in qualified wages for each employee per qualifying calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer is \$7,000 per employee per qualifying calendar quarter of 2021. We expect to qualify for the employee retention credit only for the first and second quarters of 2021. During the three and six months ended June 30, 2021, we recorded \$16.3 million and \$37.5 million, respectively, related to the CARES Employee Retention credit within special credits on our condensed consolidated statements of operations. Refer to "Notes to Condensed Consolidated Financial Statements—5. Special Credits," for additional information.

ARP also authorized Treasury to provide additional assistance to passenger air carriers that received financial assistance under PSP2 ("PSP2"). Under the ARP, Treasury will provide up to \$14 billion to fund the PSP2 for employees of passenger air carriers. We entered into the PSP2 payroll support program agreement with the Treasury on April 29, 2021. During the three months ended June 30, 2021, the Company received a total of \$197.9 million through the PSP2, to be used exclusively to pay for salaries, wages and benefits for our Team Members through September 30, 2021. Of that amount, \$29.4 million is in the form of a low-interest 10-year loan. In addition, in connection with its participation in the PSP2, we issued to Treasury warrants pursuant to a warrant agreement to purchase up to 80,539 shares of our common stock at a strike price of \$36.45 (the closing price for the shares of our common stock on March 10, 2021) per share with a fair value of \$1.5 million. We registered the resale of the warrants pursuant to the warrant agreement with Treasury in June 2021. The remaining amount of \$167.0 million, net of related costs, is in the form of a grant of which \$80.6 million was recognized in special credits in our condensed consolidated statement of operations and \$86.4 million remains within deferred salaries, wages and benefits in our condensed consolidated balance sheet as of June 30, 2021. Total warrants issued in connection with the PSP, PSP2 and PSP3 represent less than 1% of the outstanding shares of our common stock as of June 30, 2021.

In connection with our participation in the PSP3, we are subject to certain restrictions and limitations, including, but not limited to:

- Restrictions on payment of dividends and stock buybacks through September 30, 2022;

- Limits on executive compensation through April 1, 2023;
- Restrictions from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2021, or the date on which all PSP funding has been expended; and
- Reporting requirements.

Finally, the CARES Act also provided for deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. As of June 30, 2021, we had deferred \$23.2 million in social security tax payments. The deferred amounts are recorded within other current liabilities and within deferred gains and other long-term liabilities on our condensed consolidated balance sheet.

Balance Sheet, Cash Flow and Liquidity

Since the onset of the COVID-19 pandemic in the U.S. in the first quarter of 2020, we have taken several actions to increase liquidity and strengthen our financial position. During the twelve months ended December 31, 2020, these actions included the private offering of \$850 million of the 8.00% senior secured notes, the public offering of \$175.0 million in convertible notes, the public offering of 20,125,000 shares of our voting common stock for which we received net proceeds of \$192.4 million, the issuance and sale of 9,000,000 shares of our voting common stock through our ATM Program for which we received net proceeds of \$156.7 million and the execution of a revolving credit facility with a total commitment of \$180.0 million as of December 31, 2020. During the first quarter of 2021, we entered into an amendment to this revolving credit facility which extended the maturity to March 30, 2024 and increased the commitment amount to \$240.0 million. During the second quarter of 2021, the revolving credit facility was paid down in full and \$240.0 million remained undrawn and available as of June 30, 2021. During the six months ended June 30, 2021, we further improved our liquidity and financial position through the public offering of \$500.0 million in 1.00% convertible notes due 2026, the issuance of 10,594,073 shares of our voting common stock for which we received net proceeds of \$370.8 million, the extinguishment of \$146.8 million in principal amount of our 4.75% convertible notes due 2025 and the extinguishment of \$340.0 million in principal amount of our 8.00% senior secured notes. Refer to "Notes to Condensed Consolidated Financial Statements—Note 12, Debt and Other Obligations and Note 13, Equity," for additional information. As a result of these actions, as of June 30, 2021, we had \$2,210.1 million of liquidity comprised of unrestricted cash and cash equivalents, short-term investment securities and funds available under our revolving credit facility due in 2024.

For purposes of assessing our liquidity needs, we estimate that demand will continue to recover in 2021. We believe the actions taken since the onset of the COVID-19 pandemic address our future liquidity needs, but we may implement further discretionary changes and other cost reduction and liquidity preservation and/or enhancement measures, as needed, to address the volatility and quickly changing dynamics of passenger demand and the impact of revenue changes, regulatory and public health directives and prevailing government policy and financial market conditions.

Workforce Actions

In 2020, in response to the COVID-19 pandemic, we worked with unionized employees and the related unions to create voluntary leave programs for pilots, flight attendants and other unionized employee groups. We also created voluntary leave programs for certain non-unionized employee groups. Due to the high level of support and acceptance of the voluntary programs offered, the total number of Team Members involuntarily terminated in 2020 was reduced by more than 95%. As required by the PSP2, during the first quarter of 2021, we offered to rehire all eligible Team Members who were involuntarily terminated during 2020. For the three and six months ended June 30, 2021, we recorded \$0.6 million and \$1.4 million in special charges within special credits on our condensed consolidated statement of operations related to the rehiring of Team Members under our involuntary employee separation program. In addition, in response to increased air travel demand, during the first quarter of 2021, we requested the voluntary return to work of certain Team Members on leave under our voluntary leave programs. As of June 30, 2021, substantially all of our Team Members previously on voluntary leave had returned to work. Expenses related to voluntary leave programs were recorded within salaries, wages and benefits on our condensed consolidated statement of operations. As we continue to monitor the impacts of the pandemic on our operations and financial condition, we will consider and evaluate the need for any additional workforce actions in future periods.

Summary of Results

For the second quarter of 2021, we had an operating margin of 10.8%, an increase of 148.2 percentage points compared to the prior year period. We generated a pre-tax loss of \$273.3 million and a net loss of \$287.9 million on operating revenues of \$859.3 million. For the second quarter of 2020, we generated a pre-tax loss of \$212.5 million and a net loss of \$144.4 million on operating revenues of \$138.5 million.

Our Adjusted CASM ex-fuel for the second quarter of 2021 was 6.40 cents compared to 25.47 cents in the same period in prior year. The decrease on a per-ASM basis was primarily due to a decrease in salaries, wages and benefits expense, depreciation and amortization expense, aircraft rent expense and other operating expense on a per-ASM basis. This decrease was primarily driven by a significant increase in ASMs of 465.1%, period over period, as a result of increased air travel demand as compared to the prior year period.

As of June 30, 2021, we had 164 Airbus A320-family aircraft in our fleet comprised of 31 A319s, 64 A320s, 30 A321s, and 39 A320neos. With the scheduled delivery of 9 aircraft during the remainder of 2021, we expect to end 2021 with 173 aircraft in our fleet.

Comparison of three months ended June 30, 2021 to three months ended June 30, 2020

Operating Revenues

Operating revenues increased \$720.8 million, or 520.3%, to \$859.3 million for the second quarter of 2021, as compared to the second quarter of 2020, primarily due to an increase in traffic of 865.0% and an increase in load factor of 35 pts, partially offset by a decrease in average yield of 35.7%. Traffic and load factor improved due to the increased air travel demand as compared to the prior year period. The fluctuation in air travel demand due to the COVID-19 pandemic continues to be uncertain although we expect it to continue to gradually improve throughout the remainder of 2021.

Total revenue per passenger flight segment decreased 33.4%, year over year. The decrease in total revenue per passenger flight segment was primarily driven by a 35.7% decrease in average yield, period over period. Fare revenue per passenger flight segment decreased 37.7% and non-ticket revenue per passenger flight segment decreased 29.7%. Breakage, brand-related and other revenues (typically not directly driven by the number of passenger flight segments) was 9.6% as a percent of total revenue for the three months ended June 30, 2021 with 8.4 million total passenger flight segments compared to 43.6% for the three months ended June 30, 2020 with 0.9 million total passenger flight segments. Breakage revenue is comprised of unredeemed flight credits that expired unused, no-show revenue and cancellation fees. Brand-related revenue is comprised of revenues associated with Spirit Saver\$ Club™ membership and the marketing component of our cobranded credit card revenue.

Operating Expenses

Operating expenses increased \$437.2 million, or 132.9%, to \$766.1 million for the second quarter of 2021 compared to \$328.9 million for the second quarter of 2020, primarily due to an increase in operations as reflected by a 465.1% increase in capacity and a 865.0% increase in traffic. In addition, we had an 85.7% increase in average economic fuel cost per gallon which contributed to a \$194.9 million increase in aircraft fuel expense, period over period.

Aircraft fuel expense includes into-plane fuel expense (defined below) and realized and unrealized gains and losses associated with our fuel derivative contracts, if any. Into-plane fuel expense is defined as the price that we generally pay at the airport, including taxes and fees. Into-plane fuel prices are affected by the global oil market, refining costs, taxes and fees, which can vary by region in the United States and other countries where we operate. Into-plane fuel expense approximates cash paid to the supplier and does not reflect the effect of any fuel derivatives. We had no activity related to fuel derivative instruments during the three months ended June 30, 2021 and 2020.

Aircraft fuel expense increased by \$194.9 million, or 979.0%, from \$19.9 million in the second quarter of 2020 to \$214.8 million in the second quarter of 2021. This higher fuel expense, period over period, was due to a 480.1% increase in fuel gallons consumed and an 85.7% increase in average economic fuel cost per gallon.

The elements of the changes in aircraft fuel expense are illustrated in the following table:

	Three Months Ended June 30,		Percent Change
	2021	2020	
	(in thousands, except per-gallon amounts)		
Fuel gallons consumed	110,202	18,997	480.1 %
Into-plane fuel cost per gallon	\$ 1.95	\$ 1.05	85.7 %
Aircraft fuel expense (per consolidated statements of operations)	\$ 214,825	\$ 19,910	979.0 %

Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption and is impacted by both the price of crude oil as well as increases or decreases in refining margins associated with the conversion of crude oil to jet fuel. The into-plane fuel cost per gallon increase of 85.7% was primarily a result of an increase in jet fuel prices.

We measure our operating cost performance on a per-ASM basis, since one ASM is the unit of production of an airline's capacity. The following table presents our cost per-ASM, or unit cost, for the three months ended June 30, 2021 and 2020, followed by explanations of the material changes on a dollar basis and/or unit cost basis:

	Three Months Ended June 30,		Dollar Change	Percent Change	Cost per ASM		Per-ASM Change	Percent Change
	2021	2020			Three Months Ended June 30,			
	(in thousands)				2021	2020		
Salaries, wages, and benefits	\$ 257,236	\$ 213,579	\$ 43,657	20.4 %	2.52	11.80	(9.28)	(78.6)
Aircraft fuel	214,825	19,910	194,915	979.0 %	2.10	1.10	1.00	90.9
Depreciation and amortization	73,703	69,113	4,590	6.6 %	0.72	3.82	(3.10)	(81.2)
Landing fees and other rents	81,497	40,348	41,149	102.0 %	0.80	2.23	(1.43)	(64.1)
Aircraft rent	64,641	49,256	15,385	31.2 %	0.63	2.72	(2.09)	(76.8)
Maintenance, materials and repairs	39,639	19,227	20,412	106.2 %	0.39	1.06	(0.67)	(63.2)
Distribution	35,263	11,352	23,911	210.6 %	0.34	0.63	(0.29)	(46.0)
Loss on disposal of assets	189	—	189	NM	—	—	—	—
Special credits	(115,002)	(151,911)	36,909	NM	(1.12)	(8.39)	7.27	—
Other operating	114,107	58,039	56,068	96.6 %	1.12	3.21	(2.09)	(65.1)
Total operating expenses	\$ 766,098	\$ 328,913	\$ 437,185	132.9 %	7.49	18.17	(10.68)	(58.8)
Adjusted CASM (1)					8.50	26.57	(18.07)	(68.0)
Adjusted CASM ex-fuel (2)					6.40	25.47	(19.07)	(74.9)

(1) Reconciliation of CASM to Adjusted CASM:

	Three Months Ended June 30,			
	2021		2020	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM (cents)		7.49		18.17
Loss on disposal of assets	\$ 0.2	\$ —	—	—
Special credits	(115.0)	(1.12)	(151.9)	(8.39)
Supplemental rent adjustments	12.2	0.12	—	—
Federal excise tax recovery	(2.2)	(0.02)	—	—
Accelerated depreciation	1.8	0.02	—	—
Adjusted CASM (cents)		8.50		26.57

- (2) Excludes aircraft fuel expense, loss on disposal of assets, special credits, supplemental rent adjustments related to the accrual of lease return costs for two aircraft purchased off lease, amounts related to out-of-period interrupted trip expense credits recognized in connection with Federal Excise Tax recovery, and accelerated depreciation on current aircraft seats related to the retrofit of 36 aircraft with new Acro6 seats.

Our Adjusted CASM ex-fuel for the second quarter of 2021 was 6.40 cents as compared to 25.47 cents for the second quarter of 2020. The decrease in our adjusted CASM ex-fuel was primarily due to a decrease in salaries, wages and benefits expense, depreciation and amortization expense, aircraft rent expense and other operating expense on a per-ASM basis. Improved air travel demand, as compared to the prior year period, drove a significant increase of 465.1% in ASMs, period over period. This increase in ASMs drove a decrease in operating expenses on a per-ASM basis with the greatest impact noted on fixed-related costs such as salaries, wages and benefits, depreciation and amortization and aircraft rent.

Salaries, wages and benefits for the second quarter of 2021 increased \$43.7 million, or 20.4%, as compared to the second quarter of 2020. This increase was primarily driven by higher salaries, per diem pay, bonus and health insurance expense, period over period. The increase in salaries and per diem was mainly driven by a 4.3% increase in our pilot and flight attendant workforce, period over period, and an increase in crew overtime and per diem pay as a result of increased operations as compared to the prior year period. The increase in bonus was driven by bonus-based performance metrics being met during the second quarter of 2021 and the increase in health insurance was mainly driven by higher volume of claims as compared to the prior year period. Partially offsetting the decrease on a per-ASM basis were higher average pay rates to our pilots in connection with the collective bargaining agreement that became effective on March 1, 2018, which provides for annual increases on each anniversary of the effective date, as well as higher volume of health insurance claims, period over period.

Depreciation and amortization for the second quarter of 2021 increased by \$4.6 million, or 6.6%, as compared to the prior year period. The increase in depreciation expense on a dollar basis was primarily driven by the purchase of two new aircraft and the purchase of four previously leased aircraft since the second quarter of 2020. In addition, for the three months ended June 30, 2021, we recorded \$1.8 million in accelerated depreciation related to the retrofit of 36 aircraft with new Acro6 seats.

We account for heavy maintenance under the deferral method. Under the deferral method, the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense in the statement of operations until the earlier of the next heavy maintenance event or end of the lease term. The amortization of heavy maintenance costs was \$22.6 million and \$21.8 million for the second quarters of 2021 and 2020, respectively. The slight increase in amortization of heavy maintenance was primarily due to the timing and number of maintenance events, as compared to the prior year period. As our fleet continues to grow and age, we expect that the amount of deferred heavy maintenance events will increase and will result in an increase in the amortization of those costs. If heavy maintenance events were amortized within maintenance, materials and repairs expense in the condensed consolidated statements of operations, our maintenance, materials and repairs expense would have been \$62.2 million and \$41.0 million for the second quarter of 2021 and 2020, respectively.

Landing fees and other rents for the second quarter of 2021 increased \$41.1 million, or 102.0%, as compared to the second quarter of 2020. On a dollar basis, landing fees and other rents expense primarily increased as a result of an increase in landing fees driven by increased operations and higher landing fee rates. A portion of our landing fees and other rents are variable in nature and vary based on factors such as the number of departures. As compared to the prior year period, departures increased by 402.0% and passenger flight segments increased by 831.7%. In addition, as compared to the prior year period, we had an increase in facility rent driven by higher rent rates, period over period. Higher landing fee rates and higher rent rates, period over period, partially offset the decrease noted on a per-ASM basis.

Aircraft rent expense for the second quarter of 2021 increased by \$15.4 million, or 31.2%, as compared to the second quarter of 2020. This increase in aircraft rent expense was primarily a result of an increase in supplemental rent, period over period, driven by the accrual of \$12.2 million in lease return costs related to the purchase of two aircraft off lease made during the second quarter of 2021. In addition, aircraft rent expense increased due to an increase in the number of aircraft financed under operating leases throughout the current period, as compared to the prior year period. Since the second quarter of 2020, we have acquired four new aircraft financed under operating leases. The increases generated by the new leased aircraft were partially offset by the purchase of four aircraft off lease completed during the first and second quarters of 2021. The decrease on a per-ASM basis was partially offset by the increase in supplemental rent noted above.

Maintenance, materials and repairs expense for the second quarter of 2021 increased by \$20.4 million, or 106.2%, as compared to the second quarter of 2020. The increase in maintenance, materials and repairs expense on a dollar basis was mainly due to a higher volume of aircraft and rotatable maintenance events as a result of a 395.0% increase in average daily aircraft utilization in the current period as compared to the prior year period.

Distribution costs increased by \$23.9 million, or 210.6%, in the second quarter of 2021 as compared to the second quarter of 2020. The increase on a dollar basis was primarily due to increased sales volume, resulting from increased air travel demand, which impacts our variable distribution costs such as credit card fees and Global Distribution System ("GDS") fees.

Loss on disposal of assets for the three months ended June 30, 2021 primarily consisted of \$0.2 million related to the loss on two aircraft sale leaseback transactions completed during the second quarter of 2021. Please refer to "Notes to Condensed Consolidated Financial Statements—9. Leases" for information regarding our accounting policy on sale-leaseback transactions. We had no loss on disposal of assets for the three months ended June 30, 2020.

Special credits for the three months ended June 30, 2021 consisted of \$99.3 million related to the grant component of the PSP2 and PSP3 agreements with the Treasury. In addition, we recorded \$16.3 million related to the CARES Act Employee Retention credit. These special credits were partially offset by \$0.6 million in special charges recorded in connection with the rehire of Team Members previously terminated under our involuntary employee separation program which were rehired in compliance with the restrictions mandated by our participation in the PSP2. Special credits for the three months ended June 30, 2020 consisted of \$123.9 million related to the grant component of the PSP agreement with the Treasury. In addition, we recorded \$28.0 million related to the CARES Act Employee Retention credit. For additional information, refer to "Notes to Condensed Consolidated Financial Statements—5. Special Credits."

Other operating expenses for the second quarter of 2021 increased by \$56.1 million, or 96.6%, as compared to the second quarter of 2020. The increase in other operating expenses on a dollar basis was primarily driven by higher volume-related costs, including ground handling and security expense, period over period. As compared to the prior year period, departures increased by 402.0% and passenger flight segments increased by 831.7%, which drove these increases in variable other operating expenses.

Other (Income) Expense

Our interest expense and corresponding capitalized interest for the three months ended June 30, 2021 primarily represent interest related to the financing of purchased aircraft as well as the interest related to our convertible notes and the interest and accretion related to our 8.00% senior secured notes. Our interest expense and corresponding capitalized interest for the three months ended June 30, 2020, primarily represents interest related to the financing of purchased aircraft as well as the interest and accretion related to our convertible notes. As of June 30, 2021 and 2020, we had 72 and 70 aircraft financed through secured long-term debt arrangements, respectively.

Our loss on extinguishment of debt for the three months ended June 30, 2021 primarily represents premiums paid to early extinguish a portion of our 8.00% senior secured notes and 4.75% convertible notes due 2025. In addition, it includes the write-off of related deferred financing costs and original issuance discount. Refer to "Notes to Consolidated Financial Statements — 12. Debt and Other Obligations" for more information.

Our interest income for the three months ended June 30, 2021 represents interest income earned on our cash, cash equivalents and short-term investments. Our interest income for the three months ended June 30, 2020 represents interest income earned on our cash, cash equivalents and short-term investments as well as interest earned on income tax refunds.

Income Taxes

Our effective tax rate for the second quarter of 2021 was (5.3)% compared to 32.0% for the second quarter of 2020. The decrease in tax rate, as compared to the prior year period, is primarily due to a \$23.8 million discrete federal tax benefit recorded during the three months ended June 30, 2020 related to the passage of the CARES Act. The 2020 discrete federal tax benefit reflects the impact of the CARES Act which allowed for carryback of net operating losses generated at a 21% tax rate to recover taxes paid at a 35% tax rate. In addition, we recorded an unfavorable permanent tax adjustment during the three months ended June 30, 2021 related to the repurchase of a portion of our 4.75% convertible notes due 2025. Excluding this unfavorable permanent tax adjustment, our effective tax rate for the three months ended June 30, 2021 would have been 22.0%. While we expect our tax rate to be a fairly consistent in the near term, it will tend to vary depending on recurring items such as the amount of income we earn in each state and the state tax applicable to such income. Discrete items particular to a given year may also affect our effective tax rates.

Comparison of six months ended June 30, 2021 to six months ended June 30, 2020

Operating Revenues

Operating revenues increased \$411.0 million, or 45.2%, to \$1,320.6 million for the six months ended June 30, 2021, as compared to the prior year period, primarily due to an increase in traffic of 62.6% and an increase in load factor of 9.5 pts, partially offset by a decrease in average yield of 10.8%. Traffic and load factor improved due to the increased air travel demand as compared to prior year period. The fluctuation in air travel demand due to the COVID-19 pandemic continues to be uncertain although we expect it to continue to gradually improve throughout the remainder of 2021.

Total revenue per passenger flight segment decreased 10.4%, year over year, from \$106.35 for the six months ended June 30, 2020 to \$95.29 for the six months ended June 30, 2021. The decrease in total revenue per passenger flight segment was primarily due to a decrease of 10.8% in average yield, period over period. Fare revenue per passenger flight segment decreased from \$45.04 to \$39.25, or 12.9%, as compared to the prior year period, and non-ticket revenue per passenger flight segment decreased from \$61.31 to \$56.04, or 8.6%, as compared to the prior year period. Breakage, brand-related and other revenues (typically not directly driven by the number of passenger flight segments) was 10.2% as a percent of total revenue for the six months ended June 30, 2021 with 13.9 million total passenger flight segments compared to 15.2% for the six months ended June 30, 2020 with 8.6 million total passenger flight segments. Breakage revenue is comprised of unredeemed flight credits that expired unused, no-show revenue and cancellation fees. Brand-related revenue is comprised of revenues associated with Spirit Saver\$ Club™ membership and the marketing component of our cobranded credit card revenue.

Operating Expenses

Operating expenses increased for the six months ended June 30, 2021 by \$171.9 million, or 14.8%, as compared to the prior year period primarily due to an increase in operations as reflected by a 62.6% increase in traffic and a 43.1% increase in capacity, as a result of increased travel demand as compared to the prior year period. Period over period, we had an increase of \$140.0 million in special credits that partially offset the increase noted in other operating expenses. For additional information, refer to "Notes to Condensed Consolidated Financial Statements—5. Special Credits."

The elements of the changes in aircraft fuel expense are illustrated in the following table:

	Six Months Ended June 30,		Percent Change
	2021	2020	
	(in thousands, except per-gallon amounts)		
Fuel gallons consumed	190,748	136,942	39.3
Into-plane fuel cost per gallon	\$ 1.88	\$ 1.70	10.6
Aircraft fuel expense (per statements of operations)	\$ 357,755	\$ 233,118	53.5

We measure our operating cost performance on a per-ASM basis, since one ASM is the unit of production of an airline's capacity. The following table presents our cost per-ASM, or unit cost, for the six months ended June 30, 2021 and 2020, followed by explanations of the material changes on a unit cost basis and/or dollar basis:

	Six Months Ended June 30,		Dollar Change	Percent Change	Cost per ASM			
	2021	2020			Six Months Ended June 30,		Per-ASM Change	Percent Ch
	(in thousands)				2021	2020		
Salaries, wages, and benefits	\$ 502,928	\$ 454,059	\$ 48,869	10.8 %	2.76	3.57	(0.81)	(22.7)
Aircraft fuel	357,755	233,118	124,637	53.5 %	1.97	1.83	0.14	7.7
Depreciation and amortization	148,015	135,104	12,911	9.6 %	0.81	1.06	(0.25)	(23.6)
Landing fees and other rents	153,605	107,469	46,136	42.9 %	0.84	0.84	—	—
Aircraft rent	119,423	94,402	25,021	26.5 %	0.66	0.74	(0.08)	(10.8)
Maintenance, materials and repairs	69,542	53,303	16,239	30.5 %	0.38	0.42	(0.04)	(9.5)
Distribution	58,905	45,095	13,810	30.6 %	0.32	0.35	(0.03)	(8.6)
Loss on disposal of assets	1,306	—	1,306	NM	0.01	—	0.01	—
Special credits	(291,940)	(151,911)	(140,029)	NM	(1.60)	(1.19)	(0.41)	—
Other operating	210,368	187,347	23,021	12.3 %	1.16	1.47	(0.31)	(21.1)
Total operating expenses	\$ 1,329,907	\$ 1,157,986	\$ 171,921	14.8 %	7.31	9.10	(1.79)	(19.7)
Adjusted CASM (1)					8.80	10.29	(1.49)	(14.5)
(2) Adjusted CASM ex-fuel					6.84	8.46	(1.62)	(19.1)

(1) Reconciliation of CASM to Adjusted CASM:

	Six Months Ended June 30,			
	2021		2020	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM (cents)		7.31		9.10
Loss on disposal of assets	\$ 1.3	\$0.01	—	—
Special credits	(291.9)	(1.60)	(151.9)	(1.19)
Supplemental rent adjustments	16.5	0.09	—	—
Federal excise tax recovery	(2.2)	(0.01)	—	—
Accelerated depreciation	3.5	0.02	—	—
Adjusted CASM (cents)		8.80		10.29

(2) Excludes aircraft fuel expense, loss on disposal of assets, special credits, supplemental rent adjustments related to the accrual of lease return costs for four aircraft purchased off lease partially offset by the release of an accrual related to an engine lease modification, amounts related to out-of-period interrupted trip expense credits recognized in connection with Federal Excise Tax recovery, and accelerated depreciation on current aircraft seats related to the retrofit of 36 aircraft with new Acro6 seats.

Our Adjusted CASM ex-fuel for the six months ended June 30, 2021 was 6.84 cents as compared to 8.46 cents for the six months ended June 30, 2020. The decrease in our adjusted CASM ex-fuel was primarily due to decreases in salaries, wages, and benefits expense, other operating expense and depreciation and amortization expense on a per-ASM basis. Improved air travel demand, as compared to the prior year period, drove a significant increase of 43.1% in ASMs, period over period. This increase in ASMs drove a decrease in operating expenses on a per-ASM basis with the greatest impact noted on fixed-related costs such as salaries, wages and benefits, depreciation and amortization and aircraft rent.

Salaries, wages and benefits for the six months ended June 30, 2021 increased \$48.9 million, or 10.8%, as compared to the prior year period. This increase was primarily driven by higher salaries, health insurance and bonus expense, period over period. The increase in salaries was mainly driven by increased operations that drove higher pay to our pilot and flight attendant workforce, period over period. The increase in health insurance was mainly driven by higher volume of claims as compared to

the prior year period. The increase in bonus was driven by bonus-based performance metrics being met during the six months ended June 30, 2021. Partially offsetting the decrease on a per-ASM basis were higher average pay rates to our pilots in connection with the collective bargaining agreement that became effective on March 1, 2018, which provides for annual increases on each anniversary of the effective date. The increase in group health insurance claims, period over period, also partially offset the decrease in salaries, wages and benefits noted on a per-ASM basis.

Depreciation and amortization for the six months ended June 30, 2021 increased by \$12.9 million, or 9.6%, as compared to the prior year period. The increase in depreciation expense on a dollar basis was primarily driven by the purchase of two new aircraft and the purchase of four previously leased aircraft since the second quarter of 2020. In addition, for the six months ended June 30, 2021, we recorded \$3.5 million in accelerated depreciation related to the retrofit of 36 aircraft with new Acro6 seats.

We account for heavy maintenance under the deferral method. Under the deferral method, the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense in the statement of operations until the earlier of the next heavy maintenance event or end of the lease term. The amortization of heavy maintenance costs was \$46.5 million and \$42.2 million for the six months ended June 30, 2021 and 2020, respectively. The increase in amortization of heavy maintenance was primarily due to the timing and number of maintenance events, as compared to the prior year period. As our fleet continues to grow and age, we expect that the amount of deferred heavy maintenance events will increase and will result in an increase in the amortization of those costs. If heavy maintenance events were amortized within maintenance, materials and repairs expense in the condensed consolidated statements of operations, our maintenance, materials and repairs expense would have been \$116.0 million and \$95.5 million for the six months ended June 30, 2021 and 2020, respectively.

Landing fees and other rents for the six months ended June 30, 2021 increased \$46.1 million, or 42.9%, as compared to the prior year period. On a dollar basis, landing fees and other rents expense primarily increased as a result of higher landing fees driven by increased operations and higher landing fee rates. A portion of our landing fees and other rents are variable in nature and vary based on factors such as the number of departures. As compared to the prior year period, departures increased by 36.4% and passenger flight segments increased by 62.0%. In addition, as compared to the prior year period, we had an increase in facility rent driven by higher rent rates, period over period, and a decrease in signatory adjustment credits compared to the prior year period. The decrease in signatory adjustment credits is due to airports recovering operating losses during the prior year period from lower utilization fees as well as increased market share at certain airports where other airlines had decreased flying due to the impact of COVID-19 on air travel demand. On a per-ASM basis, landing fees and other rents remained stable period over period. Higher landing fee rates, higher rent rates and decreased signatory adjustment credits, period over period, offset the decrease noted on a per-ASM basis.

Aircraft rent expense for the six months ended June 30, 2021 increased by \$25.0 million, or 26.5%, as compared to the prior year period. This increase in aircraft rent expense was primarily a result of an increase in supplemental rent, period over period, driven by the accrual of \$16.5 million in lease return costs related to the purchase of four aircraft off lease made during the six months ended June 30, 2021, partially offset by the release of an accrual related to an engine lease modification. In addition, aircraft rent expense increased due to an increase in the number of aircraft financed under operating leases throughout the current period, as compared to the prior year period. Since the second quarter of 2020, we have acquired four new aircraft financed under operating leases. The increases generated by the new leased aircraft were partially offset by the purchase of four previously leased aircraft made during the six months ended June 30, 2021.

Maintenance, materials and repairs expense for the six months ended June 30, 2021 increased by \$16.2 million, or 30.5%, as compared to the prior year period. The increase on a dollar basis was mainly due to a higher volume of aircraft and rotatable maintenance events as a result of an increase of 29.4% in average daily aircraft utilization in the current period as compared to the prior year period.

Distribution costs increased by \$13.8 million, or 30.6%, for the six months ended June 30, 2021 as compared to the prior year period. The increase on a dollar basis was primarily due to increased sales volume, resulting from increased air travel demand, which impacts our variable distribution costs such as credit card fees and GDS fees.

Loss on disposal of assets for the six months ended June 30, 2021 consisted of \$1.1 million related to the sale of auxiliary power units ("APUs"), \$0.2 million related to the loss on two aircraft sale leaseback transactions completed during the second quarter of 2021 and disposal of excess and obsolete inventory. Please refer to "Notes to Condensed Consolidated Financial Statements—9. Leases" for information regarding our accounting policy on sale-leaseback transactions. We had no loss on disposal of assets for the six months ended June 30, 2020.

Special credits for the six months ended June 30, 2021 consisted of \$255.8 million related to the grant component of the PSP agreement with the Treasury. In addition, we recorded \$37.5 million related to the CARES Employee Retention credit. These special credits were partially offset by \$1.4 million in special charges recorded in connection with the rehire of Team Members previously terminated under our involuntary employee separation program which were rehired in compliance with the restrictions mandated by our participation in the PSP2. Special credits for the six months ended June 30, 2020 consisted of \$123.9 million related to the grant component of the PSP agreement with the Treasury. In addition, we recorded \$28.0 million related to the CARES Act Employee Retention credit. For additional information, refer to "Notes to Condensed Consolidated Financial Statements—5. Special Credits."

Other operating expenses for the six months ended June 30, 2021 increased by \$23.0 million, or 12.3%, as compared to the prior year period. The increase in other operating expenses on a dollar basis was primarily driven by higher volume-related costs, period over period. As compared to the prior year period, departures increased by 36.4% and we had 62.0% more passenger flight segments, which drove increases in variable other operating expenses. Lower passenger reaccommodation expense, period over period, partially offset these increases.

Other (Income) Expense

Our interest expense and corresponding capitalized interest for the six months ended June 30, 2021 primarily represent interest related to the financing of purchased aircraft as well as the interest related to our convertible notes and the interest and accretion related to our 8.00% senior secured notes. Our interest expense and corresponding capitalized interest for the six months ended June 30, 2020 primarily represents interest related to the financing of purchased aircraft as well as the interest and accretion related to our convertible debt. As of June 30, 2021 and 2020, we had 72 and 70 aircraft financed through secured long-term debt arrangements, respectively. As our debt balance has increased, we expect interest expense to increase during the remainder of 2021 and beyond.

Our loss on extinguishment of debt for the six months ended June 30, 2021 primarily represents premiums paid to early extinguish a portion of our 8.00% senior secured notes and 4.75% convertible notes due 2025. In addition, it includes the write-off of related deferred financing costs and original issuance discount. Refer to "Notes to Consolidated Financial Statements—12. Debt and Other Obligations" for more information.

Our interest income for the six months ended June 30, 2021 and 2020 represents interest income earned on cash, cash equivalents, and short-term investments as well as interest earned on income tax refunds.

Income Taxes

Our effective tax rate for the six months ended June 30, 2021 was 2.7% compared to 40.0% for the six months ended June 30, 2020. The decrease in tax rate, as compared to the prior year period, is primarily due to a \$54.9 million discrete federal tax benefit recorded during the six months ended June 30, 2020 related to the passage of the CARES Act. The 2020 discrete federal tax benefit reflects the impact of the CARES Act which allowed for the carryback of net operating losses generated at a 21% tax rate to recover taxes paid at a 35% tax rate. In addition, we recorded an unfavorable permanent tax adjustment during the six months ended June 30, 2021, related to the repurchase of a portion of our 4.75% convertible notes due 2025. Excluding this unfavorable permanent tax adjustment, our effective tax rate for the six months ended June 30, 2021 would have been 20.9%. While we expect our tax rate to be fairly consistent in the near term, it will tend to vary depending on recurring items such as the amount of income we earn in each state and the state tax rate applicable to such income. Discrete items particular to a given year may also affect our effective tax rates.

Liquidity and Capital Resources

Since its initial onset in early 2020, the impact of the COVID-19 pandemic has evolved and continues to be fluid. As a result, our financial and operational outlook still remains subject to change and fluctuation. We continue to monitor the impacts of the pandemic on our liquidity and financial condition, and to adjust our mitigation and operational strategies. As a result of the COVID-19 pandemic, we have taken certain actions to increase liquidity and strengthen our financial position. Please refer to "Notes to Condensed Consolidated Financial Statements—2. Impact of COVID-19," for additional information on the measures we have implemented to focus on the safety of our customers and employees as well as the impact on our liquidity, financial position and operations. As of June 30, 2021, we had \$2,210.1 million of liquidity comprised of unrestricted cash and cash equivalents, short-term investment securities and funds available under our revolving credit facility due in 2024.

Our primary sources of liquidity generally include cash on hand, cash provided by operations and capital from debt and equity financing. Primary uses of liquidity are for working capital needs, capital expenditures, aircraft and engine pre-delivery deposit payments ("PDPs"), debt and lease obligations and maintenance reserves. Our total unrestricted cash and cash equivalents at June 30, 2021 was \$1,863.7 million, an increase of \$74.0 million from December 31, 2020. In addition to cash and cash equivalents, as of June 30, 2021, we had \$106.4 million in short-term investment securities. We expect to meet our cash needs for the next twelve months with cash and cash equivalents, financing arrangements and cash flows from operations.

Since the onset of the COVID-19 pandemic in the U.S. in the first quarter of 2020, we have taken several actions to increase liquidity and strengthen our financial position. During the twelve months ended December 31, 2020, these actions included the private offering of \$850 million of the 8.00% senior secured notes, the public offering of \$175.0 million in convertible notes, the public offering of 20,125,000 shares of our voting common stock for which we received net proceeds of \$192.4 million, the issuance and sale of 9,000,000 shares of our voting common stock through our ATM Program for which we received net proceeds of \$156.7 million and the execution of a revolving credit facility with a total commitment of \$180.0 million as of December 31, 2020 for which the commitment amount was increased to \$240.0 million during the first quarter of 2021. During the second quarter of 2021, the revolving credit facility was paid down in full and \$240.0 million remained undrawn and available as of June 30, 2021. In addition, we received a total of \$754.4 million from the Treasury in connection with our participation in the PSP, PSP2 and PSP3 agreements.

During the six months ended June 30, 2021, we further improved our liquidity and financial position through the public offering of \$500.0 million in 1.00% convertible notes due 2026, the issuance of 10,594,073 shares of our voting common stock for which we received net proceeds of \$370.8 million, the extinguishment of \$146.8 million in principal amount of our 4.75% convertible notes due 2025 and the extinguishment of \$340.0 million in principal amount of our 8.00% senior secured notes. Refer to "Notes to Condensed Consolidated Financial Statements—12. Debt and Other Obligations," and "Notes to Condensed Consolidated Financial Statements—13. Equity," for additional information.

As of June 30, 2021, we had \$28.2 million recorded within current maturities of long-term debt and finance leases on our condensed consolidated balance sheets related to our 4.75% convertible notes due 2025. As of June 30, 2021, the 4.75% convertible notes due 2025 may be converted by noteholders through September 30, 2021. No notes were converted during three months ended June 30, 2021 with the exception of the redemption of \$146.8 million in principal of our 4.75% convertible notes due 2025. Refer to "Notes to Condensed Consolidated Financial Statements—12. Debt and Other Obligations," for additional information on our extinguishment of debt.

As of June 30, 2021, we had \$500.0 million recorded within long-term debt and finance leases, less current maturities on our condensed consolidated balance sheets related to our 1.00% convertible notes due 2026. As of June 30, 2021, the 1.00% convertible notes due 2026 may be converted by noteholders, subject to certain criteria, during any calendar quarter commencing after the calendar quarter ending on June 30, 2021. Refer to "Notes to Consolidated Financial Statements—12. Debt and Other Obligations" for additional information on the conversion criteria for the 1.00% convertible notes due 2026.

Currently, one of our largest capital expenditure needs is funding the acquisition costs of our aircraft. Aircraft may be acquired through debt financing, cash purchases, direct leases or sale-leaseback transactions. During the six months ended June 30, 2021, we took delivery of five aircraft financed through direct operating leases and two aircraft under sale-leaseback transactions. In addition, we purchased four previously leased aircraft. During the six months ended June 30, 2021, we made \$136.0 million in debt payments (principal, interest and fees) on our outstanding aircraft debt obligations.

Under our agreement with Airbus for aircraft, and International Aero Engines AG ("IAE") and Pratt & Whitney for engines, we are required to pay PDPs relating to future deliveries at various times prior to each delivery date. During the six months ended June 30, 2021, we paid \$81.2 million in PDPs, net of refunds, and \$9.1 million of capitalized interest for future deliveries of aircraft and spare engines. As of June 30, 2021, we had \$443.4 million of pre-delivery deposits on flight equipment, including capitalized interest, on our condensed consolidated balance sheets.

As of June 30, 2021, we have secured financing for five aircraft to be leased directly from third-party lessors and two aircraft which will be financed through sale-leaseback transactions, with deliveries expected in the remainder of 2021. We do not have financing commitments in place for the remaining 122 Airbus firm aircraft orders, scheduled for delivery through 2027. However, we have a financing letter of agreement with Airbus which provides backstop financing for a majority of the

aircraft included in the A320 NEO Family Purchase Agreement signed in the fourth quarter of 2019. The agreement provides a standby credit facility in the form of senior secured mortgage debt financing. Future aircraft deliveries may be paid in cash, leased or otherwise financed based on market conditions, our prevailing level of liquidity, and capital market availability.

In addition to funding the acquisition of our future fleet, we are required to make maintenance reserve payments for some of the leased aircraft in our current fleet. Maintenance reserves are paid to aircraft lessors and are held as collateral in advance of our performance of major maintenance activities. During the six months ended June 30, 2021, we paid \$5.6 million in maintenance reserves, net of reimbursements. As of June 30, 2021, we had \$95.8 million (\$45.1 million in aircraft maintenance deposits and \$50.7 million in long-term aircraft maintenance deposits) on our condensed consolidated balance sheets.

Net Cash Flows Provided (Used) By Operating Activities. Operating activities in the six months ended June 30, 2021 provided \$484.1 million in cash compared to \$47.0 million used in the six months ended June 30, 2020. Cash provided by operating activities in the six months ended June 30, 2021 is primarily related to cash provided from a decrease in income tax receivable and increases in air traffic liability, deferred salaries and wages, net, and other liabilities. These increases in cash were partially offset by the net loss in the period as well as cash used due to an increase in accounts receivable, net.

Net Cash Flows Used In Investing Activities. During the six months ended June 30, 2021, investing activities used \$179.0 million, compared to \$457.4 million used in the prior year period. The decrease was mainly driven by a decrease in purchases of property and equipment, year over year, as well as a decrease in PDPs paid, net of refunds, driven by timing of future aircraft deliveries.

Net Cash Flows Provided (Used) By Financing Activities. During the six months ended June 30, 2021, financing activities used \$240.3 million in cash compared to \$682.8 million provided in the six months ended June 30, 2020. During the six months ended June 30, 2021, we received \$563.0 million, primarily related to the issuance of the 1.00% convertible notes due 2026 and the unsecured term loans in connection with the PSP2 and PSP3. In addition, we received an additional \$375.7 million, in connection with the issuance of common stock and issuance of warrants in connection with the PSP2 and PSP3. We paid \$370.7 million in debt principal payment obligations, \$146.8 million related to the extinguishment of principal of our 4.75% convertible notes due 2025 and \$340.0 million related to the extinguishment of principal of our 8.00% senior secured notes. In addition, we paid \$317.9 million in premiums in connection with the debt extinguishments. Refer to "Notes to Consolidated Financial Statements —12. Debt and Other Obligations" for more information on the debt extinguishments.

Commitments and Contractual Obligations

Our contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers and aircraft leasing companies. As of June 30, 2021, our aircraft orders consisted of 124 A320 family aircraft with Airbus, including A319neos, A320neos and A321neos, with deliveries expected through 2027. Out of these 124 aircraft, we have 4 aircraft scheduled for delivery in the remainder of 2021 and 17 aircraft scheduled for delivery in 2022. In addition, as of June 30, 2021, we had secured 5 direct leases for A320neos with third-party lessors, with deliveries in the remainder of 2021.

We also have a spare engine order for one V2500 SelectTwo engine with IAE and two spare engine orders for PurePower PW 1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2021 through 2023. As of June 30, 2021, committed expenditures for these aircraft and spare engines, including estimated amounts for contractual price escalations and aircraft PDPs, are expected to be \$249.2 million for the remainder of 2021, \$884.7 million in 2022, \$908.7 million in 2023, \$980.0 million in 2024, \$1,066.6 million in 2025 and \$2,248.4 million in 2026 and beyond. During the third quarter of 2019, the United States announced its decision to levy tariffs on certain imports from the European Union, including commercial aircraft and related parts. These tariffs would include aircraft and other parts that we are already contractually obligated to purchase including those reflected above. In June 2021, the United States Trade Representative announced that the United States and European Union had agreed to suspend reciprocal tariffs on large civilian aircraft for five years, pending discussions to resolve their trade dispute.

As of June 30, 2021, we had secured financing for two aircraft, scheduled for delivery from Airbus in 2021, which will be financed through sale leaseback transactions. As of June 30, 2021 we do not have financing commitments in place for the remaining 122 Airbus aircraft on firm order through 2027. However, we have a financing letter of agreement with Airbus which provides backstop financing for a majority of the aircraft included in the A320 NEO Family Purchase Agreement signed in the fourth quarter of 2019. The agreement provides a standby credit facility in the form of senior secured mortgage debt financing.

Aircraft rent commitments for future aircraft deliveries to be financed under direct leases from third-party lessors and sale leaseback transactions are expected to be approximately \$8.7 million for the remainder of 2021, \$25.8 million in 2022, \$25.8 million in 2023, \$25.8 million in 2024, \$25.8 million in 2025, and \$198.0 million in 2026 and beyond.

We have significant obligations for aircraft and spare engines as 59 of our 164 aircraft and 8 of our 24 spare engines are financed under operating leases. These leases expire between 2023 and 2039. Aircraft rent payments were \$68.5 million and \$127.5 million for the three and six months ended June 30, 2021, respectively. Aircraft rent payments were \$49.9 million and \$98.4 million for the three and six months ended June 30, 2020, respectively.

Our fixed-rate operating leases with terms greater than 12 months are included within operating lease right-of-use assets with the corresponding liabilities included within current maturities of operating leases and operating leases, less current maturities on our condensed consolidated balance sheets. Leases with a term of 12 months or less and variable-rate leases are not recorded on our condensed consolidated balance sheets. Please see "Notes to Condensed Consolidated Financial Statements—9. Leases" for further discussion on our leases.

We have contractual obligations and commitments primarily with regard to future purchases of aircraft and engines, payments of debt, and lease arrangements. The following table discloses aggregate information about our contractual obligations as of June 30, 2021 and the periods in which payments are due (in millions):

	Remainder of 2021	2022 - 2023	2024 - 2025	2026 and beyond	Total
Long-term debt (1)	\$ 99	\$ 528	\$ 946	\$ 1,713	\$ 3,286
Interest and fee commitments (2)	73	230	186	116	605
Finance and operating lease obligations	122	457	377	1,392	2,348
Flight equipment purchase obligations	249	1,793	2,047	2,248	6,337
Other (3)	19	42	33	36	130
Total future payments on contractual obligations	\$ 562	\$ 3,050	\$ 3,589	\$ 5,505	\$ 12,706

(1) Includes principal only associated with our 8.00% senior secured notes, senior term loans, fixed-rate loans, unsecured term loans, Class A, Class B, and Class C Series 2015-1 EETCs, Class AA, Class A, Class B, and Class C Series 2017-1 EETCs, convertible notes and our revolving credit facility. Refer to "Notes to Condensed Consolidated Financial Statements—12. Debt and Other Obligations."

(2) Related to our 8.00% senior secured notes, senior term loans, fixed-rate loans, unsecured term loans, Class A, Class B, and Class C Series 2015-1 EETCs, Class AA, Class A, Class B, and Class C Series 2017-1 EETCs and convertible notes. Includes interest accrued as of June 30, 2021 related to our variable-rate revolving credit facility.

(3) Primarily related to our reservation system and other miscellaneous subscriptions and services. Refer to "Notes to Condensed Consolidated Financial Statements—10. Commitments and Contingencies."

Some of our master lease agreements require that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our required performance of major maintenance activities. Some maintenance reserve payments are fixed contractual amounts, while others are based on utilization.

During the fourth quarter of 2019, we purchased an 8.5-acre parcel of land for \$41.0 million and entered into a 99-year lease agreement for the lease of a 2.6-acre parcel of land, in Dania Beach, Florida, where we intend to build a new headquarters campus. Operating lease commitments related to this lease are included in the table above under the caption "Finance and operating lease obligations." For more detailed information, please refer to "Notes to Condensed Consolidated Financial Statements— 9. Leases."

Off-Balance Sheet Arrangements

As of June 30, 2021, we had lines of credit related to corporate credit cards of \$10.1 million, from which we had drawn \$1.3 million.

As of June 30, 2021, we had lines of credit with counterparties for both physical fuel delivery and derivatives in the amount of \$41.5 million. As of June 30, 2021, we had drawn \$10.0 million on these lines of credit for physical fuel delivery. We are required to post collateral for any excess above the lines of credit if the derivatives are in a net liability position and make periodic payments in order to maintain an adequate undrawn portion for physical fuel delivery. As of June 30, 2021, we did not hold any derivatives.

As of June 30, 2021, we had \$7.2 million in uncollateralized surety bonds and a \$35.0 million secured standby letter of credit facility representing an off-balance sheet commitment, of which \$26.5 million had been drawn upon for issued letters of credit.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

“Adjusted CASM” means operating expenses, excluding loss on disposal of assets, special charges and credits, supplemental rent adjustments, accelerated depreciation and federal excise tax recovery, divided by ASMs.

“Adjusted CASM ex fuel” means operating expenses excluding aircraft fuel expense, loss on disposal of assets, special charges and credits, supplemental rent adjustments, accelerated depreciation and federal excise tax recovery, divided by ASMs.

“AFA-CWA” means the Association of Flight Attendants-CWA.

“Air traffic liability” or “ATL” means the value of tickets sold in advance of travel.

“ALPA” means the Air Line Pilots Association, International.

“ASIF” means an Aviation Security Infrastructure Fee assessed by the TSA on each airline.

“Available seat miles” or “ASMs” means the number of seats available for passengers multiplied by the number of miles the seats are flown, also referred to as "capacity."

“Average aircraft” means the average number of aircraft in our fleet as calculated on a daily basis.

“Average daily aircraft utilization” means block hours divided by number of days in the period divided by average aircraft.

“Average fuel cost per gallon” means total aircraft fuel expense divided by the total number of fuel gallons consumed.

“Average stage length” represents the average number of miles flown per flight.

“Average yield” means average operating revenue earned per RPM, calculated as total revenue divided by RPMs, also referred to as "passenger yield."

“Block hours” means the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

“CASM” or “unit costs” means operating expenses divided by ASMs.

“CBA” means a collective bargaining agreement.

“CBP” means United States Customs and Border Protection.

“DOT” means the United States Department of Transportation.

"EETC" means enhanced equipment trust certificate.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“Fare revenue per passenger flight segment” means total fare passenger revenue divided by passenger flight segments.

“FCC” means the United States Federal Communications Commission.

"FLL Airport" means the Fort Lauderdale Hollywood International Airport.

“GDS” means Global Distribution System (e.g., Amadeus, Galileo, Sabre and Worldspan).

"IAMAW" means the International Association of Machinists and Aerospace Workers.

“Into-plane fuel cost per gallon” means into-plane fuel expense divided by number of fuel gallons consumed.

“Into-plane fuel expense” represents the cost of jet fuel and certain other charges such as fuel taxes and oil.

“Load factor” means the percentage of aircraft seats actually occupied on a flight (RPMs divided by ASMs).

"NMB" means the National Mediation Board.

"Non-ticket revenue" means total non-fare passenger revenue and other revenue

"Non-ticket revenue per passenger flight segment" means total non-fare passenger revenue and other revenue divided by passenger flight segments.

"OTA" means Online Travel Agent (e.g., Orbitz and Travelocity).

"PAFCA" means the Professional Airline Flight Control Association.

"Passenger flight segments" means the total number of passengers flown on all flight segments.

"PDP" means pre-delivery deposit payment.

"Revenue passenger mile" or "RPM" means one revenue passenger transported one mile. RPMs equals revenue passengers multiplied by miles flown, also referred to as "traffic."

"RLA" means the United States Railway Labor Act.

"Total operating revenue per-ASM," "TRASM" or "unit revenue" means operating revenue divided by ASMs.

"TWU" means the Transport Workers Union of America.

"TSA" means the United States Transportation Security Administration.

"ULCC" means "ultra low-cost carrier."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk-Sensitive Instruments and Positions

We are subject to certain market risks, including commodity prices (specifically aircraft fuel) and interest rates. We purchase the majority of our jet fuel at prevailing market prices and seek to manage market risk through execution of our hedging strategy and other means. We have market-sensitive instruments in the form of fixed-rate debt instruments, short-term investment securities and, from time to time, financial derivative instruments used to hedge our exposure to jet fuel price increases and interest rate increases. We do not purchase or hold any derivative financial instruments for trading purposes. The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided below does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Aircraft Fuel. Our results of operations can vary materially due to changes in the price and availability of aircraft fuel. Aircraft fuel expense for the six months ended June 30, 2021 and 2020 represented approximately 26.9% and 20.1% of our operating expenses, respectively. Volatility in aircraft fuel prices or a shortage of supply could have a material adverse effect on our operations and operating results. We source a significant portion of our fuel from refining resources located in the southeast United States, particularly facilities adjacent to the Gulf of Mexico. Gulf Coast fuel is subject to volatility and supply disruptions, particularly during hurricane season when refinery shutdowns have occurred, or when the threat of weather-related disruptions has caused Gulf Coast fuel prices to spike above other regional sources. Both jet fuel swaps and jet fuel options are used at times to protect the refining price risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption. Based on our annual fuel consumption over the last 12 months, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased into-plane aircraft fuel expense by approximately \$56 million. As of June 30, 2021 and December 31, 2020, we did not have any outstanding jet fuel derivatives and we have not engaged in fuel derivative activity since 2015.

Interest Rates. We have market risk associated with our short-term investment securities, which had a fair market value of \$106.4 million and \$106.3 million, as of June 30, 2021 and December 31, 2020, respectively.

Fixed-Rate Debt. As of June 30, 2021, we had \$2,111.4 million outstanding in fixed-rate debt related to the purchase of 42 Airbus A320 aircraft and 30 Airbus A321 aircraft which had a fair value of \$2,170.9 million. In addition, as of June 30, 2021, we had \$510.0 million and \$136.3 million outstanding in fixed-rate debt related to our 8.00% senior secured notes and our unsecured term loans, respectively, which had fair values of \$533.7 million and \$145.9 million. As of June 30, 2021, we also had \$528.2 million outstanding in convertible debt which had a fair value of \$556.5 million. As of December 31, 2020, we had \$2,207.1 million outstanding in fixed-rate debt related to the purchase of 42 Airbus A320 aircraft and 30 Airbus A321 aircraft, which had a fair value of \$2,235.3 million. In addition, as of December 31, 2020, we had \$850.0 million and \$73.3 million outstanding in fixed-rate debt related to our 8.00% senior secured notes and our unsecured term loans, respectively, which had fair values of \$886.0 million and \$83.1 million. As of December 31, 2020, we also had \$175.0 million outstanding in convertible debt which had a fair value of \$380.3 million.

Variable-Rate Debt. As of June 30, 2021, we did not have any outstanding variable-rate long term debt. As of December 31, 2020, we had \$275.1 million outstanding in variable-rate debt, which had a fair value of \$275.1 million. During the six months ended June 30, 2021, a hypothetical increase of 100 basis points in average annual interest rates would have increased the annual interest expense on our variable-rate long-term debt by \$0.9 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its chief executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of June 30, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act), during the quarter ended June 30, 2021 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. We believe the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on our financial position, liquidity or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on February 10, 2021. Investors are urged to review such risk factors carefully.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Repurchases of Equity Securities**

The following table reflects our repurchases of our common stock during the second quarter of 2021. All stock repurchases during this period were made from employees who received restricted stock or performance share awards. All employee stock repurchases were made at the election of each employee pursuant to an offer to repurchase by us. In each case, the shares repurchased constituted the portion of vested shares necessary to satisfy tax withholding requirements.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs
April 1-30, 2021	138	\$ 37.47	—	\$ —
May 1-31, 2021	388	33.17	—	—
June 1-30, 2021	87	33.54	—	—
Total	613	\$ 34.19	—	—

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibits
4.2	<u>Warrant Agreement, dated as of April 29, 2021, between the Company and the United States Department of the Treasury.</u>
4.3	<u>Warrant to Purchase Common Stock dated March 5, 2021, filed as Exhibit 4.1 to the Company's Form 8-K dated May 18, 2021, is hereby incorporated by reference.</u>
4.4	<u>Warrant to Purchase Common Stock dated April 29, 2021, filed as Exhibit 4.2 to the Company's Form 8-K dated May 18, 2021, is hereby incorporated by reference.</u>
4.5	<u>Warrant to Purchase Common Stock dated June 3, 2021, filed as Exhibit 4.1 to the Company's Form 8-K dated June 30, 2021, is hereby incorporated by reference.</u>
10.1	<u>Payroll Support Program Agreement, dated April 29, 2021, between the Company and the United States Department of the Treasury.</u>
10.2	<u>Promissory Note, dated April 29, 2021, issued by the Company in the name of the United States Department of the Treasury.</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

+ Indicates a management contract or compensatory plan or arrangement.

* Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, except as otherwise specifically stated in such filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPIRIT AIRLINES, INC.

July 28, 2021

By: _____ /s/ Scott M. Haralson
Scott M. Haralson
Senior Vice President and
Chief Financial Officer

WARRANT AGREEMENT

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WARRANT AGREEMENT dated as of April 29, 2021 (this “Agreement”), between SPIRIT AIRLINES, INC., a corporation organized under the laws of Delaware (the “Company”) and the UNITED STATES DEPARTMENT OF THE TREASURY (“Treasury”).

WHEREAS, the Company has requested that Treasury provide financial assistance to the Recipient (as defined in the PSP3 Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 7301(b)(1) of Subtitle C of Title VII of the American Rescue Plan Act of 2021 (March 11, 2021), as the same may be amended from time to time, and Treasury is willing to do so on the terms and conditions set forth in that certain Payroll Support Program 3 Agreement dated as of April 29, 2021, between Spirit Airlines, Inc. and Treasury (the “PSP3 Agreement”); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP3 Agreement, Spirit Airlines, Inc. has agreed to issue a note to be repaid to Treasury on the terms and conditions set forth in the promissory note dated as of April 29, 2021, issued by Spirit Airlines, Inc., in the name of Treasury as the holder (the “Promissory Note”) and agreed to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the “Warrants”) to Treasury;

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I
Closing

1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the “Initial Closing”) will take place on the Closing Date (as defined in the Promissory Note) or, if on the Closing Date the principal amount of the Promissory Note is \$0, the first date on which such principal amount is increased. After the Initial Closing, the closing of any subsequent issuance will take place on the date of each increase, if any, of the principal amount of the Promissory Note (each subsequent closing, together with the Initial Closing, a “Closing” and each such date a “Warrant Closing Date”).

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1, as evidenced by one or more certificates dated the Warrant

Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

1.3 Interpretation.

(a) When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein," "hereof," "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "\$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II
Representations and Warranties

2.1 Representations and Warranties of the Company. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) Existence, Qualification and Power. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Capitalization(i) . The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "Capitalization Date") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date.

(c) Listing. The Common Stock has been registered pursuant to Section 12(b) of the Exchange Act and the shares of the Common Stock outstanding on the date hereof are listed on a national securities exchange. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on such national securities exchange, nor has the Company received any notification that the Securities and Exchange Commission (the "SEC") or such exchange is contemplating terminating such registration or listing. The Company is in compliance with applicable continued listing requirements of such exchange in all material respects.

(d) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any

other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

(e) Execution and Delivery; Binding Effect(f) . This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(f) The Warrants and Warrant Shares(h) . Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(g) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (as defined in the Promissory Note) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

(iii) Other than any current report on Form 8-K required to be filed with the SEC (which shall be made on or before the date on which it is required to be filed), such filings and approvals as are required to be made or obtained under any state “blue sky” laws, the filing of any proxy statement contemplated by Section 3.1 and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the “Board of Directors”) has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company’s Organizational Documents, and any other provisions of any applicable “moratorium”, “control share”, “fair price”, “interested stockholder” or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders’ rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(i) Reports.

(i) Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the “Company Reports”) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority. In the case of each such Company Report filed with or furnished to the SEC, such Company Report (A) did not, as of its date or if amended prior to the date hereof, as of the date of such amendment, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (B) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act. With respect to all other Company Reports, the Company Reports were complete and accurate in all material respects as of their

respective dates. No executive officer of the Company or any Subsidiary has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002.

(ii) The Company (A) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(j) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "SEC") promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act.

(k) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

Article III Covenants

3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b) and Section 3.1(c). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to (i) approve

the exercise of the Warrants for Common Stock for purposes of the rules of the national securities exchange on which the Common Stock is listed and/or (ii) amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b) and Section 3.1(c). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In connection with such meeting, the Company shall prepare (and Treasury will reasonably cooperate with the Company to prepare) and file with the SEC as promptly as practicable (but in no event more than ten Business Days after the Initial Closing) a preliminary proxy statement, shall use its reasonable best efforts to respond to any comments of the SEC or its staff thereon and to cause a definitive proxy statement related to such stockholders' meeting to be mailed to the Company's stockholders not more than five Business Days after clearance thereof by the SEC, and shall use its reasonable best efforts to solicit proxies for such stockholder approval of the Stockholder Proposals. The Company shall notify Treasury promptly of the receipt of any comments from the SEC or its staff with respect to the proxy statement and of any request by the SEC or its staff for amendments or supplements to such proxy statement or for additional information and will supply Treasury with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to such proxy statement. If at any time prior to such stockholders' meeting there shall occur any event that is required to be set forth in an amendment or supplement to the proxy statement, the Company shall as promptly as practicable prepare and mail to its stockholders such an amendment or supplement. Each of Treasury and the Company agrees promptly to correct any information provided by it or on its behalf for use in the proxy statement if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall as promptly as practicable prepare and mail to its stockholders an amendment or supplement to correct such information to the extent required by applicable laws and regulations. The Company shall consult with Treasury prior to filing any proxy statement, or any amendment or supplement thereto, and provide Treasury with a reasonable opportunity to comment thereon. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on June 30, 2021 until all such approvals are obtained or made.

(c) None of the information supplied by the Company or any of the Company Subsidiaries for inclusion in any proxy statement in connection with any such stockholders meeting of the Company will, at the date it is filed with the SEC, when first mailed to the Company's stockholders and at the time of any stockholders meeting, and at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.2 Expenses. The Company shall pay (i) all reasonable outofpocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and

administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

3.3 Sufficiency of Authorized Common Stock; Exchange Listing.

During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company. As soon as reasonably practicable following each Warrant Closing Date, the Company shall, at its expense, cause the Warrant Shares to be listed on the same national securities exchange on which the Common Stock is listed, subject to official notice of issuance, and shall maintain such listing for so long as any Common Stock is listed on such exchange. The Company will use commercially reasonable efforts to maintain the listing of Common Stock on such national securities exchange so long as any Warrants or Warrant Shares remain outstanding. Neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock on such exchange. The foregoing shall not preclude the Company from undertaking any transaction set forth in Section 4.3 subject to compliance with that provision.

Article IV Additional Agreements

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of

evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.”

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided that* Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

4.5 Registration Rights.

(a) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that on or before the earlier of (A) 30 days after the date on which all Warrants that may be issued pursuant to this Agreement have been issued and (B) June 30, 2021 (the end of such period, the “Registration Commencement Date”), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf

Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(a)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(c); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(a): (A) prior to the Registration Commencement Date; (B) with respect to securities that are not Registrable Securities; or (C) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that

have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(a)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(a)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(a)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(a)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(a) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(a)(ii) or (y) a Piggyback Registration under Section 4.5(a)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering

(including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(a)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however*, that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(b) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(c) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the

provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common

Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(c)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(c)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(c)(v), 4.5(c)(vi)(E) or 4.5(d), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(c)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(a)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows",

similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and “10b-5” letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain “cold comfort” letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in “cold comfort” letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the

Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(d) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(e) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(f) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(c) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(g) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(g)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such

statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(g)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(g)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(h) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(a) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided, however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(i) Clear Market. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. "Special Registration" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(j) Rule 144; Rule 144A. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(ii) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such

information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(iii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided, however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iv) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(k) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) “Holder” means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

(ii) “Register,” “registered,” and “registration” shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) “Registrable Securities” means (A) the Warrants (subject to Section 4.5(p)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(o), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) “Registration Expenses” mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, the reasonable fees and disbursements of Treasury’s counsel (if Treasury is participating in the registered offering), and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury’s counsel included in Registration Expenses).

(l) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(a)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder’s rights or obligations under Section 4.5(f) with respect to any prior registration or Pending Underwritten Offering. “*Pending Underwritten Offering*” means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(l), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(a)(ii) or 4.5(a)(iv) prior to the date of such Holder’s forfeiture.

(m) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(n) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement

with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(a)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company's counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(o) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(a)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(c), Section 4.5(g) and Section 4.5(i) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(p) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depositary Trust Company.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

Article V Miscellaneous

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 **Governing Law: Submission to Jurisdiction, Etc.** This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Legal Department
Spirit Airlines, Inc.
2800 Executive Way
Miramar, Florida 33025
Telephone: (202) 622-0283
Facsimile: (954) 447-7854
Email: legaldepartment@spirit.com

If to Treasury:

United States Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)

5.6 Definitions.

(a) The term "Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any

agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term “Laws” has the meaning ascribed thereto in the Promissory Note.

(c) The term “Lien” has the meaning ascribed thereto in the Promissory Note.

(d) The term “Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term “Organizational Documents” has the meaning ascribed thereto in the Promissory Note.

(f) The term “Subsidiary” has the meaning ascribed thereto in the Promissory Note.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

* * *

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE
TREASURY

By: David A. Lebryk /s/
Name: A. Lebryk David
Title: Assistant Secretary Fiscal

AIRLINES, INC. SPIRIT

By: Scott Haralson /S/
Name: Haralson Scott
Title: Vice President and Chief Financial Officer Senior

FORM OF OPINION

[SEE ATTACHED]

New York
Northern California
Washington DC
São Paulo
London

Paris
Madrid
Tokyo
Beijing
Hong Kong



Davis Polk & Wardwell LLP
450 Lxington Avenue e New
York, NY 10017

212 450 4000 tel
212 701 5800 fax

April 29, 2021

To The United States Department of the Treasury, as Holder Ladies and Gentlemen:

We have acted as special counsel for Spirit Airlines, Inc., a Delaware corporation (the "**Company**") in connection with (1) that certain Promissory Note dated as of the date hereof (the "**Note**") made by the Company in favor of the United States Department of the Treasury (the "**Treasury**") and (2) that certain Warrant Agreement dated as of the date hereof (the "**Warrant Agreement**") between the Company and the Treasury. This opinion is issued in connection with the April 29, 2021 disbursement to the Company pursuant to the PSP Agreement referred to below. Terms used (but not defined) herein have the meanings assigned to them in the Note or the Warrant Agreement, as the case may be.

We have reviewed executed copies of:

- (a) the Payroll Support Program 3 Agreement dated as of the date hereof (the "**PSP Agreement**") between the Company and the Treasury relating to financial assistance being provided by the Treasury to the Company under Section 7301 of the American Rescue Plan Act of 2021;
- (b) the Note; and
- (c) the Warrant Agreement and the form of warrant attached thereto (each, when executed and delivered, a "**Warrant**" and collectively, the "**Warrants**").

The PSP Agreement, the Note, the Warrant Agreement and the Warrants are sometimes hereinafter referred to, collectively, as the "**Documents**" and each a "**Document**".

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records and certificates of public officials and officers or representatives of the Company and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion. In rendering the opinions expressed herein, we have, without independent inquiry or investigation, assumed that (i) all documents submitted to us as originals are authentic and complete, (ii) all documents submitted to us as copies conform to

authentic, complete originals, (iii) all signatures on all documents that we reviewed are genuine, (iv) all natural persons executing documents had and have the legal capacity to do so, (v) all statements in certificates of public officials and officers or representatives of the Company that we reviewed were and are accurate and (vi) all representations made by the Company as to matters of fact in the documents that we reviewed were and are accurate. Without limitation of the foregoing, we have relied as to certain matters of fact upon the officer's certificate delivered to us and dated as of April 29, 2021.

Based on the foregoing, and subject to the additional assumptions and qualifications set forth below, we are of the opinion that:

1. The Company is validly existing as a corporation in good standing under the laws of the State of Delaware, and the Company has corporate power and authority to execute the Note, the Warrant Agreement and the Warrants and to perform its obligations thereunder, including the issuance of the Warrants and the Warrant Shares.
 2. The execution, delivery and performance by the Company of the Note and the Warrant Agreement and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further corporate approval or authorization is required on the part of the Company.
 3. The Note and the Warrant Agreement have been duly executed and delivered by the Company.
 4. The execution and delivery by the Company of the Note, and the performance by the Company of the Note, (a) require no consent, approval, authorization, registration or qualification of or with any governmental body, agency or official under applicable United States federal or New York State law or the Delaware General Corporation Law and (b) do not on the date hereof contravene any provision of applicable United States federal or New York State statutory law, rule or regulation nor the Delaware General Corporation Law, in each case that in our experience is normally applicable to general business corporations in relation to transactions of the type contemplated by the Note.
 5. The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable.
 6. The Note constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.
 7. The Warrant Agreement is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. Each of the Warrants, when executed and delivered as contemplated by the Warrant Agreement, will constitute, a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.
-

8. The Company is not required to register as an "investment company" under the Investment Company Act of 1940, as amended or the rules and regulations thereunder, and will not be required to register as such after application of the proceeds of the initial disbursement under the Note in accordance with the Note.
9. It is not necessary in connection with the offer, sale and delivery of the Note to the Treasury in the manner contemplated by the Note to register the Note under the Securities Act of 1933, as amended, or to qualify an indenture under the Trust Indenture Act of 1939, as amended, it being understood that no opinion is expressed as to any subsequent offer or resale of the Note.
10. No registration of the Warrants and the Common Stock issuable upon exercise of the Warrants under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrants or the Common Stock issuable upon exercise of the Warrants by the Company to the Holder pursuant to and in the manner contemplated by the Warrant Agreement, it being understood that no opinion is expressed as to any subsequent offer or resale of the Warrants or such Common Stock.

The foregoing opinions are subject to the following assumptions and qualifications:

- (a) Our opinion in paragraphs 6 and 7 above (i) are subject to (x) applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally (and the validity and the enforceability of indemnification provisions may be limited by federal or state laws or policies underlying such laws), and (y) equitable principles of general applicability and (ii) may be subject to possible judicial or regulatory actions giving effect to governmental actions or foreign laws affecting creditors' rights. In addition, to the extent that any provision of the Note, Warrants or Warrant Agreement is governed by and to be construed in accordance with the federal law of the United States, we have assumed that such law is the same in all relevant respects as the law of the State of New York applicable to similar contracts made and to be performed entirely within the State of New York.
 - (b) We express no opinion with respect to Section 4.5(g) of the Warrant Agreement or the severability provisions of the Warrant Agreement insofar as Section 4.5(g) is concerned.
 - (c) We express no opinion as to (i) the effect of fraudulent conveyance, fraudulent transfer or similar provisions of applicable law on the opinions expressed above or (ii) any provision of any Document that purports to avoid the effect of fraudulent conveyance, fraudulent transfer or similar provisions of applicable law by limiting the amount of the Company's obligations.
 - (d) We express no opinion as to any provision in any Document that purports to (i) indemnify (including through providing reimbursement to) any Person for its own gross negligence or willful misconduct or (ii) grant any Person a right to specific performance or to receive liquidated damages.
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- (e) We express no opinion as to any provision in any Document that purports to create rights of set-off in favor of participants or that provides for set-off to be made otherwise than in accordance with applicable laws.
- (f) We express no opinion as to any provision in any Document that purports to waive objections to venue, claims that a particular jurisdiction is an inconvenient forum or the like.
- (g) We express no opinion as to whether a United States federal court would have subject matter jurisdiction over a controversy arising under the Documents or as to whether a New York State or United States federal court would enforce the exclusivity of the jurisdiction of any New York State or United States federal court provided for in any Document.
- (h) We express no opinion on the effectiveness of any service of process made other than in accordance with applicable law.
- (i) We express no opinion as to any matters covering federal aviation law or any similar state or federal laws, rules or regulations.
- (j) We express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which a Holder is located which may limit the rate of interest that such Holder may charge or collect.
- (k) Except as expressly set forth in paragraphs 8, 9 and 10, we express no opinion as to the United States federal securities laws or any state securities laws.
- (l) We have assumed, without independent verification, that the execution, delivery and performance by the Company of each Document do not contravene, or constitute a default under, any law, rule or regulation (other than United States federal and New York State statutory laws, in each case that in our experience are normally applicable to general business corporations in relation to transactions of the type contemplated by the Documents) or any order, injunction, decree, agreement, contract or instrument to which it is a party or by which it is bound.
- (m) In rendering the opinions set forth in paragraphs 9 and 10 above, we have assumed the accuracy of, and compliance with, the representations, warranties and covenants of the Company and the Treasury relating to the offer and sale of the Note and the Warrants, and the offer of the Common Stock issuable upon exercise of such Warrants.
- (n) In rendering the opinion in paragraph 7 above, we have assumed that the execution, delivery and performance by the Company of the Warrants and the Warrant Agreement require no action by or in respect of, or filing with, any governmental body, agency or official not already specified in the Warrants and Warrant Agreement.

We have assumed, without any independent verification, that (i) the execution, delivery and performance by the Company of each Document do not require any consent, approval,

authorization, registration or qualification of or with any governmental body, agency or official (with respect to the Note only, other than under New York State law) and (ii) the execution, delivery and performance by the Company of each Document do not contravene any law (with respect to the Note only, other than United States federal and New York State statutory law, in each case that in our experience are normally applicable to general business corporations in relation to transactions of the type contemplated by the Note) or any order, injunction, decree, agreement, contract or instrument to which it is a party or by which it or its property is bound.

The foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States of America and, with respect to paragraphs 1, 2 and 4 above only, the Delaware General Corporation Law, except that we express no opinion as to any law, rule or regulation that is applicable to the Company, the Documents or the transactions contemplated thereby solely because such law, rule or regulation is part of a regulatory regime applicable to any party to any of the Documents or any of its affiliates due to the specific assets or business of such party or such affiliate.

This opinion is delivered to you in connection with the Note and the Warrant Agreement, including the Warrants contemplated by such agreement. This opinion may not be relied upon by you for any other purpose or relied upon by or delivered to any other person without our prior written consent except that this opinion may be furnished without our prior consent (1) to accountants and counsel for the Treasury and (2) pursuant to judicial or government order or legal requirements. The opinions expressed herein are, however, rendered on and as of the date hereof, and we assume no obligation to advise you or any such assignee or other person, or to make any investigations, as to any legal developments or factual matters arising subsequent to the date hereof that might affect the opinions expressed herein.

Very truly yours,



April 29, 2021

To the Addressee
Listed on Schedule 1
Attached Hereto

Re: Spirit Airlines, Inc.

Payroll Support Program Ladies and Gentlemen:

I am the General Counsel of Spirit Airlines, Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Company**”), and I am furnishing this opinion to you in connection with the transactions contemplated by (1) that certain Promissory Note dated as of the date hereof (the “**Note**”) made by the Company in favor of the United States Department of the Treasury (the “**Treasury**”) and (2) that certain Warrant Agreement dated as of the date hereof (the “**Warrant Agreement**”) between the Company and the Treasury. This opinion is issued in connection with the April 29, 2021 disbursement to the Company pursuant to the Payroll Support Program 3 Agreement dated as of the date hereof between the Company and the Treasury relating to the financial assistance being provided by the Treasury to the Company under Section 7301 of the American Rescue Plan Act of 2021. Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings ascribed to them in the Note or the Warrant Agreement, as the case may be.

For purposes of rendering this opinion, I have examined counterparts or copies of the Note and the Warrant Agreement, including associated exhibits, schedules and appendices thereto, including, without limitation, the form of Warrant attached as Annex B to the Warrant Agreement (each, when executed and delivered, a “**Warrant**”, and collectively, the “**Warrants**”), and have examined and relied upon the representations and warranties as to factual matters contained therein or made pursuant thereto. I have also examined the Amended and Restated Certificate of Incorporation of the Company (the “**Certificate of Incorporation**”), the Amended and Restated By-Laws of the Company (the “**By-Laws**”), the resolutions approved by the Board of Directors of the Company by unanimous written consent on April 22, 2021, and such other documents, agreements, records and instruments, and such treaties, laws, rules, regulations, decrees and the like, as I have deemed necessary as a basis for the opinions hereinafter expressed.

In arriving at the opinions expressed below, I have assumed (A) the genuineness of all signatures; (B) the due authorization, execution and delivery by the parties thereto of the Note and the Warrant Agreement (other than the Company); (C) the authenticity of all such

documents submitted to me as originals; and (D) the conformity to the originals of all such documents submitted to me as copies.

Based upon the foregoing, and subject to the assumptions and qualifications set forth below, I am of the opinion that:

1. Neither the execution and delivery of the Note, the Warrant Agreement and the Warrants, nor the performance by the Company of its obligations under the Note, the Warrant Agreement and the Warrants, will (A) conflict with or violate (i) any judgment, injunction, decree or order known to me to be binding on the Company, (ii) any Generally Applicable Law (as defined below), or (iii) the Certificate of Incorporation or By-Laws; or (B) not result in a breach of any of the terms and provisions of, or result in a default under any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, credit agreement or other agreement, in each case, governing Material Indebtedness to which the Company is a party.
2. The Company's execution, delivery and performance of the Note, the Warrant Agreement and the Warrants and the consummation of the transactions contemplated thereby do not require the consent or approval of, giving of notice to, registration with, or taking of any other action in respect of any United States Federal, State of New York or State of Delaware governmental authority.

The foregoing opinions are subject to the qualification that I have assumed, without investigation or inquiry, the accuracy of the opinion, dated today and addressed to you of Davis Polk & Wardwell LLP, New York counsel. Subject to the following sentence, as used herein the term "**Generally Applicable Law**" means any government rule, law, statute or regulation of Delaware or the United States that a Delaware lawyer exercising customary professional diligence would recognize as being applicable to the Company or the transactions contemplated by the Note, the Warrant Agreement and the Warrants. I express no opinion as to the laws of any jurisdiction other than the General Corporation Law of the State of Delaware, the State of New York and the Federal laws of the United States of America (each as currently in effect on the date hereof), except that I express no opinion with respect to antitrust, bankruptcy, environmental, intellectual property, securities, tax or usury laws or laws governing pensions or employee benefits, including the Employee Retirement Income Security Act of 1974, as amended, in each case of any jurisdiction. The opinions set forth in paragraphs 1 and 2 as to the performance by the Company of its obligations in accordance with the terms of the Note are based solely upon the facts and circumstances as they exist on the date hereof and are rendered as if such obligations are performed as they exist under such facts and circumstances on the date hereof.

This opinion letter is limited to the matters stated, and no opinion is implied or may be inferred beyond those opinions expressly stated herein. The opinions expressed herein are rendered only as of the date hereof, and I assume no responsibility to advise you of changes in law, facts, circumstances, events or developments which hereafter may be brought to my

attention and which may alter, affect or modify such opinions. The opinions expressed herein are solely for the benefit of the addressees of this opinion letter, and without my prior written consent may not be relied on in any other context, quoted in whole or in part or otherwise referred to in any legal opinion, document or other report, or furnished to any other person or entity, without my prior written consent.

[Signature page follows]

Very truly yours,

Thomas Canfield
General Counsel
Spirit Airlines, Inc.

[SIGNATURE PAGE TO IN-HOUSE LEGAL OPINION (SPIRIT AIRLINES,INC.)]

Schedule 1

The United States Department of the Treasury, as the Holder

FORM OF WARRANT

[SEE ATTACHED]

FORM OF WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

**WARRANT
to purchase**

Shares of Common Stock
of _____
Issue Date: _____

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Affiliate*” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

“*Aggregate Net Cash Settlement Amount*” has the meaning ascribed thereto in Section 2(i).

“*Aggregate Net Share Settlement Amount*” has the meaning ascribed thereto in Section 2(ii).

chosen by the Company and one by the Original Warranholder, shall mutually agree upon the determinations then the subject of appraisal. Each party shall deliver a notice to the other appointing its appraiser within 10 days after the Appraisal Procedure is invoked. If within 30 days after appointment of the two appraisers they are unable to agree upon the amount in question, a third independent appraiser shall be chosen within 10 days thereafter by the mutual consent of such first two appraisers. The decision of the third appraiser so appointed and chosen shall be given within 30 days after the selection of such third appraiser. If three appraisers shall be appointed and the determination of one appraiser is disparate from the middle determination by more than twice the amount by which the other determination is disparate from the middle determination, then the determination of such appraiser shall be

excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive upon the Company and the Original Warrantholder; otherwise, the average of all three determinations shall be binding upon the Company and the Original Warrantholder. The costs of conducting any Appraisal Procedure shall be borne by the Company.

“*Average Market Price*” means, with respect to any security, the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date.

“*Board of Directors*” means the board of directors of the Company, including any duly authorized committee thereof.

“*Business Combination*” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s stockholders.

“*Business Day*” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any governmental entity if such banks’ electronic funds transfer system (including wire transfers) are open for use by customers on such day.

“*Capital Stock*” means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“*Charter*” means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

“*Common Stock*” means common stock of the Company, par value \$[___] subject to adjustment as provided in Section 13(E).

“*Company*” means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

“*conversion*” has the meaning set forth in Section 13(B). “*convertible securities*” has the meaning set forth in Section 13(B).

“*Depository*” means The Depository Trust Company, its nominees and their respective successors.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*Exercise Date*” means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

“*Exercise Price*” means the amount set forth in Item 2 of Schedule A hereto, subject to adjustment as contemplated herein.

“*Fair Market Value*” means, with respect to any security or other property, the fair market value of such security or other property as determined by the Board of Directors, acting in good faith in reliance on an opinion of a nationally recognized independent investment banking firm retained by the Company for this purpose. For so long as the Original Warrantholder holds this Warrant or any portion thereof, it may object in writing to the Board of Director’s calculation of fair market value within 10 days of receipt of written notice thereof. If the Original Warrantholder and the Company are unable to agree on fair market value during the 10-day period following the delivery of the Original Warrantholder’s objection, the Appraisal Procedure may be invoked by either party to determine Fair Market Value by delivering written notification thereof not later than the 30th day after delivery of the Original Warrantholder’s objection.

“*Initial Number*” has the meaning set forth in Section 13(B).

“*Issue Date*” means the date set forth in Item 3 of Schedule A hereto.

“*Market Price*” means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose. “Market Price” shall be determined without reference to after hours or extended hours trading. If such security is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price of such security shall be deemed to be (i) in the event that any portion of the Warrant is held by the Original Warrantholder, the fair market value per share of such security as determined in good faith by the Original Warrantholder or (ii) in all other circumstances, the fair market value per share of such security as determined in good faith by the Board of Directors in reliance on an opinion of a nationally recognized independent investment banking corporation retained by the Company for this purpose and certified in a resolution to the Warrantholder.

“*Original Warrantholder*” means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

“*Permitted Transactions*” has the meaning set forth in Section 13(B).

“*Per Share Net Cash Settlement Amount*” means the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price.

“*Per Share Net Share Settlement Amount*” means the quotient of (i) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Per Share Fair Market Value*” has the meaning set forth in Section 13(C).

“*Pro Rata Repurchases*” means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The “*Effective Date*” of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

“*Regulatory Approvals*” with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*trading day*” means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities

exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock

(i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

“U.S. GAAP” means United States generally accepted accounting principles. “Warrant” means this Warrant, issued pursuant to the Warrant Agreement.

“Warrant Agreement” means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

“Warrantholder” has the meaning set forth in Section 2.

“Warrant Shares” has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the “Warrantholder”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the “Warrant Shares”) issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash (“Net Cash Settlement”) or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant (“Net Share Settlement”). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

(i) *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied

by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Cash Settlement Amount*”).

(ii) *Net Share Settlement*. If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Share Settlement Amount*”).

3. Term; Method of Exercise. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than 5:00 p.m., New York City time on the fifth anniversary of the Issue Date of this Warrant, by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

4. Method of Settlement.

(i) *Net Cash Settlement*. If the Company elects Net Cash Settlement, the Company shall, within a reasonable time, not to exceed five Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

(ii) *Net Share Settlement*. If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depository's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by

the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. The Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Average Market Price of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

(A) Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

(B) If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Sections 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

(A) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(B) (x) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company is not required to file such reports, make available, upon the request of any Warrantholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(C) furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Warrantholder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

(D) take such further action as any Warrantholder may reasonably request, all to the extent required from time to time to enable such Warrantholder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights. The Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13 is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13 so as to result in duplication:

(A) Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

(B) Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a “*conversion*”) for shares of Common Stock) (collectively, “*convertible securities*”) (other than in Permitted Transactions (as defined below) or a transaction to which subsection (A) of this Section 13 is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:

(A) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the “*Initial Number*”) shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

(B) the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (A) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and “*Permitted Transactions*” shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A

thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B) shall become effective immediately upon the date of such issuance.

(C) Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(A)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the "*Per Share Fair Market Value*") divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

(D) Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the

exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(D).

(E) Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(A)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

(F) Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

(G) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over

and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(H) Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

(I) Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

(J) Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in Section 13(J), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(K) Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining

regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

(L) Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.**

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then

issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

[Form of Notice of Exercise]

Date: ___

TO: **[Company]**

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: _____

Aggregate Exercise Price: _____

Address for Delivery of Warrant Shares: _____

Wire Instructions:

Proceeds to be delivered:

Name of Bank:

City/ State of Bank:

ABA Number of Bank

SWIFT #

Name of Account:

Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depositary:

Depositary Account Number: _____

Name of Agent Member: _____

If in certificated form:

Social Security Number or Other Identifying Number: _____

Name: _____
Street Address: _____
City, State and Zip Code: _____
Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:
Social Security Number or Other Identifying Number: _____
Name: _____
Street Address: _____
City, State and Zip Code: _____

Holder: _____
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: __

COMPANY : _____

By: _____

Name:

Title:

Attest:

By: _____

Name:

Title:

[Signature Page to Warrant]

SCHEDULE A

Item 1 Name:

Corporate or other organization form:

Jurisdiction of organization:

Item 2

Exercise price:

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury:

Item 3 Issue Date:

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury:

Item 5

Number of shares of Common Stock:

Item 6

Company's address:

Item 7

Notice information:

WARRANT SHARES FORMULA

The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

- (i) On the Closing Date, the quotient of (x) the product of the principal amount of the Promissory Note multiplied *by* 0.1 *divided by* (y) the Exercise Price (as defined in Annex B); and
 - (ii) On each subsequent Warrant Closing Date, the quotient of (x) the product of the amount by which the principal amount of the Promissory Note is increased on such Warrant Closing Date multiplied *by* 0.1 *divided by* (y) the Exercise Price.
-

SCHEDULE 2

CAPITALIZATION

As of 3/31/21:

Security	Authorized (Shares)	Issued and Outstanding (Shares)	Reserved for Issuance (Shares)	Notes
Common Stock, \$0.0001 par value	240,000,000	Issued: 99,588,755 Less, Held in Treasury: (1,782,823) Outstanding: 97,805,932	785,147	Shares reserved for issuance underlie equity Incentive awards, including restricted stock units, performance share units (PSUs) and market stock units (MSUs). PSUs assumed at maximum 200% and MSUs assumed at maximum 283% of target payout upon settlement.
Non-Voting Common Stock, \$0.0001 par value	50,000,000	0		
Preferred Stock	10,000,000	0	240,000	Series A Participating Cumulative Preferred Stock reserved for issuance upon exercise of Preferred Stock Purchase Rights
Preferred Stock Purchase Rights				Expired on March 29, 2021

REQUIRED STOCKHOLDER APPROVALS

None.

PAYROLL SUPPORT PROGRAM 3 AGREEMENT

Recipient: Spirit Airlines, Inc. 2800 Executive Way Miramar, FL 33025

PSP Participant Number: PSA-2004030420 Employer Identification Number: 38-1747023 DUNS Number: _____

Additional Recipients: N/A

Amount of Initial Payroll Support Payment: \$98,927,176.48

The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under section 7301 of the American Rescue Plan Act of 2021. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.

The undersigned hereby agree to the attached Payroll Support Program 3 Agreement.

Table with 3 columns: Signature, Name/Title, Date. Includes David A. Lebryk (Department of the Treasury) and Ted Christie (Spirit Airlines, Inc.) as first authorized representatives, and Scott Haralson (Spirit Airlines, Inc.) as second authorized representative.

OMB Approval No. 1505-0263 PAPERWORK REDUCTION ACT NOTICE The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 2 hours per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

PAYROLL SUPPORT PROGRAM 3 AGREEMENT

INTRODUCTION

Section 7301 of the American Rescue Plan Act of 2021 (ARP) directs the Department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers and certain contractors that must be exclusively used for the continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The ARP requires certain assurances from the Recipient (as defined herein).

This Payroll Support Program 3 Agreement, including all supporting documents submitted by the Recipient and the Payroll Support Program 3 Certification attached hereto (collectively, Agreement), memorializes the binding terms and conditions applicable to the Recipient.

DEFINITIONS

As used in this Agreement, the following terms shall have the following respective meanings, unless the context clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of section 7301 of the ARP.

Additional Payroll Support Payment means any disbursement of Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

Affiliate means any Person that directly or indirectly controls, is controlled by, or is under common control with, the Recipient. For purposes of this definition, “control” of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

ARP means the American Rescue Plan Act of 2021.

Benefits means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness, hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to Employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Corporate Officer means, with respect to the Recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Recipient. Executive officers of subsidiaries or

parents of the Recipient may be deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

Employee means an individual who is employed by the Recipient and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer or independent contractor.

Involuntary Termination or Furlough means the Recipient terminating the employment of one or more Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however, that an Involuntary Termination or Furlough does not include a Permitted Termination or Furlough.

Maximum Awardable Amount means the amount determined by the Secretary with respect to the Recipient pursuant to section 7301(b)(2) of the ARP.

Payroll Support means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

Permitted Termination or Furlough means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case, as reasonably determined by the Recipient acting in good faith.

Person means any natural person, corporation, limited liability company, partnership, joint venture, trust, business association, governmental entity, or other entity.

PSP1 means the Payroll Support Program established under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136).

PSP2 means the Payroll Support Program Extension established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

Recipient means, collectively, the Signatory Entity; its Affiliates that are listed on the signature page hereto as Additional Recipients; and their respective heirs, executors, administrators, successors, and assigns.

Salary means, without duplication of any amounts counted as Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Secretary means the Secretary of the Treasury.

Severance Pay or Other Benefits means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after October 1, 2022) by the Recipient to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

Signatory Entity means the passenger air carrier or contractor that has entered into this Agreement.

Taxpayer Protection Instruments means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient or an Affiliate to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

Total Compensation means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.6 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

Wage means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

PAYROLL SUPPORT PAYMENTS

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient to receive Payroll Support.
2. The Recipient may receive Payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in her sole discretion. The Secretary may, in her sole discretion, increase or reduce the Maximum Awardable Amount consistent with section 7301 of the ARP.
3. The Secretary may determine in her sole discretion that any Payroll Support shall be conditioned on, and subject to, compliance by the Recipient with all applicable requirements under (a) PSP2 and (b) PSP1 if the Recipient received financial assistance in PSP1, and such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

TERMS AND CONDITIONS

Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefits to the Employees of the Recipient.
 - a. *Furloughs and Layoffs.* The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later.
 - b. *Employee Salary, Wages, and Benefits*
 - i. *Salary and Wages.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later, reduce, without the Employee's consent, (A) the pay rate of any Employee earning a Salary, or (B) the pay rate of any Employee earning Wages.
 - ii. *Benefits.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed.

Dividends and Buybacks

5. Through September 30, 2022, neither the Recipient nor any Affiliate shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.
6. Through September 30, 2022, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

Limitations on Certain Compensation

7. Beginning April 1, 2021, and ending April 1, 2023, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 11, 2021):

- a. Total Compensation which exceeds, during any 12 consecutive months of such two-year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or
 - b. Severance Pay or Other Benefits in connection with a termination of employment with the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
8. Beginning April 1, 2021, and ending April 1, 2023, the Recipient and its Affiliates shall not pay, during any 12 consecutive months of such two-year period, any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:
- a. \$3,000,000; and
 - b. 50 percent of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee who was employed by the Recipient or an Affiliate for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

Service and Eligibility

- 10.1. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 407 of the PSP Extension Law to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.
- 10.2. The Recipient represents, warrants, and certifies that as of March 31, 2021, the Recipient:
- a. provided air transportation as an air carrier, as defined under 49 U.S.C. § 40102; or
 - b. (i) performed, under contract with a passenger air carrier conducting operations under 14 CFR part 121, (A) catering functions; or (B) functions on the property of an airport that were directly related to the air transportation of persons, property, or mail, including the loading and unloading of property on aircraft, assistance to passengers under 14 CFR part 382, security, airport ticketing and check-in functions, groundhandling of aircraft, or aircraft cleaning and sanitization functions and waste removal; or (ii) was a subcontractor that performed such functions.
- 10.3. The Recipient represents, warrants, and certifies that between March 31, 2021, and the effective date of this Agreement, it has not:
- a. conducted an Involuntary Termination or Furlough;

- b. reduced, without the Employee's consent, (i) the pay rate of any Employee earning a Salary, or (ii) the pay rate of any Employee earning Wages; or
- c. except in the case of a Permitted Termination or Furlough, reduced, without the Employee's consent, the Benefits of any Employee (provided, however, that for purposes of this subparagraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed).

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of January 1, 2023, and the date on which no Taxpayer Protection Instrument is outstanding, not later than 45 days after the end of each of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:

- a. the amount of Payroll Support funds expended during such quarter;
- b. the Recipient's financial statements (audited by an independent certified public accountant, in the case of annual financial statements);
- c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and
- d. a detailed summary describing, with respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reasons for any such changes.

13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, events, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.

14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.

15. The Recipient shall:

- a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that is received by the Recipient relating to this Agreement.
- b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.
- c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.

16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Recipient related to the Payroll Support, to enable Treasury and the Treasury Inspector General to make audits, examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and discussion related to such documents. This right of access shall continue as long as records are required to be retained. In addition, the Recipient will provide timely reports as reasonably required by Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury to comply with applicable law and to assess program effectiveness.

Recordkeeping and Internal Controls

17. If the Recipient is a debtor as defined under 11 U.S.C. § 101(13), the Payroll Support funds, any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate under 11 U.S.C. § 541.

18. The Recipient shall expend and account for Payroll Support funds in a manner sufficient to:

- a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.
- b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.

19. The Recipient shall establish and maintain effective internal controls over the Payroll Support; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor compliance with Federal statutes, regulations, and the terms and conditions of this Agreement; and take prompt corrective actions in accordance with

audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement.

20. The Recipient and Affiliates shall retain all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records, including e-mails) for a period of three years following the period of performance. Such records shall include all information necessary to substantiate factual representations made in the supporting documents submitted by the Recipient related to the Payroll Support, including ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hardcopy (paper) format. The term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the Recipient's quarterly reports.
21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims, investigations, or audit findings have been completely resolved and final judgment entered or final action taken.

Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient or an Affiliate with (a) this Agreement, (b) section 7301 of the ARP, or (c) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy. Upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.
23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in its sole discretion, withhold any Additional Payroll Support Payments; require the repayment of the amount of any previously disbursed Payroll Support, with appropriate interest; require additional reporting or monitoring; initiate suspension or debarment proceedings as authorized under 2 CFR Part 180; terminate this Agreement; or take any such other action as Treasury, in its sole discretion, deems appropriate.
24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if Treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event, Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in

writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.

25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall not be subject to further review. To the extent permitted by law, the Recipient waives any right to judicial review of any such determinations and further agrees not to assert in any court any claim arising from or relating to any such determination or remedial action.
26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, or abuse to the Treasury Inspector General.
27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, which such request shall be in writing and shall include the reasons for such termination, the proposed effective date of the termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.
28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to the extent permitted by law.

Debts

29. Any Payroll Support in excess of the amount which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.
30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.
31. Penalties on any debts shall accrue at a rate of not more than 6 percent per year or such other higher rate as authorized by law.
32. Administrative charges relating to the costs of processing and handling a delinquent debt shall be determined by Treasury.
33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the government arising under this Agreement.

Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant:
- a. A Member of Congress or a representative of a committee of Congress;
 - b. An Inspector General;
 - c. The Government Accountability Office;
 - d. A Treasury employee responsible for contract or grant oversight or management;
 - e. An authorized official of the Department of Justice or other law enforcement agency;
 - f. A court or grand jury; or
 - g. A management official or other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

Lobbying

35. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:
- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), including Treasury's implementing regulations at 31 CFR Part 22;
 - b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
 - c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101–6107), including Treasury's implementing regulations at 31 CFR Part 23 and the general age discrimination regulations at 45 CFR Part 90; and
 - d. The Air Carrier Access Act of 1986 (49 U.S.C. § 41705).

Additional Reporting

37. Within seven days after the date of this Agreement, the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least January 1, 2023. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if required by changes in the Recipient's information. The Recipient agrees that this Agreement and information related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38, may be made available to the public through a U.S. Government website, including SAM.gov.
38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.6 of the award term in 2 CFR part 170, App. A for each of the Recipient's five most highly compensated executives for the preceding completed fiscal year, if:
- a. the total Payroll Support is \$25,000 or more;
 - b. in the preceding fiscal year, the Recipient received:
 - i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
 - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
 - c. the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.
39. The Recipient shall report executive total compensation described in paragraph 38:
- a. as part of its registration profile at <https://www.sam.gov>; and
 - b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.
40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, or cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all in form and substance reasonably satisfactory to Treasury, to enable Treasury to ensure compliance with, or effect the purposes of, this Agreement, which may include, among other

documents or information, (a) certain audited financial statements of the Recipient, (b) documentation regarding the Recipient's revenues derived from its business as a passenger air carrier or regarding the passenger air carriers for which the Recipient provides services as a contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.

41. If the total value of the Recipient's currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period before termination of this Agreement, then the Recipient shall make such reports as required by 2 CFR part 200, Appendix XII.

Other

42. [Reserved]

43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein, or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company, or other Person without the express written approval of Treasury.

44. The Signatory Entity will cause its Affiliates to comply with all of their obligations under or relating to this Agreement.

45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).

46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in order to comply with applicable Federal law or regulation.

47. Subject to applicable law, Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.

48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.

49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and, if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or bylaws of the Recipient, or breach or constitute an event of default under any material contract to which the Recipient is a party.

50. The Recipient represents and warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding obligation of the Recipient enforceable against the Recipient in accordance with its terms.
51. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single contract.
52. The words “execution,” “signed,” “signature,” and words of like import in any assignment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party, shall be effective as delivery of a manually executed counterpart of this Agreement.
53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.
54. This Agreement is governed by and shall be construed in accordance with Federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in accordance with the laws of the State of New York, without regard to any rule of conflicts of law (other than section 5-1401 of the New York General Obligations Law) that would result in the application of the substantive law of any jurisdiction other than the State of New York.
55. Nothing in this Agreement shall require any unlawful action or inaction by either party.
56. The requirement pertaining to trafficking in persons at 2 CFR 175.15(b) is incorporated herein and made applicable to the Recipient.
57. This Agreement, together with the attachments hereto, including the Payroll Support Program 3 Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and supersede any previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.
58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

ATTACHMENT

Payroll Support Program 3 Certification of Corporate Officer of Recipient

PAYROLL SUPPORT PROGRAM 3

CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT

In connection with the Payroll Support Program 3 Agreement (Agreement) between Spirit Airlines, Inc. and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under section 7301 of the American Rescue Plan Act of 2021, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

- (1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon as material in the decision by Treasury to provide Payroll Support to the Recipient.
 - (2) The information, certifications, attachments, and other information provided by the Recipient to Treasury related to the Payroll Support are true and correct and do not contain any materially false, fictitious, or fraudulent statement, nor any concealment or omission of any material fact.
 - (3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, terms, and conditions set forth in the Agreement and any attachment thereto.
 - (4) The Recipient and any Affiliate will give Treasury, Treasury's designee or the Treasury Office of Inspector General (as applicable) access to, and opportunity to examine, all documents, papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury to the Recipient, in order to make audits, examinations, excerpts, and transcripts.
 - (5) No Federal appropriated funds, including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
 - (6) If the Payroll Support exceeds \$100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.
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I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.

/s/ Scott Haralson

Corporate Officer of Signatory Entity

Name: Scott Haralson

Title: Senior Vice President and Chief
Financial Officer

Date: April 29, 2021

/s/ Thomas Canfield

Second Authorized Representative

Name: Thomas Canfield

Title: General Counsel

Date: April 29, 2021

PROMISSORY NOTE

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

Reference is made to that certain Payroll Support Program 3 Agreement ("PSP3 Agreement") dated as of the date hereof by and among SPIRIT AIRLINES, INC., a Delaware corporation ("Issuer"), having an office at 2800 Executive Way, Miramar, Florida 33025 and the United States Department of the Treasury ("Treasury"), having an office at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, entered into by Issuer and Treasury pursuant to the American Rescue Plan Act of 2021 (March 11, 2021) ("PSP3 Extension Law").

WHEREAS, Issuer has requested that Treasury provide financial assistance to the Issuer and certain of its Affiliates (as defined below) that are Recipients (as defined in the PSP3 Agreement) that shall be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 7301(b)(1) of the PSP3 Extension Law.

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP3 Agreement, Issuer has agreed to issue this Promissory Note ("Note") to Treasury on the terms and conditions set forth herein.

FOR VALUE RECEIVED, Issuer unconditionally promises to pay to the Holder (as defined below) the principal sum of ZERO DOLLARS (\$0), subject to increases and/or decreases made pursuant to Section 2.1, as permissible under the PSP3 Agreement, or Section 2.3, in each case as noted by the Holder in Schedule I (the "Principal Amount"), outstanding hereunder, together with all accrued interest thereon on the Maturity Date (as defined below) as provided in this Note. Notations made by the Holder in Schedule I shall be final and conclusive absent manifest error; provided, however, that any failure by the Holder to make such notations or any error by omission by the Holder in this regard shall not affect the obligation of the Issuer to pay the full amount of the principal of and interest on the Note or any other amount owing hereunder.

1 DEFINITIONS

1.1 Defined Terms. As used in this Note, capitalized terms have the meanings specified in Annex A.

1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" is not exclusive. The word "year" shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Note in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Annexes and Schedules shall be construed to refer to Sections of, and Annexes and Schedules to, this Note, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Accounting Terms. All accounting terms not otherwise defined herein shall be construed in conformity with GAAP, as in effect from time to time.

2 NOTE

2.1 Principal Amount. Upon any disbursement to the Issuer under the PSP3 Agreement after the Closing Date, the Principal Amount of this Note shall be increased in an amount equal to 30% of any such disbursement; provided, however, that no increases in the Principal Amount of this Note shall occur pursuant to this Section until the aggregate principal amount of any disbursements to the Issuer under the PSP3 Agreement is greater than \$100,000,000.

2.2 Maturity Date. The aggregate unpaid principal amount of the Note, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 5.1.

2.3 Prepayments.

(a) Optional Prepayments. The Issuer may, upon written notice to the Holder, at any time and from time to time prepay the Note in whole or in part without premium or penalty in a minimum aggregate principal amount equal to the lesser of \$5,000,000 and the Principal Amount outstanding.

(b) Mandatory Prepayments. If a Change of Control occurs, within thirty (30) days following the occurrence of such Change of Control, the Issuer shall prepay the aggregate principal amount outstanding under the Note and any accrued interest or other amounts owing under the Note. The Issuer will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Note) that, directly or indirectly, restricts the ability of the Issuer or any Subsidiary to make such prepayment hereunder.

2.4 Interest.

(a) Interest Rate. Subject to paragraph (b) of this Section, the Note shall bear interest on the Principal Amount outstanding from time to time at a rate per annum equal to 1.00% until the fifth anniversary of the Closing Date, and the Applicable SOFR Rate plus 2.00% thereafter until the Maturity Date. All interest hereunder shall be computed on the basis of the actual number of days in each interest period and a year of 365 or 366 days, as applicable, until the fifth anniversary of the Closing Date and computed in a manner determined by the Holder thereafter, based on prevailing customary market conventions for the use of the Applicable SOFR Rate in floating-rate debt instruments at the time of the announcement of the Applicable SOFR Rate. Each interest period will be from, and including, the Closing Date, or from and including the most recent interest payment date to which interest has been paid or provided for, to, but excluding the next interest payment date.

(b) Default Interest. If any amount payable by the Issuer or any Guarantor under this Note (including principal of the Note, interest, fees or other amount) is not paid when due, whether at stated maturity, upon acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. While any Event of Default exists, the Issuer or any Guarantor shall pay interest on the principal amount of the Note outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on the Note shall be payable in arrears on the last Business Day of March and September of each year, beginning with September 30, 2021, and on the Maturity Date and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of the Note, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) SOFR Fallback. If, at any time, the Holder or its designee determines that a Benchmark Transition Event has occurred with respect to the Applicable SOFR Rate or SOFR, or any successor rate, the Holder or its designee will designate a Benchmark Replacement and, as applicable, make Benchmark Conforming Changes in a manner consistent with the methodology set forth in the ARRC Fallback Provisions. Any determination, decision or election that may be made by the Holder or its designee pursuant to this Section 2.4(d), and any decision to take or refrain from taking any action or making any determination, decision or election arising out of or relating to this Section 2.4(d), shall be conclusive and binding absent manifest error, may be made by the Holder or its designee in its sole discretion, and, notwithstanding anything to the contrary in this Note, shall become effective without the consent of the Issuer, any Guarantor or any other party. Any terms used in this Section 2.4(d) but not defined in this Note shall be construed in a manner consistent with the ARRC Fallback Provisions.

2.5 Payments Generally.

(a) Payments by Issuer. All payments to be made by the Issuer hereunder shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, (i) for so long as Treasury is the Holder of this Note, each payment under this Note shall be paid in immediately available funds by electronic funds transfer to the account of the United States Treasury maintained at the Federal Reserve Bank of New York specified by Treasury in a written notice to the Issuer, or to such other account as may be specified from time to time by Treasury in a written notice to the Issuer, or (ii) in the event that Treasury is not the Holder of this Note, then each payment under this Note shall be made in immediately available funds by electronic funds transfer to such account as shall be specified by the Holder in a written notice to the Issuer, in each case not later than 12:00 noon (Washington, D.C. time) on the date specified herein. All amounts received by the Holder after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. If any payment to be made by the Issuer shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder shall be made in Dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Holder to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, and (ii) second, to pay principal then due hereunder.

3 REPRESENTATIONS AND WARRANTIES

The Issuer and each Guarantor represents and warrants to the Holder on the Closing Date and is deemed to represent and warrant to the Holder on any date on which the amount of the Note is increased pursuant to the terms hereof and in accordance with the PSP3 Agreement that:

3.1 Existence, Qualification and Power. The Issuer, each Guarantor and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Note, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Issuer and each Guarantor), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization; No Contravention. The execution, delivery and performance by the Issuer and each Guarantor of the Note have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which the Issuer or any Guarantor is a party or affecting the Issuer or any Guarantor or the material properties of the Issuer, any Guarantor or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Issuer, the Guarantor or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

3.3 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Issuer or any Guarantor of this Note, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

3.4 Execution and Delivery; Binding Effect. This Note has been duly executed and delivered by the Issuer and each Guarantor. This Note constitutes a legal, valid and binding obligation of the Issuer and each Guarantor, enforceable against the Issuer and each Guarantor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

4 COVENANTS

Until all Obligations shall have been paid in full or until any later date as provided for in this Note, the Issuer covenants and agrees with the Holder that:

4.1 Notices. The Issuer will promptly notify the Holder of the occurrence of any Default.

4.2 Guarantors. The Guarantors listed on the signature page to this Note hereby Guarantee the Guaranteed Obligations as set forth in Annex B. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date or if any Subsidiary ceases to be an Excluded Subsidiary, then the Issuer will cause such Subsidiary to become a Guarantor of this Note within 30 days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary pursuant to customary documentation reasonably acceptable to the Holder and on the terms and conditions set forth in Annex B.

4.3 Pari Passu Ranking. The Obligations of the Issuer and any Guaranteed Obligations of any Guarantor under this Note shall be unsecured obligations of the Issuer and any Guarantor ranking *pari passu* with all existing and future senior unsecured Indebtedness of the Issuer or any Guarantor that is not subordinated in right of payment to the holder or lender of such Indebtedness.

5 EVENTS OF DEFAULT

5.1 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

- (a) the Issuer shall fail to pay any principal of the Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) the Issuer shall fail to pay any interest on the Note, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Note, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of the Issuer or any Guarantor, including those made prior to the Closing Date, in or in connection with this Note or any amendment or modification hereof, or any waiver hereunder, or in the PSP3 Agreement, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Note, the PSP3 Agreement or the PSP3 Application or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Note already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;
- (d) the Issuer shall fail to observe or perform any covenant, condition or agreement contained in Section 4.1;
- (e) the Issuer or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in this Note (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of 30 or more days after notice thereof by the Holder to the Issuer;
- (f) (i) the Issuer or any Guarantor shall default in the performance of any obligation relating to any Indebtedness (other than Indebtedness under the Note) having an aggregate principal amount equal to or greater than \$15,000,000 ("Material Indebtedness") and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) the Issuer or any Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of the Issuer or any Guarantor, any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date or the applicable grace period thereunder, in an aggregate principal amount at any single time unpaid exceeding \$15,000,000 ;
- (g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Issuer, any Guarantor or any Subsidiary or its debts, or of a substantial

part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Issuer, any Guarantor or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer, any Guarantor or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding or (v) make a general assignment for the benefit of creditors;

(i) the Issuer, any Guarantor or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Issuer, any Guarantor or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding an amount equal to or greater than \$15,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(k) any material provision of the Note, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Issuer, any Guarantor or any other Person contests in writing the validity or enforceability of any provision of the Note; or the Issuer or any Guarantor denies in writing that it has any or further liability or obligation under the Note, or purports in writing to revoke, terminate or rescind the Note;

then, and in every such event (other than an event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Holder may, by notice to the Issuer, take any or all of the following actions, at the same or different times:

(i) declare any amounts then outstanding under the Note to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Note so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Issuer accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor; and

(ii) exercise on all rights and remedies available to it under the Note and Applicable Law;

provided that, in case of any event with respect to the Issuer or any Guarantor described in clause (g) or (h) of this Section, the principal of the Note then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer and any Guarantor.

6 **MISCELLANEOUS**

6.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email as follows:

(i) if to the Issuer or any Guarantor, to Legal Department, Spirit Airlines, Inc., 2800 Executive Way, Miramar, Florida 33025 (Telephone No. (954) 447-7920; Email: legaldepartment@spirit.com);

(ii) if to the Holder, to the Department of the Treasury at 1500 Pennsylvania Avenue, NW, Washington D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. (202) 622-0283; Email: eric.froman@treasury.gov); and

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Holder hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Holder. The Holder, the Issuer or any Guarantor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Holder otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

6.2 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Holder in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Holder hereunder and under the Note are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Note, no amendment or waiver of any provision of this Note, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing executed by the Issuer and the Holder, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Holder (including the reasonable fees, charges and disbursements of any counsel for the Holder) in connection with the preparation, negotiation, execution, delivery and administration of this Note and the PSP3 Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Holder (including the fees, charges and disbursements of any counsel for the Holder), in connection with the enforcement or protection of its rights in connection with this Note and the PSP3 Agreement, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Note, PSP3 Agreement and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Issuer. The Issuer shall indemnify the Holder and each of its Related Parties (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, fines, settlements, judgments, disbursements and related costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Note or any agreement or

instrument contemplated hereby, the performance by the Issuer or any Guarantor of its obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the Note or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer or any Guarantor, and regardless of whether any Indemnitee is a party thereto.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Issuer and any Guarantor shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Note or any agreement or instrument contemplated hereby, the transactions contemplated hereby, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Note or the transactions contemplated hereby.

(d) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor.

(e) Survival. Each party's obligations under this Section shall survive the termination of the Note and payment of the obligations hereunder.

6.4 Successors and Assigns. Neither the Issuer nor any Guarantor may assign or transfer this Note or any of its rights or obligations hereunder and any purported assignment or transfer in violation of this Note shall be void. Holder may assign or participate a portion or all of its rights under this Note at any time in compliance with all Applicable Laws. This Note shall inure to the benefit of and be binding upon Issuer, any Guarantor and Holder and their permitted successors and assigns. Any Holder that assigns, or sells participations in, any portion of the Note will take such actions as are necessary for the Note and such portion to be in "registered form" (within the meaning of Treasury Regulations Section 5f.103-1).

6.5 Counterparts; Integration; Effectiveness

. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between Issuer, any Guarantor and the Holder with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Note by electronic means shall be effective as delivery of a manually executed counterpart of this Note.

6.6 Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

6.7 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Holder is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by the Holder, to or for the credit or the account of the Issuer against any and all of the due and unpaid Obligations of the Issuer now or hereafter existing under this Note to the Holder, irrespective of whether or not the Holder shall have made any demand under this Note. The rights of the Holder under this Section are in addition to other rights and remedies (including other rights of setoff) that the Holder may have. The Holder agrees to notify the Issuer promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

6.8 Governing Law; Jurisdiction; Etc. This Note will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Issuer, any Guarantor and the Holder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Note or the transactions contemplated hereby, and (b) that notice may be served upon the Issuer, any Guarantor or the Holder at the applicable address in Section 6.1 hereof (or upon any Holder that is not Treasury at an address provided by such

Holder to Issuer in writing). To the extent permitted by Applicable Law, each of the Issuer, any Guarantor and the Holder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Note or the transactions contemplated hereby.

6.9 Headings. Section headings used herein are for convenience of reference only, are not part of this Note and shall not affect the construction of, or be taken into consideration in interpreting, this Note.

ANNEX A

DEFINITIONS

“Affiliate” means any Person that directly or indirectly Controls, is Controlled by, or is under common Control with, the Issuer.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable SOFR Rate” means a rate of interest based on SOFR that shall be determined by the Holder and publicly announced by the Holder on or prior to the fifth anniversary of the Closing Date and shall, to the extent reasonably practicable, be based on customary market conventions as in effect at the time of such announcement. In no event will the Applicable SOFR Rate be less than 0.00% per annum.

“ARRC Fallback Provisions” means the Fallback Language for New Issuances of LIBOR Floating Rate Notes set forth in the ARRC Recommendations Regarding More Robust Fallback Language for New Issuances of LIBOR Floating Rate Notes, dated April 25, 2019.

“ASU” means the Accounting Standards Update 2016-02, Leases (Topic 842) by the Financial Accounting Standards Board issued on February 25, 2016.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“Business Day” means any on which Treasury and the Federal Reserve Bank of New York are both open for business.

“Capitalized Lease Obligations” means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Note (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

“Change of Control” means the occurrence of any of the following: (a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, or if the Issuer is a Subsidiary of any Guarantor, such Guarantor (the “Parent Guarantor”) and its Subsidiaries, taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)); or (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Issuer or Parent Guarantor, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction

constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) any merger or consolidation of the Issuer or Parent Guarantor, as applicable, with or into any Person (including any "person" (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a "Permitted Person") or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any "person" (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

"Closing Date" means the date set forth on the Issuer's and each Guarantor's signature page to this Note.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings analogous thereto.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate (before as well as after judgment) equal to the interest rate on the Note plus 2.00% per annum.

"Disqualified Equity Interest" means any equity interest that, by its terms (or the terms of any security or other equity interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for equity interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of Control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of Control or asset sale event shall be subject to the prior repayment in full of the Note and all other Obligations that are accrued and payable), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other equity interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such equity interests are issued pursuant to a plan for the benefit of employees of the Issuer or any Subsidiary or by any such plan to such employees, such equity interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Dollar" and "\$" mean lawful money of the United States.

"Event of Default" has the meaning specified in Section 5.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Excluded Subsidiary" means any Subsidiary of the Issuer that is not an obligor in respect of any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries, unless such Subsidiary is required to be an obligor under any agreement, instrument or other document relating to any Material Indebtedness that is unsecured of the Issuer or any of its Subsidiaries.

"GAAP" means United States generally accepted accounting principles as in effect as of the date of determination thereof. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of any

subsidiary at “fair value,” as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Capitalized Lease Obligations shall be determined in accordance with the definition of Capitalized Lease Obligations.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligations” has the meaning specified in Annex B.

“Guarantor” means each Guarantor listed on the signature page to this Note and any other Person that Guarantees this Note.

“Holder” means the United States Department of the Treasury or its designees or any other Person that shall have rights pursuant to an assignment hereunder.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers’ acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person; (c) net obligations of such Person under any swap contract; (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business); (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) attributable indebtedness in respect of any Capitalized Lease Obligation and any synthetic lease obligation of any Person; (g) all obligations of such Person in respect of Disqualified Equity Interests; and (h) all Guarantees of such Person in respect of any of the foregoing. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any swap contract on any date shall be deemed to be the swap termination value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnitee” has the meaning specified in Section 6.3(b).

“Issuer” has the meaning specified in the preamble to this Note.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Issuer or any Guarantor to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Issuer or any Guarantors of the Note or (iii) the rights, remedies and benefits available to, or conferred upon, the Holder under the Note.

“Material Indebtedness” has the meaning specified in Section 5.1(f).

“Maturity Date” means the date that is ten years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Note” has the meaning specified in the preamble to this Note.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Issuer arising under or otherwise with respect to the Note, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Issuer or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Issuer under the Note and (b) the obligation of the Issuer to reimburse any amount in respect of any of the foregoing that the Holder, in each case in its sole discretion, may elect to pay or advance on behalf of the Issuer.

“Obligee Guarantor” has the meaning specified in Annex B.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Permitted Business” means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Issuer and its Subsidiaries are engaged on the date of this Note.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Principal Amount” has the meaning specified in the preamble to this Note.

“PSP3 Extension Law” has the meaning specified in the preamble to this Note.

“PSP3 Agreement” has the meaning specified in the preamble to this Note.

“PSP3 Application” means the application form and any related materials submitted by the Issuer to Treasury in connection with an application for financial assistance under Section 7301 of the PSP3 Extension Law.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the agents, advisors and representatives of such Person and of such Person’s Affiliates.

“SOFR” means the secured overnight financing rate published by the Federal Reserve Bank of New York, as administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s (or such successor’s) website.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the equity interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is Controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Issuer.

“Treasury” has the meaning specified in the preamble to this Note.

“United States” and “U.S.” mean the United States of America.

“Voting Stock” of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

ANNEX B

GUARANTEE

1. Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Holder, the due and punctual payment in full of all Obligations (or such lesser amount as agreed by the Holder in its sole discretion) when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").
2. Payment by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and not in limitation of any other right which the Holder may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will upon demand pay, or cause to be paid, in cash, to the Holder an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Issuer's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Issuer for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Holder as aforesaid.
3. Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:
 - (a) this Guarantee is a guarantee of payment when due and not of collectability;
 - (b) the Holder may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Issuer and the Holder with respect to the existence of such Event of Default;
 - (c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Issuer or any other Guarantors and whether or not Issuer or such Guarantors are joined in any such action or actions;
 - (d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid;
 - (e) the Holder, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Issuer or any security for the Guaranteed Obligations; and
 - (f) this Guarantee and the obligations of each Guarantor hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by

operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions hereof; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Holder's consent to the change, reorganization or termination of the corporate structure or existence of the Issuer or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) any defenses, set-offs or counterclaims which the Issuer or any Guarantor may allege or assert against the Holder in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (vi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

4. Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Holder: (a) any right to require the Holder, as a condition of payment or performance by such Guarantor, to (i) proceed against Issuer, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Holder; or (iii) pursue any other remedy in the power of the Holder whatsoever or (b) presentment to, demand for payment from and protest to the Issuer or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

5. Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Issuer or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Issuer with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Holder now has or may hereafter have against the Issuer, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Holder. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

6. Subordination. Any Indebtedness of the Issuer or any Guarantor now or hereafter held by any Guarantor (the "Obligee Guarantor") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Holder and shall forthwith be paid over to the Holder to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

7. Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

8. Financial Condition of the Issuer. The Note may be issued to the Issuer without notice to or authorization from any Guarantor regardless of the financial or other condition of the Issuer at the time of such grant. Each Guarantor has adequate means to obtain information from the Issuer on a continuing basis concerning the financial condition of the Issuer and its ability to perform its obligations under the Note, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Issuer and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

9. Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Issuer or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Holder as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

10. Discharge of Guarantee Upon Sale of the Guarantor. If, in compliance with the terms and provisions of the Note, all of the capital stock of any Guarantor that is a Subsidiary of the Issuer or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to the Issuer or to any other Guarantor), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale.

SCHEDULE I

Date	Current Outstanding Principal Amount	Increase or Decrease in Outstanding Principal Amount	Resulting Outstanding Principal Amount	Notation Made By
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Schedule I

CERTIFICATION

I, Edward M. Christie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spirit Airlines, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as described in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

July 28, 2021

/s/ Edward M. Christie

Edward M. Christie

President and Chief Executive Officer

CERTIFICATION

I, Scott M. Haralson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spirit Airlines, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as described in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

July 28, 2021

/s/ Scott M. Haralson

Scott M. Haralson

Senior Vice President and Chief Financial Officer

Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Spirit Airlines, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Company.

July 28, 2021

/s/ Edward M. Christie

Edward M. Christie

President and Chief Executive Officer

Certification of Chief Financial Officer Pursuant to 18 U.S.C. § 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Spirit Airlines, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Company.

July 28, 2021

/s/ Scott M. Haralson

Scott M. Haralson

Senior Vice President and Chief Financial Officer