

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

or

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

For the transition period from _____ to _____

Commission File No. 001-35186

Spirit Airlines, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-1747023

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

2800 Executive Way Miramar, Florida

(Address of principal executive offices)

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

Voting Common Stock, \$0.0001 par value Non-Voting Common Stock, \$0.0001
par value

Name of Each Exchange on Which Registered

NASDAQ Global Select Market None

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

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$2.1 billion computed by reference to the last sale price of the common stock on the NASDAQ Global Select Market on June 28, 2013, the last trading day of the registrant's most recently completed second fiscal quarter. Shares held by each executive officer, director and by certain persons that own 10 percent or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of each registrant's classes of common stock outstanding as of the close of business on February 7, 2014:

| <u>Class</u> | <u>Number of Shares</u> |
|--|-------------------------|
| Common Stock, \$0.0001 par value per share | 72,670,673 |

Documents Incorporated by Reference

Portions of the registrant's Proxy Statement for the registrant's 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K to the extent stated herein. The Proxy Statement will be filed within 120 days of the registrant's fiscal year ended December 31, 2013 .

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PART I

ITEM 1. BUSINESS

Overview

Spirit Airlines is an ultra low-cost, low-fare airline based in Miramar, Florida that offers affordable travel to price-conscious customers. Our all-Airbus fleet currently operates more than 250 daily flights to over 50 destinations in the United States, Caribbean and Latin America. We completed an initial public offering during the second quarter of 2011, and our stock trades on the NASDAQ Global Select Stock Market under the symbol "SAVE".

Our ultra low-cost carrier, or ULCC, business model allows us to compete principally through offering low base fares and charging separately for select optional services, thereby allowing customers the freedom to save by choosing only the extras they value. We have unbundled components of our air travel service that have traditionally been included in base fares, such as baggage and advance seat selection, and offer them as optional, ancillary services (which we record in our financial statements as non-ticket revenue) as part of a strategy to enable our passengers to identify, select and pay only for the services they want to use.

Our History and Corporate Information

We were founded in 1964 as Clippert Trucking Company, a Michigan corporation. We began air charter operations in 1990 and renamed ourselves Spirit Airlines, Inc. in 1992. In 1994, we reincorporated in Delaware, and in 1999 we relocated our headquarters to Miramar, Florida.

Our mailing address and executive offices are located at 2800 Executive Way, Miramar, Florida 33025, and our telephone number at that address is (954) 447-7920. We are subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, or Exchange Act, and, in accordance therewith, file periodic reports, proxy statements and other information with the Securities and Exchange Commission or SEC. Such periodic reports, proxy statements and other information are available for inspection and copying at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549 or may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at <http://www.sec.gov> that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. We also post on the Investor Relations page of our website, www.spirit.com, a link to our filings with the SEC, our Corporate Governance Guidelines and Code of Business Conduct and Ethics, which applies to all directors and all our employees, and the charters of our Audit, Compensation, Finance and Nominating and Corporate Governance committees. Our filings with the SEC are posted as soon as reasonably practical after they are filed electronically with the SEC. Please note that information contained on our website is not incorporated by reference in, or considered to be a part of, this report. You can also obtain copies of these documents free of charge by writing to us at: Corporate Secretary, Spirit Airlines, Inc., 2800 Executive Way, Miramar, Florida 33025.

Our Business Model

Our ULCC business model provides customers very low base fares with a range of optional services, allowing customers the freedom to choose only the extras they value. The success of our model is driven by our low cost structure, which permits us to offer very low base fares while maintaining one of the highest profit margins in the industry.

We are focused on price-sensitive travelers who pay for their own travel, and our business model is designed to deliver what we believe our customers want: low fares. We aggressively use low fares to stimulate air travel demand in order to increase passenger volume, load factors and non-ticket revenue on the flights we operate. Higher passenger volumes and load factors help us sell more ancillary products and services, which in turn allows us to reduce the base fare we offer even further, stimulating additional demand. We strive to be recognized by our customers and potential customers as the low-fare leader in the markets we serve.

We compete based on total price. We believe other airlines have used an all-inclusive price concept to effectively raise total prices to consumers, rather than lowering fares by unbundling each product or service. For example, carriers that tout "free bags" have included the cost of checking bags in the total ticket price, not allowing passengers to see how much they would save if they did not check luggage. We believe that we and our customers benefit when we allow our customers to know the total price of their travel by breaking out the cost of additional, optional products or services. Before they pay, our customers are easily able to compare the total cost of flying with us versus flying with another airline.

We allow our customers to see all available options and their prices prior to purchasing a ticket, and this full transparency illustrates that our total prices are lower, on average, than our competitors, even when options are included.

Our Strengths

We believe we compete successfully in the airline industry by leveraging the following demonstrated business strengths:

Ultra-Low Cost Structure . Our unit operating costs are among the lowest of all airlines operating in the Americas. We believe this cost advantage helps protect our market position and enables us to offer some of the lowest base fares in our markets, sustain among the highest operating margins in our industry and support continued growth. Our operating costs per available seat mile (CASM) of 9.90 cents in 2013, were significantly lower than those of the major domestic network carriers, American Airlines, Delta Air Lines, United Air Lines and US Airways and among the lowest of the domestic low-cost carriers, including JetBlue Airways and Southwest Airlines. We achieve these low unit operating costs in large part due to:

- high aircraft utilization;
- high-density seating configurations on our aircraft;
- our simple operations;
- no hub-and-spoke inefficiencies;
- highly productive workforce;
- opportunistic outsourcing of operating functions;
- operating a modern single fleet type of Airbus A320-family aircraft with common flight crews across the fleet;
- reduced sales, marketing and distribution costs through direct-to-consumer marketing;
- efficient flight scheduling, including minimal ground times between flights; and
- a company-wide business culture that is keenly focused on driving costs lower.

Innovative Revenue Generation . We execute our innovative, unbundled pricing strategy to produce significant non-ticket revenue generation, which allows us to stimulate passenger demand for our product by lowering base fares and enabling passengers to identify, select and pay for the products and services they want to use. Our unbundled strategy has enabled us to grow average non-ticket revenue per passenger flight segment from approximately \$5 in 2006 to \$54 in 2013 by:

- charging for checked and carry-on baggage;
- passing through all distribution-related expenses;
- charging for premium seats and advance seat selection;
- enforcing ticketing policies, including service charges for changes and cancellations;
- generating subscription revenue from our \$9 Fare Club ultra low-fare subscription service;
- deriving brand-based revenues from proprietary services, such as our FREE SPIRIT affinity credit card program;
- offering third-party travel products (travel packages), such as hotel rooms, ground transportation (rental and hotel shuttle products) and attractions (show or theme park tickets) packaged with air travel;
- selling third-party travel insurance through our website;
- selling in-flight products and onboard advertising.

Resilient Business Model and Customer Base . By focusing on price-sensitive travelers, we have maintained relatively stable unit revenue and profitability during volatile economic periods because we are not highly dependent on premium-fare business traffic. We believe our growing customer base is more resilient than the customer bases of most other airlines because our low fares and unbundled service offering appeal to price-sensitive passengers. For example, in 2009, when premium-fare business traffic dried up due to the economic recession, our operating revenue per available seat mile (RASM) declined 1.9%, compared to an average U.S. airline industry decline of over 9%.

Well Positioned for Growth . We have developed a substantial network of destinations in profitable U.S. domestic niche markets, targeted growth markets in the Caribbean and Latin America and high-volume routes flown by price-sensitive travelers. In the United States, we also have grown into large markets that, due to higher fares, have priced out those more price-sensitive travelers. Our strategy to balance growth in large domestic markets, niche markets and opportunities in the Caribbean and Latin America gives us a significant number of growth opportunities.

Experienced International Operator. We believe we have substantial experience in foreign local aviation, security and customs regulations, local ground operations and flight crew training required for successful international and overwater flight

operations. All of our aircraft are certified for overwater operations. We believe we compete favorably against other low-cost carriers because we have been conducting international flight operations since 2003 and have developed substantial experience in complying with the various regulations and business practices in the international markets we serve.

Financial Strength Achieved with Focus on Cost Discipline . We believe our ULCC business model has delivered strong financial results in difficult economic times. We have generated these results by:

- keeping a consistent focus on maintaining low unit operating costs;
- ensuring our sourcing arrangements with key third parties are continually benchmarked against the best industry standards;
- maintaining a simple operation that focuses on delivering transportation; and
- generating and maintaining an adequate level of liquidity to insulate against volatility in key cost inputs, such as fuel, and in passenger demand that may occur as a result of changing general economic conditions.

Route Network

As of December 31, 2013 , our route network included 130 markets served by 56 airports throughout North America, Central America, South America and the Caribbean.

Below is a route map of our current network, which includes seasonal routes and routes announced as of February 12, 2014 for which service has not yet started:



Our network expansion targets underserved and/or overpriced markets. We utilize a rigorous process to identify growth opportunities to deploy new aircraft where we believe they will be profitable. To monitor the profitability of each route, we analyze weekly and monthly profitability reports as well as near term forecasting.

Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, code-sharing relationships and frequent flier programs and redemption opportunities. Our competitors and potential competitors include traditional network airlines, low-cost carriers, and regional airlines. We typically compete in markets served by traditional network airlines and other low-cost carriers, and, to a lesser extent, regional airlines.

Our single largest overlap, at approximately 61% of our markets as of January 3, 2014, is with American Airlines. Our principal competitors on domestic routes are American Airlines (including US Airways which merged with American in December 2013 but currently continues to operate as a separate carrier), Southwest Airlines, United Airlines and Delta Airlines. Our principal competitors for service from South Florida to our markets in the Caribbean and Latin America are American Airlines through its hub in Miami and JetBlue Airways through its operations in Fort Lauderdale. Our principal competitive advantages are our low base fares and our focus on the price-sensitive traveler who pays his or her own travel costs. These low base fares are facilitated by our low unit operating costs, which in 2013 were among the lowest in the industry. We believe our low costs coupled with our non-ticket revenues allow us to price our fares at levels where we can be profitable while our primary competitors cannot.

The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. The expenses of a scheduled aircraft flight do not vary significantly with the number of passengers carried and, as a result, a relatively small change in the number of passengers or in pricing could have a disproportionate effect on an airline's operating and financial results. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flier initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize RASM. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element to our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets.

Seasonality

Our business is subject to significant seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. The air transportation business is also volatile and highly affected by economic cycles and trends.

Distribution

The majority of our tickets are sold through direct channels including online via www.spirit.com, our call center and the ticket counter with spirit.com being the primary channel. We also partner with a number of third parties to distribute our tickets, including online and traditional travel agents and electronic global distribution systems.

Customers

We believe our customers are primarily leisure travelers who make their purchase decision based on price. By focusing on lowering our cost structure, we can successfully sell tickets at low fares while maintaining a strong profit margin.

Customer Service

We are committed to taking care of our customers. We believe focus on customer service in every aspect of our operations including personnel, flight equipment, in-flight and ancillary amenities, on-time performance, flight completion ratios, and baggage handling will strengthen customer loyalty and attract new customers. We proactively aim to improve our operations to ensure further improvement in customer service.

In response to customer and other demands, we recently modified our online booking process to allow our customers to see all available options and their prices prior to purchasing a ticket, and have initiated a campaign that illustrates our total prices are lower, on average, than our competitors, even when options are included.

Fleet

We fly only Airbus A320 family aircraft, which provides us significant operational and cost advantages compared to airlines that operate multiple aircraft types. By operating a single aircraft type, we avoid the incremental costs of training crews across multiple types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support remains highly simplified compared to those of more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we can retain the benefits of a fleet comprised of a single type of aircraft while still having the flexibility to match the capacity and range of the aircraft to the demands of each route.

As of December 31, 2013, we had a fleet of 54 Airbus single-aisle aircraft, consisting of 29 A319s, 23 A320s and 2 A321s and the average age of the fleet was 5.1 years. All of our existing aircraft were financed under operating leases with expirations between 2016 and 2025.

As of December 31, 2013, firm aircraft orders consisted of 112 A320 family aircraft (37 of the existing A320 aircraft model, 45 A320neos, 25 of the existing A321 model and 5 A321neos) with Airbus and 5 direct operating leases for A320neos with a third-party lessor. As of December 31, 2013, spare engine orders consisted of six V2500 SelectOne engines with IAE and nine PurePower PW 1100G-JM engines with Pratt & Whitney. Aircraft are scheduled for delivery from 2014 through 2021 and spare engines are scheduled for delivery from 2014 through 2024. The firm aircraft orders provide for capacity growth as well as the flexibility to replace all or some of the 54 aircraft in our present fleet. We may elect to supplement these deliveries by additional acquisitions from the manufacturer or in the open market if demand conditions merit.

Consistent with our ULCC business model, each of our aircraft is configured with a high density seating configuration, which helps us maintain a lower unit cost and pass savings to our customers. Our A319s accommodate 145 passengers (compared to 114 or 128 on United, 124 on US Airways and 128 on American Airlines), our A320s accommodate 178 passengers (compared to 138 or 150 on United, 150 on US Airways and 150 on JetBlue) and our A321s accommodate 218 passengers (compared to 183 or 187 on US Airways, 102 on American Airlines and 159 or 190 on JetBlue).

Maintenance and Repairs

We have an FAA mandated and approved maintenance program, which is administered by our technical services department. Our maintenance technicians undergo extensive initial and ongoing training to ensure the safety of our aircraft.

Aircraft maintenance and repair consists of routine and non-routine maintenance, and work performed is divided into three general categories: line maintenance, heavy maintenance and component service. Line maintenance consists of routine daily and weekly scheduled maintenance checks on our aircraft, including pre-flight, daily, weekly and overnight checks, and any diagnostics and routine repairs and any unscheduled items on an as needed basis. Line maintenance events are currently serviced by in-house mechanics supplemented by contract labor and are primarily completed at airports we currently serve. Heavy airframe maintenance checks consist of a series of more complex tasks that can take from one to four weeks to accomplish and typically are required approximately every 20 months. Heavy engine maintenance is performed approximately every four to six years and includes a more complex scope of work. Due to our relatively small fleet size and projected fleet growth, we believe outsourcing all of our heavy maintenance activity, such as engine servicing, major part repair and component service repairs is more economical. Outsourcing eliminates the substantial initial capital requirements inherent in heavy aircraft maintenance. We have entered into a long-term flight hour agreement for our current fleet with IAE for our engine overhaul services and Lufthansa Technik on an hour-by-hour basis for component services. We outsource our heavy airframe maintenance to FAA-qualified maintenance providers.

Our recent maintenance expenses have been lower than what we expect to incur in the future because of the relatively young age of our aircraft fleet. Our maintenance costs are expected to increase as the scope of repairs increases with the increasing age of our fleet. As our aircraft age, scheduled scope of work and frequency of unscheduled maintenance events is likely to increase like any mature fleet. Our aircraft utilization rate could decrease with the increase in aircraft maintenance.

Employees

Our business is labor intensive, with labor costs representing approximately 19.1%, 19.1% and 19.6% of our total operating costs for 2013, 2012 and 2011, respectively. As of December 31, 2013, we had 869 pilots, 1,248 flight attendants, 25 flight dispatchers, 346 mechanics, 791 airport agents/other and 340 employees in administrative roles for a total of 3,619 employees. Approximately 59% of our employees were represented by labor unions under three different collective-bargaining agreements. On an average full-time equivalent basis, for the full year 2013, we had 3,224 employees, compared to 2,767 in 2012.

FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown, and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic renewal requirements including recurrent training and recent flying experience. Mechanics, quality-control inspectors and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance and aircraft inspection must also meet experience standards prescribed by FAA regulations. All safety-sensitive employees are subject to pre-employment, random and post-accident drug testing.

The Railway Labor Act, or RLA, governs our relations with labor organizations. Under the RLA, the collective bargaining agreements generally do not expire, but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, they must notify the other party in the manner agreed to by the parties. Under the RLA, after receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board, or NMB, to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months, and even for a few years. If no agreement is reached in mediation, the NMB in its discretion may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30-day “cooling off” period commences. During that period (or after), a Presidential Emergency Board, or PEB, may be established, which examines the parties’ positions and recommends a solution. The PEB process lasts for 30 days and is followed by another “cooling off” period of 30 days. At the end of a “cooling off” period, unless an agreement is reached or action is taken by Congress, the labor organization and the airline each may resort to “self-help,” including, for the labor organization, a strike or other labor action, and for the airline, the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers. Congress and the President have the authority to prevent “self-help” by enacting legislation that, among other things, imposes a settlement on the parties. The table below sets forth our employee groups and status of the collective bargaining agreements.

| Employee Groups | Representative | Amendable Date |
|-------------------|---|----------------|
| Pilots | Air Line Pilots Association, International (ALPA) | August 2015 |
| Flight Attendants | Association of Flight Attendants (AFA-CWA) | August 2007 |
| Dispatchers | Transport Workers Union (TWU) | August 2018 |

In December 2013, with the help of the NMB, we reached a tentative agreement for a five-year contract with our flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On February 7, 2014, we were notified that the flight attendants voted to not ratify the tentative agreement. We will continue to work together with the AFA-CWA and the NMB with a goal of reaching a mutually beneficial agreement.

We focus on hiring highly productive employees and, where feasible, designing systems and processes around automation and outsourcing in order to maintain our low cost base.

Safety and Security

We are committed to the safety and security of our passengers and employees. We strive to comply with or exceed health and safety regulation standards. In pursuing these goals, we maintain an active aviation safety program and all of our personnel are expected to participate in the program and take an active role in the identification, reduction and elimination of hazards.

Our ongoing focus on safety relies on training our employees to proper standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch and station operations. The Transportation Security Administration, or TSA, is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations to ensure proper standards for security of our personnel, customers, equipment and facilities are exercised throughout the operation.

Insurance

We maintain insurance policies we believe are customary in the airline industry and as required by the DOT. The policies principally provide liability coverage for public and passenger injury; damage to property; loss of or damage to flight equipment; fire and extended coverage; directors’ and officers’ liability; advertiser and media liability; cyber risk liability; fiduciary; and workers’ compensation and employer’s liability. We have obtained third-party war risk (terrorism) insurance through a special program administered by the FAA. Should the government discontinue this coverage, obtaining comparable

coverage from commercial underwriters could result in a change in premiums and more restrictive terms, if it is available at all. Although we currently believe our insurance coverage is adequate, there can be no assurance that the amount of such coverage will not be changed or that we will not be forced to bear substantial losses from accidents.

Management Information Systems

We have continued our commitment to technology improvements to support our ongoing operations and initiatives. During 2013, we completed the integration of a new SAP Enterprise Resource Planning application, which replaced our general ledger, accounts payable, accounts receivable, cash management and fixed asset systems. The conversion was designed to improve our key business processes by implementing an integrated tool to increase efficiency, consistency, data accuracy and cost effectiveness.

Foreign Ownership

Under DOT regulations and federal law, we must be controlled by U.S. citizens. In order to qualify, at least 75% of our stock must be voted by U.S. citizens, and our president and at least two-thirds of our board of directors and senior management must be U.S. citizens.

We believe we are currently in compliance with such foreign ownership rules.

Government Regulation

Operational Regulation

The airline industry is heavily regulated, especially by the federal government. Two of the primary regulatory authorities overseeing air transportation in the United States are the DOT and the FAA. The DOT has jurisdiction over economic issues affecting air transportation, such as competition, route authorizations, advertising and sales practices, baggage liability and disabled passenger transportation, among other areas, several of which were included in rules that became effective in 2011 and 2012 relating to, among other things, how airlines handle interactions with passengers through advertising, the reservation process, at the airport and on board the aircraft. The DOT has extended the effective date for certain of these rules. Additional consumer and disabled passenger rules may be proposed in 2014. See “Risk Factors—Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.”

The DOT has authority to issue certificates of public convenience and necessity required for airlines to provide air transportation. We hold a DOT certificate of public convenience and necessity authorizing us to engage in scheduled air transportation of passengers, property and mail within the United States, its territories and possessions and between the United States and all countries that maintain a liberal aviation trade relationship with the United States (known as “open skies” countries). We also hold DOT certificates to engage in air transportation to certain other countries with more restrictive aviation policies.

The FAA is responsible for regulating and overseeing matters relating to air carrier flight operations, including airline operating certificates, aircraft certification and maintenance and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. This certificate, in combination with operations specifications issued to the airline by the FAA, authorizes the airline to operate at specific airports using aircraft approved by the FAA. As of December 31, 2013, we had FAA airworthiness certificates for all of our aircraft, we had obtained the necessary FAA authority to fly to all of the cities we currently serve, and all of our aircraft had been certified for overwater operations. The FAA recently issued its final regulations governing pilot rest periods and work hours for all airlines certificated under Part 121 of the Federal Aviation Regulations. The rule, known as FAR 117 and which became effective on January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments, and modifies duty and rest requirements based on the time of day, number of scheduled segments, flight types, time zones and other factors. In addition, this will lead to increased pilot costs as we will be required to hire more pilots as a result of FAR 117. We believe we hold all necessary operating and airworthiness authorizations, certificates and licenses and are operating in compliance with applicable DOT and FAA regulations, interpretations and policies.

International Regulation

All international service is subject to the regulatory requirements of the foreign government involved. We currently operate international service to Aruba, the Bahamas, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru and St. Maarten, as well as Puerto Rico and the U.S. Virgin Islands. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary

authority from the DOT and the applicable foreign government. We are also required to comply with overfly regulations in countries that lay along our routes but which we do not serve.

International service is also subject to Customs and Border Protection, or CBP, immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. Like other airlines flying international routes, from time to time we may be subject to civil fines and penalties imposed by CBP if unmanifested or illegal cargo, such as illegal narcotics, is found on our aircraft. These fines and penalties, which in the case of narcotics are based upon the retail value of the seizure, may be substantial. We have implemented a comprehensive security program at our airports to reduce the risk of illegal cargo being placed on our aircraft, and we seek to cooperate actively with CBP and other U.S. and foreign law enforcement agencies in investigating incidents or attempts to introduce illegal cargo.

Security Regulation

The TSA was created in 2001 with the responsibility and authority to oversee the implementation, and ensure the adequacy, of security measures at airports and other transportation facilities. Funding for passenger security is provided in part by a per enplanement ticket tax (passenger security fee) of \$2.50 per passenger flight segment, subject to a \$5 per one-way trip cap. Effective July 1, 2014, the security fee will be set at a flat rate of \$5.60 each way. The TSA was granted authority to impose additional fees on air carriers if necessary to cover additional federal aviation security costs. Pursuant to its authority, the TSA may revise the way it assesses this fee, which could result in increased costs for passengers and us. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements. The TSA also assesses an Aviation Security Infrastructure Fee, or ASIF, on each airline. Our ASIF fee is approximately \$1.6 million per year.

Environmental Regulation

We are subject to various federal, state and local laws and regulations relating to the protection of the environment and affecting matters such as aircraft engine emissions, aircraft noise emissions and the discharge or disposal of materials and chemicals, which laws and regulations are administered by numerous state and federal agencies. The Environmental Protection Agency, or EPA, regulates operations, including air carrier operations, which affect the quality of air in the United States. We believe the aircraft in our fleet meet all emission standards issued by the EPA. Concern about climate change and greenhouse gases may result in additional regulation or taxation of aircraft emissions in the United States and abroad.

Federal law recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not interfere unreasonably with interstate and foreign commerce and the national air transportation system. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during takeoff and initial climb, and limiting the overall number of flights at an airport.

Other Regulations

We are subject to certain provisions of the Communications Act of 1934, as amended, and are required to obtain an aeronautical radio license from the Federal Communications Commission, or FCC. To the extent we are subject to FCC requirements, we will take all necessary steps to comply with those requirements. We are also subject to state and local laws and regulations at locations where we operate and the regulations of various local authorities that operate the airports we serve.

Future Regulations

The U.S. and foreign governments may consider and adopt new laws, regulations, interpretations and policies regarding a wide variety of matters that could directly or indirectly affect our results of operations. We cannot predict what laws, regulations, interpretations and policies might be considered in the future, nor can we judge what impact, if any, the implementation of any of these proposals or changes might have on our business.

ITEM 1A. RISK FACTORS

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements may include words such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “predict,” “potential” and similar expressions indicating future results or expectations, as they relate to our company, our business and our management, are intended to identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, actual results may differ materially from what is expressed in or indicated by our forward-looking statements or from historical experience or our present expectations. Known material risk factors that could cause these differences are set forth below under "Risk Factors." Additional risks or uncertainties (i) that are not currently known to us, (ii) that we currently deem to be immaterial, or (iii) that could apply to any company, could also materially adversely affect our business, financial condition, or future results. You should carefully consider the risks described below and the other information in this report. If any of the following risks materialize, our business could be materially harmed, and our financial condition and results of operations could be materially and adversely affected. References in this report to “Spirit,” “we,” “us,” “our,” or the “Company” shall mean Spirit Airlines, Inc., unless the context indicates otherwise.

Risks Related to Our Industry

We operate in an extremely competitive industry.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with traditional network airlines, other low-cost airlines and regional airlines on many of our routes. Competition in most of the destinations we presently serve is intense, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face no or little competition. Substantially all of our competitors are larger and have significantly greater financial and other resources than we do.

The airline industry is particularly susceptible to price discounting because once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Moreover, many other airlines have begun to unbundle services by charging separately for services such as baggage and advance seat selection. This unbundling and other cost reducing measures could enable competitor airlines to reduce fares on routes that we serve.

In addition, airlines increase or decrease capacity in markets based on perceived profitability. Decisions by our competitors that increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, could have a material adverse impact on our business. If a traditional network airline were to successfully develop a low-cost structure or if we were to experience increased competition from other low-cost carriers, our business could be materially adversely affected.

All of the domestic traditional network airlines have on one or more occasions initiated bankruptcy proceedings in attempts to restructure their debt and other obligations and reduce their operating costs. On November 29, 2011, AMR Corporation and substantially all of its subsidiaries, including American Airlines, Inc., filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code. In December 2013, AMR Corporation and US Airways Group, Inc. completed a merger and formally became American Airlines Group Inc. We presently compete with American Airlines (including US Airways, which merged with American in December 2013 but continues to operate as a separate carrier) in a majority of our markets. We cannot predict the extent to which this merger will result in a more effective competitor with us.

Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies or new market entrants. Any such competitor may have greater financial resources and access to cheaper sources of capital than we do, which could enable them to operate their business with

a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model, we could be materially adversely affected.

There has been significant consolidation within the airline industry including, for example, the combinations of American Airlines and US Airways, Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines and Southwest Airlines and AirTran Airways. In the future, there may be additional consolidation in our industry. Any business combination could significantly alter industry conditions and competition within the airline industry and could cause fares of our competitors to be reduced.

The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to ancillary services required to sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition.

Our low cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs.

Our low cost structure is one of our primary competitive advantages. However, we have limited control over many of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, airport and related infrastructure taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of our collective bargaining agreements. We cannot guarantee we will be able to maintain a cost advantage over our competitors. If our cost structure increases and we are no longer able to maintain a cost advantage over our competitors, it could have a material adverse effect on our business, results of operations and financial condition.

The airline industry is heavily impacted by the price and availability of aircraft fuel. Continued volatility in fuel costs or significant disruptions in the supply of fuel, including hurricanes and other events affecting the Gulf Coast in particular, could materially adversely affect our business, results of operations and financial condition.

Aircraft fuel costs represent our single largest operating cost, accounting for 40.2% , 41.2% and 41.9% of our total operating expenses for 2013 , 2012 and 2011 , respectively. As such, our operating results are significantly affected by changes in the availability and the cost of aircraft fuel, especially aircraft fuel refined in the U.S. Gulf Coast region, on which we are highly dependent. Both the cost and the availability of aircraft fuel are subject to many meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. For example, a major hurricane making landfall along the Gulf Coast could cause disruption to oil production, refinery operations and pipeline capacity in that region, possibly resulting in significant increases in the price of aircraft fuel and diminished availability of aircraft fuel supplies. Any disruption to oil production, refinery operations, or pipeline capacity in the Gulf Coast region could have a disproportionate impact on our operating results compared to other airlines that have more diversified fuel sources.

Aircraft fuel prices have been subject to high volatility, fluctuating substantially over the past several years. Due to the large proportion of aircraft fuel costs in our total operating cost base, even a relatively small increase in the price of aircraft fuel can have a significant negative impact on our operating costs and on our business, results of operations and financial condition.

Our fuel derivative activity may not reduce our fuel costs.

From time to time, we enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices. Our derivatives generally consist of United States Gulf Coast jet fuel swaps (jet fuel swaps) and United States Gulf Coast jet fuel options (jet fuel options). Both jet fuel swaps and jet fuel options are used at times to protect the refining risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. As of December 31, 2013 , we had no outstanding fuel derivative contracts. There can be no assurance that we will be able to enter into fuel hedge contracts in the future. Our liquidity and general level of capital resources impacts our ability to hedge our fuel requirements. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide sufficient protection against increased fuel costs or that our counterparties will be able to perform under our hedge contracts, such as in the case of a counterparty's insolvency. Furthermore, our ability to react to the cost of fuel, absent hedging, is limited because we set the price of tickets in advance of incurring fuel costs. Our ability to pass on any significant increases in aircraft fuel costs through fare increases could also be limited. In the event of a reduction in fuel prices compared to our hedged position, our hedged positions could counteract the cost benefit of lower fuel prices and could require us to post additional cash margin collateral. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Trends and Uncertainties Affecting Our Business—Aircraft Fuel."

Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

During 2013, 2012 and 2011, we generated non-ticket revenues of \$668.4 million, \$535.6 million and \$381.5 million, respectively. Our non-ticket revenues are generated from charges for, among other things, baggage, bookings through our distribution channels, advance seat selection, itinerary changes and loyalty programs. In April 2011, the DOT published a broad set of final rules relating to, among other things, how airlines handle interactions with passengers through advertising, the reservations process, at the airport and on board the aircraft. The final rules require airlines to publish a full fare for a flight, including mandatory taxes and fees, and to enhance disclosure of the cost of optional products and services, including baggage charges. The rules restrict airlines from increasing ticket prices post-purchase (other than increases resulting from changes in government-imposed fees or taxes) or increase significantly the amount and scope of compensation payable to passengers involuntarily denied boarding due to oversales. The final rules also extend the applicability of tarmac delay reporting and penalties to include international flights and provide that reservations made more than one week prior to flight date may be held at the quoted fare without payment, or cancelled without penalty, for 24 hours. All of these rules became effective by January 24, 2012. If we are not able to remain in compliance with these rules, the DOT may subject us to fines or other enforcement action, including requirements to modify our passenger reservations system, which could have a material adverse effect on our business. The U.S. Congress and Federal administrative agencies have investigated the increasingly common airline industry practice of unbundling the pricing of certain products and services. If new taxes are imposed on non-ticket revenues, or if other laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, our business, results of operations and financial condition could be harmed. Congressional and other government scrutiny may also change industry practice or public willingness to pay for ancillary services. See also “—We are subject to extensive regulation by the Federal Aviation Administration, the Department of Transportation and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results.”

The airline industry is particularly sensitive to changes in economic conditions. Continued adverse economic conditions or a reoccurrence of such conditions would negatively impact our business, results of operations and financial condition.

Our business and the airline industry in general are affected by many changing economic conditions beyond our control, including, among others:

- changes and volatility in general economic conditions, including the severity and duration of any downturn in the U.S. or global economy and financial markets;
- changes in consumer preferences, perceptions, spending patterns or demographic trends, including any increased preference for higher-fare carriers offering higher amenity levels, and reduced preferences for low-fare carriers offering more basic transportation, during better economic times;
- higher levels of unemployment and varying levels of disposable or discretionary income;
- depressed housing and stock market prices; and
- lower levels of actual or perceived consumer confidence.

These factors can adversely affect, and from time to time have adversely affected, our results of operations, our ability to obtain financing on acceptable terms and our liquidity. Unfavorable general economic conditions, such as higher unemployment rates, a constrained credit market, housing-related pressures and increased focus on reducing business operating costs can reduce spending for price-sensitive leisure and business travel. For many travelers, in particular the price-sensitive travelers we serve, air transportation is a discretionary purchase that they may reduce or eliminate from their spending in difficult economic times. The overall decrease in demand for air transportation in the United States in 2008 and 2009 resulting from record high fuel prices and the economic recession required us to take significant steps to reduce our capacity, which reduced our revenues. Unfavorable economic conditions could also affect our ability to raise prices to counteract increased fuel, labor or other costs, resulting in a material adverse effect on our business, results of operations and financial condition.

The airline industry faces ongoing security concerns and related cost burdens, further threatened or actual terrorist attacks or other hostilities that could significantly harm our industry and our business.

The terrorist attacks of September 11, 2001 and their aftermath negatively affected the airline industry. The primary effects experienced by the airline industry included:

- substantial loss of revenue and flight disruption costs caused by the grounding of all commercial air traffic in or headed to the United States by the Federal Aviation Administration, or FAA, for three days after the terrorist attacks;
- increased security and insurance costs;
- increased concerns about future terrorist attacks;
- airport shutdowns and flight cancellations and delays due to security breaches and perceived safety threats; and
- significantly reduced passenger traffic and yields due to the subsequent dramatic drop in demand for air travel.

Since September 11, 2001, the Department of Homeland Security and the Transportation Security Administration, or TSA, have implemented numerous security measures that restrict airline operations and increase costs, and are likely to implement additional measures in the future. For example, following the widely publicized attempt of an alleged terrorist to detonate plastic explosives hidden underneath his clothes on a Northwest Airlines flight on Christmas Day in 2009, passengers became subject to enhanced random screening, which may include pat-downs, explosive detection testing or body scans. Enhanced passenger screening, increased regulation governing carry-on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to consumers in the form of higher prices. Any future terrorist attacks or attempted attacks, even if not made directly on the airline industry, or the fear of such attacks or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats) would likely have a material adverse effect on our business, results of operations and financial condition and on the airline industry in general.

Airlines are often affected by factors beyond their control including: air traffic congestion at airports; air traffic control inefficiencies; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel related taxes or the outbreak of disease, any of which could harm our business, operating results and financial condition.

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, adverse weather conditions, increased security measures, new travel related taxes and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase costs, which in turn could adversely affect profitability. The federal government singularly controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U.S. air travel. U.S. and foreign air-traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. Adverse weather conditions and natural disasters, such as hurricanes affecting southern Florida and the Caribbean as well as other areas of the eastern United States (such as Hurricane Sandy in October 2012), winter snowstorms or the January 2010 earthquakes in Port-au-Prince, Haiti, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors could harm our business, results of operations and financial condition. Similarly, outbreaks of pandemic or contagious diseases, such as avian flu, severe acute respiratory syndrome (SARS) and H1N1 (swine) flu, could result in significant decreases in passenger traffic and the imposition of government restrictions in service and could have a material adverse impact on the airline industry. Increased travel taxes, such as those provided in the Travel Promotion Act, enacted March 10, 2010, which charges visitors from certain countries a \$10 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

Restrictions on or litigation regarding third-party membership discount programs could harm our business, operating results and financial condition.

We generate a relatively small but growing portion of our revenue from order referral fees, revenue share and other fees paid to us by third-party merchants for customer click-throughs, distribution of third-party promotional materials and referrals arising from products and services of the third-party merchants that we offer to our customers on our website. Some of these third-party referral-based offers are for memberships in discount programs or similar promotions made to customers who have purchased products from us, and for which we receive a payment from the third-party merchants for every customer that accepts the promotion. Certain of these third-party membership discount programs have been the subject of consumer complaints, litigation and regulatory actions alleging that the enrollment and billing practices involved in the programs violate various consumer protection laws or are otherwise deceptive. Any private or governmental claim or action that may be brought against us in the future relating to these third-party membership programs could result in our being obligated to pay damages or incurring legal fees in defending claims. These damages and fees could be disproportionate to the revenues we generate

through these relationships. In addition, customer dissatisfaction or a significant reduction in or termination of the third-party membership discount offers on our website as a result of these claims could have a negative impact on our brand, and have a material adverse effect on our business, results of operations and financial condition.

We face competition from air travel substitutes.

In addition to airline competition from traditional network airlines, other low-cost airlines and regional airlines, we also face competition from air travel substitutes. On our domestic routes, we face competition from some other transportation alternatives, such as bus, train or automobile. In addition, technology advancements may limit the demand for air travel. For example, video conferencing and other methods of electronic communication may reduce the need for in-person communication and add a new dimension of competition to the industry as travelers seek lower-cost substitutes for air travel. If we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Business

Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial conditions.

Our business is labor intensive, with labor costs representing approximately 19.1% , 19.1% and 19.6% of our total operating costs for 2013 , 2012 and 2011 , respectively. As of December 31, 2013 , approximately 59% of our workforce was represented by labor unions and thereby covered by collective bargaining agreements. We cannot assure you that our labor costs going forward will remain competitive because in the future our labor agreements may be amended or become amendable and new agreements could have terms with higher labor costs; one or more of our competitors may significantly reduce their labor costs, thereby reducing or eliminating our comparative advantages as to one or more of such competitors; or our labor costs may increase in connection with our growth. We may also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize.

Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, or the RLA. Under the RLA, collective bargaining agreements generally contain “amendable dates” rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board, or the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

Our flight operations were shut down due to a strike by our pilots beginning on June 12, 2010 and lasting until we and the union representing our pilots reached a tentative agreement for a new contract. Under a Return to Work Agreement, we began to resume flights on June 17, 2010 and resumed our full flight schedule on June 18, 2010. On August 1, 2010, we and the pilots’ union executed a five-year collective bargaining agreement. This shutdown had a material adverse effect on our results of operations for 2010.

We entered into a five-year agreement with our flight dispatchers in August 2013. In December 2013, with the help of the NMB, we reached a tentative agreement for a five-year contract with our flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On February 7, 2014, we were notified that the flight attendants voted not to ratify the tentative agreement. We will continue to work together with the AFA-CWA and the NMB with a goal of reaching a mutually beneficial agreement. If we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions or stoppages. Any such action or other labor dispute with unionized employees could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies.

We have a significant amount of aircraft-related fixed obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. All of our aircraft are leased, and in 2013 and 2012 we paid the lessors rent of \$166.3 million and \$140.8 million , respectively, and maintenance deposits net of reimbursements of \$24.1 million and \$31.6 million , respectively. As of December 31, 2013 , we had future operating lease obligations of approximately \$1.4 billion . In addition, we have significant obligations for aircraft and spare engines that that we have ordered from Airbus, International Aero Engines AG, or IAE, and Pratt and Whitney for delivery over the next several years. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other

things, the success of our current business strategy, whether fuel prices continue at current price levels and/or further increase or decrease, further weakening or improving in the U.S. economy, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft related fixed obligations could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flow from operations for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to make required pre-delivery deposit payment, or PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments;
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with less fixed payment obligations; and
- cause us to lose access to one or more aircraft and forfeit our rent deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases.

A failure to pay our operating lease and other fixed cost obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent upon our cash balances and operating cash flows.

As of December 31, 2013, we had access to lines of credit from four counterparties to our jet fuel derivatives and our purchase credit card issuer aggregating \$53.1 million. These credit facilities are not adequate to finance our operations, and we will continue to be dependent on our operating cash flows and cash balances to fund our operations and to make scheduled payments on our aircraft related fixed obligations. Although our credit card processors currently do not have a right to hold back credit card receipts to cover repayment to customers, if we fail to maintain certain liquidity and other financial covenants, their rights to holdback would be reinstated, which would result in a reduction of unrestricted cash that could be material. In addition, we are required by some of our aircraft lessors to fund reserves in cash in advance for scheduled maintenance, and a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, these maintenance deposits will increase over the next few years before we receive any significant reimbursement for completed maintenance. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating lease and fixed obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition.

A deterioration in worldwide economic conditions may adversely affect our business, operating results, financial condition, liquidity and ability to obtain financing or access capital markets.

The general worldwide economy has in the past experienced downturns due to the effects of the European debt crisis, unfavorable U.S. economic conditions and slowing growth in certain Asian economies, including general credit market crises, collateral effects on the finance and banking industries, concerns about inflation, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. The airline industry is particularly sensitive to changes in economic conditions, which affect customer travel patterns and related revenues. A weak economy could reduce our bookings, and a reduction in discretionary spending could also decrease amounts our customers are willing to pay. Unfavorable economic conditions can also impact the ability of airlines to raise fares to help offset increased fuel, labor and other costs. We cannot accurately predict the effect or duration of any economic slowdown or the timing or strength of a subsequent economic recovery.

In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus, IAE and Pratt and Whitney over the next several years, and we will need to finance these purchases. We may not have sufficient liquidity or creditworthiness to fund the purchase of aircraft and engines, including payment of PDPs, or for other working capital. Factors that affect our ability to raise financing or access the capital markets include market conditions in the airline industry, economic conditions, the perceived residual value of aircraft and related assets, the level and volatility of our earnings, our relative competitive position in the markets in which we operate, our ability to retain key personnel, our operating cash flows and legal and regulatory developments. Regardless of our creditworthiness, at times the market for aircraft purchase or lease financing has been very constrained due to such factors as the general state of the capital markets and the financial position of the major providers of commercial aircraft financing.

Our liquidity and general level of capital resources impact our ability to hedge our fuel requirements.

We enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices. As of December 31, 2013, we had no outstanding fuel derivative contracts. While we intend to hedge a portion of our future fuel requirements, there can be no assurance that, at any given time, we will be able to enter into fuel hedge contracts. In the past, we have not had and in the future we may not have sufficient creditworthiness or liquidity to post the collateral necessary to hedge our fuel requirements. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide any particular level of protection against increased fuel costs or that our counterparties will be able to perform under our hedge contracts, such as in the case of a counterparty's insolvency. Furthermore, our ability to react to the cost of fuel, absent hedging, is limited, because we set the price of tickets in advance of knowing our fuel costs at the time the tickets are flown. Our ability to pass on any significant increases in aircraft fuel costs through fare increases could also be limited.

We rely on maintaining a high daily aircraft utilization rate to implement our low cost structure, which makes us especially vulnerable to flight delays or cancellations or aircraft unavailability.

We maintain a high daily aircraft utilization rate. Our average daily aircraft utilization was 12.7 hours, 12.8 hours and 12.7 hours for 2013, 2012 and 2011, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Our revenue per aircraft can be increased by high daily aircraft utilization, which is achieved in part by reducing turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions. A significant portion of our operations are concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance, which will increase as our fleet ages, may materially reduce our average fleet utilization and require that we seek short-term substitute capacity at increased costs. Due to the relatively small size of our fleet and high daily aircraft utilization rate, the unavailability of one or more aircraft and resulting reduced capacity could have a material adverse effect on our business, results of operations and financial condition.

Our maintenance costs will increase as our fleet ages, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet.

As of December 31, 2013, the average age of our aircraft was approximately 5.1 years. Our relatively new aircraft require less maintenance now than they will in the future. Our fleet will require more maintenance as it ages and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. We expect that the final heavy maintenance events will be amortized over the remaining lease term rather than until the next estimated heavy maintenance event, because we account for heavy maintenance under the deferral method. This will result in significantly higher depreciation and amortization expense related to heavy maintenance in the last few years of the leases as compared to the costs in earlier periods. Moreover, because our current fleet was acquired over a relatively short period, significant maintenance that is scheduled on each of these planes is occurring at roughly the same time, meaning we will incur our most expensive scheduled maintenance obligations, known as heavy maintenance, across our present fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service. In addition, the terms of some of our lease agreements require us to pay supplemental rent, also known as maintenance reserves, to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our balance sheet. We expect scheduled and unscheduled aircraft maintenance expenses to increase as a percentage of our revenue over the next several years. Any significant increase in maintenance and repair expenses would have a material adverse effect on our business, results of operations and financial condition. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and

Our lack of marketing alliances could harm our business.

Many airlines, including the domestic traditional network airlines (American, Delta and United) have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as OneWorld, SkyTeam and Star Alliance, generally provide for code-sharing, frequent flier program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline’s segment of flights connecting with alliance partners. We currently do not have any alliances with U.S. or foreign airlines. Our lack of marketing alliances puts us at a competitive disadvantage to traditional network carriers who are able to attract passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our passenger traffic, business, results of operations and financial condition.

We are subject to extensive and increasing regulation by the Federal Aviation Administration, the Department of Transportation and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results.

Airlines are subject to extensive and increasing regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, Congress has passed laws, and the DOT, FAA and TSA have issued regulations, relating to the operation of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with government regulations. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. For example, the DOT finalized rules in April 2010 requiring new procedures for customer handling during long onboard tarmac delays, as well as additional reporting requirements for airlines that could increase the cost of airline operations or reduce revenues. The DOT has been aggressively investigating alleged violations of these rules. A second set of DOT final rules, which became effective in August 2011 and January 2012, addresses, among other things, concerns about how airlines handle interactions with passengers through advertising, the reservations process, at the airport and on board the aircraft, including requirements for disclosure of base fares plus a set of regulatorily dictated options and limits on cancellations and service charges for changes and cancellations. Additional consumer and disabled passenger rules may be proposed in 2014. In addition, the FAA recently issued its final regulations governing pilot rest periods and work hours for all airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR 117 and which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, flight types, time zones and other factors. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action.

We cannot assure you that compliance with these rules will not have a material adverse effect on our business.

In August 2010, the Airline Baggage Transparency and Accountability Act was introduced in the United States Senate. This legislation, if enacted, would increase disclosure regarding fees for airline ticket sales, impose federal taxes on charges for carry-on and checked baggage, authorize the DOT’s Aviation Consumer Protection Division to oversee lost and stolen baggage claims, and require data collection and the public release of collected data concerning airline handling of lost, damaged and stolen luggage. In early 2011, the United States Senate passed an amendment to the FAA reauthorization bill that, if enacted, would impose federal taxes at a rate of 7.5% on charges for carry-on baggage. If the Airline Baggage Transparency and Accountability Act, the Senate amendment to the FAA reauthorization bill or similar legislation were to be enacted, it is uncertain what effect it would have on our results of operations and financial condition.

We cannot assure you that these and other laws or regulations enacted in the future will not harm our business. In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per ticket tax on passengers and a tax on airlines. In July 2014, the TSA will implement an increased passenger security fee at a flat rate of \$5.60. The ticket tax increase could negatively impact our financial results.

Our ability to operate as an airline is dependent on our maintaining certifications issued to us by the DOT and the FAA. The FAA has the authority to issue mandatory orders relating to, among other things, the grounding of aircraft, inspection of aircraft, installation of new safety-related items and removal and replacement of aircraft parts that have failed or may fail in

the future. A decision by the FAA to ground, or require time consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business and financial results. Federal law requires that air carriers operating large aircraft be continuously “fit, willing and able” to provide the services for which they are licensed. Our “fitness” is monitored by the DOT, which considers factors such as unfair or deceptive competition, advertising, baggage liability and disabled passenger transportation. While the DOT has seldom revoked a carrier’s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations.

International routes are regulated by treaties and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by our ability to obtain the necessary certificates to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals and restrictions on competitive practices. We are subject to numerous foreign regulations based on the large number of countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “Business — Government Regulation.”

We may not be able to implement our growth strategy.

Our growth strategy includes acquiring additional aircraft, increasing the frequency of flights and size of aircraft used in markets we currently serve, and expanding the number of markets we serve where our low cost structure would likely be successful. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to:

- maintain profitability;
- obtain financing to acquire new aircraft;
- access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy;
- gain access to international routes; and
- access sufficient gates and other services at airports we currently serve or may seek to serve.

Our growth is dependent upon our ability to maintain a safe and secure operation and requires additional personnel, equipment and facilities. An inability to hire and retain personnel, timely secure the required equipment and facilities in a cost-effective manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. In addition, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and/or offer special promotions following our entry into a new market. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets.

Some of our target growth markets in the Caribbean and Latin America include countries with less developed economies that may be vulnerable to unstable economic and political conditions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us and the resulting instability may adversely affect our ability to implement our growth strategy.

In 2008, in response to record high fuel prices and rapidly deteriorating economic conditions, we modified our growth plans by terminating our leases for seven aircraft. We incurred significant expenses relating to our lease terminations, and have incurred additional expenses to acquire new aircraft in place of those under the terminated leases as we expanded our network. We may in the future determine to reduce further our future growth plans from previously announced levels, which may impact our business strategy and future profitability.

We rely heavily on technology and automated systems to operate our business and any failure of these technologies or systems or failure by their operators could harm our business.

We are highly dependent on technology and automated systems to operate our business and achieve low operating costs. These technologies and systems include our computerized airline reservation system, flight operations system, financial planning, management and accounting system, telecommunications systems, website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to be able to issue, track and accept these electronic tickets. If our reservation system fails or experiences interruptions, and we are unable to book seats for any period of time, we could lose a significant amount of revenue as customers book seats on competing airlines. We have experienced short duration reservation system outages from time to time and may experience similar outages in the future. For example, in November 2010, we experienced a significant service outage with our third-party reservation service provider on the day before Thanksgiving, one of the industry's busiest travel days and in August 2013, we experienced another 13 hour outage that affected our sales and customer service response times. We also rely on third-party service providers of our other automated systems for technical support, system maintenance and software upgrades. If our automated systems are not functioning or if the current providers were to fail to adequately provide technical support or timely software upgrades for any one of our key existing systems, we could experience service disruptions, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems' vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all and any transition time to a new system may be significant.

In addition, our automated systems cannot be completely protected against events that are beyond our control, including natural disasters, computer viruses or telecommunications failures. Substantial or sustained system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We have implemented security measures and change control procedures and have disaster recovery plans; however, we cannot assure you that these measures are adequate to prevent disruptions. Disruption in, changes to or a breach of, these systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks.

Our business employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees, suppliers and others, including personal identification information, credit card data and other confidential information. Security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. Although we take steps to secure our management information systems, and although multiple auditors review and approve the security configurations and management processes of these systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, the security measures we have implemented may not be effective, and our systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, natural or man-made disasters, cyber attacks, computer viruses, power loss, or other disruptive events. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. Attacks may be targeted at us, our customers and suppliers, or others who have entrusted us with information. In addition, attacks not targeted at us, but targeted solely at suppliers, may cause disruption to our computer systems or a breach of the data that we maintain on customers, employees, suppliers and others.

Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants, or costs incurred in connection with the notifications to employees, suppliers or the general public as part of our notification obligations to the various governments that govern our business. Advances in computer capabilities, new technological discoveries, or other developments may result in the breach or compromise of technology used by us to protect transaction or other data. In addition, data and security breaches can also occur as a result of non-technical issues, including breaches by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Our reputation, brand and financial condition could be adversely affected if, as a result of a significant cyber event or other security issues: our operations are disrupted or shut down; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information; we must dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation or other costs.

Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation.

In the processing of our customer transactions, we receive, process, transmit and store a large volume of identifiable personal data, including financial data such as credit card information. This data is increasingly subject to legislation and regulation, typically intended to protect the privacy of personal data that is collected, processed and transmitted. More generally, we rely on consumer confidence in the security of our system, including our website on which we sell the majority of our tickets. Our business, results of operations and financial condition could be adversely affected if we are unable to comply with existing privacy obligations or legislation or regulations are expanded to require changes in our business practices.

We may not be able to maintain or grow our non-ticket revenues.

Our business strategy includes expanding our portfolio of ancillary products and services. There can be no assurance that passengers will pay for additional ancillary products and services or that passengers will continue to choose to pay for the ancillary products and services we currently offer. Further, regulatory initiatives could adversely affect ancillary revenue opportunities. Failure to maintain our non-ticket revenues would have a material adverse effect on our results of operations and financial condition. Furthermore, if we are unable to maintain and grow our non-ticket revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel. Please see “—Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.”

Our inability to expand or operate reliably or efficiently out of our key airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent on markets served from airports where we maintain a large presence. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at airports, including, but not limited to:

- increases in airport rates and charges;
- limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;
- termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;
- increases in airport capacity that could facilitate increased competition;
- international travel regulations such as customs and immigration;
- increases in taxes;
- changes in the law that affect the services that can be offered by airlines in particular markets and at particular airports;
- restrictions on competitive practices;
- the adoption of statutes or regulations that impact customer service standards, including security standards; and
- the adoption of more restrictive locally-imposed noise regulations or curfews.

In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

We rely on third-party service providers to perform functions integral to our operations.

We have entered into agreements with third-party service providers to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and there can be no assurance that we will be able to obtain the necessary services at acceptable rates.

Although we seek to monitor the performance of third parties that provide us with our reservation system, ground handling, catering, passenger handling, engineering, maintenance services, refueling and airport facilities, the efficiency,

timeliness and quality of contract performance by third-party service providers are often beyond our control, and any failure by our service providers to perform their contracts may have an adverse impact on our business and operations. For example, in 2008, our call center provider went bankrupt. Though we were able to quickly switch to an alternative vendor, we experienced a significant business disruption during the transition period and a similar disruption could occur in the future if we changed call center providers or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

We rely on third-party distribution channels to distribute a portion of our airline tickets .

We rely on third-party distribution channels, including those provided by or through global distribution systems, or GDSs, conventional travel agents and online travel agents, or OTAs, to distribute a portion of our airline tickets, and we expect in the future to rely on these channels to an increasing extent to collect ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our call centers and our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility, and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets, and may not provide the functionality we require to maximize ancillary revenues. Any inability to manage our third-party distribution costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive, or obsolete.

We rely on a single service provider to manage our fuel supply.

As of December 31, 2013 , we had a single fuel service contract with World Fuel Services Corporation to manage the sourcing and contracting of our fuel supply. A failure by this provider to fulfill its obligations could have a material adverse effect on our business, results of operations and financial condition.

Our reputation and business could be adversely affected in the event of an emergency, accident or similar incident involving our aircraft.

We are exposed to potential significant losses in the event that any of our aircraft is subject to an emergency, accident, terrorist incident or other similar incident, and significant costs related to passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. There can be no assurance that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums. Please see “—Increases in insurance costs or significant reductions in coverage could have a material adverse effect on our business, financial condition and results of operations.” In addition, any future aircraft emergency, accident or similar incident, even if fully covered by insurance or even if it does not involve our airline, may create a public perception that our airline or the equipment we fly is less safe or reliable than other transportation alternatives, or could cause us to perform time consuming and costly inspections on our aircraft or engines which could have a material adverse effect on our business, results of operations and financial condition.

Negative publicity regarding our customer service could have a material adverse effect on our business.

In the past we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems. In particular, we generally experience a higher volume of complaints when we make changes to our unbundling policies, such as charging for baggage. In addition, in 2009, we entered into a consent order with the DOT for our procedures for bumping passengers from oversold flights and our handling of lost or damaged baggage. Under the consent order, we were assessed a civil penalty of \$375,000, of which we were required to pay \$215,000 based on an agreement with the DOT and our not having similar violations in the year after the date of the consent order. Our reputation and business could be materially adversely affected if we fail to meet customers’ expectations with respect to customer service or if we are perceived by our customers to provide poor customer service.

We depend on a limited number of suppliers for our aircraft and engines.

One of the elements of our business strategy is to save costs by operating a single-family aircraft fleet - currently Airbus A320-family, single-aisle aircraft, powered by engines manufactured by IAE. If Airbus, IAE, or Pratt and Whitney becomes unable to perform its contractual obligations, or if we are unable to acquire or lease aircraft or engines from other owners, operators or lessors on acceptable terms, we would have to find other suppliers for a similar type of aircraft or engine. If we

have to lease or purchase aircraft from another supplier, we would lose the significant benefits we derive from our current single fleet composition. We may also incur substantial transition costs, including costs associated with retraining our employees, replacing our manuals and adapting our facilities and maintenance programs. Our operations could also be harmed by the failure or inability of aircraft, engine and parts suppliers to provide sufficient spare parts or related support services on a timely basis. Our business would be significantly harmed if a design defect or mechanical problem with any of the types of aircraft or components that we operate were discovered that would ground any of our aircraft while the defect or problem was corrected, assuming it could be corrected at all. The use of our aircraft could be suspended or restricted by regulatory authorities in the event of any actual or perceived mechanical or design problems. Our business would also be significantly harmed if the public began to avoid flying with us due to an adverse perception of the types of aircraft that we operate stemming from safety concerns or other problems, whether real or perceived, or in the event of an accident involving those types of aircraft or components. Carriers that operate a more diversified fleet are better positioned than we are to manage such events.

Reduction in demand for air transportation, or governmental reduction or limitation of operating capacity, in the South Florida, Caribbean, Latin American or domestic U.S. markets could harm our business, results of operations and financial condition.

A significant portion of our operations are conducted to and from the South Florida, Caribbean, Latin American or domestic U.S. markets. Our business, results of operations and financial condition could be harmed if we lost our authority to fly to these markets, by any circumstances causing a reduction in demand for air transportation, or by governmental reduction or limitation of operating capacity, in these markets, such as adverse changes in local economic or political conditions, negative public perception of these destinations, unfavorable weather conditions, or terrorist related activities. Furthermore, our business could be harmed if jurisdictions that currently limit competition allow additional airlines to compete on routes we serve. Many of the countries we serve are experiencing either economic slowdowns or recessions, which may translate into a weakening of demand and could harm our business, results of operations and financial condition.

Increases in insurance costs or significant reductions in coverage could have a material adverse effect on our business, financial condition and results of operations.

We carry insurance for public liability, passenger liability, property damage and all-risk coverage for damage to our aircraft. As a result of the September 11, 2001 terrorist attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war risk insurance). Accordingly, our insurance costs increased significantly and our ability to continue to obtain certain types of insurance remains uncertain. While the price of commercial insurance has declined since the period immediately after the terrorist attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected. We currently maintain commercial airline insurance with several underwriters. However, there can be no assurance that the amount of such coverage will not be changed, or that we will not bear substantial losses from accidents. We could incur substantial claims resulting from an accident in excess of related insurance coverage that could have a material adverse effect on our results of operations and financial condition.

We have obtained third-party war risk insurance, which insures against some risks of terrorism, through a special program administered by the FAA, resulting in lower premiums than if we had obtained this insurance in the commercial insurance market. If the special program administered by the FAA is not continued, or if the government discontinues this coverage for any reason, obtaining comparable coverage from commercial underwriters may result in higher premiums and more restrictive terms, if it is available at all. Our business, results of operations and financial condition could be materially adversely affected if we are unable to obtain adequate war risk insurance. The FAA war risk hull and liability insurance policy is effective from October 1, 2013 through September 30, 2014 .

Failure to comply with applicable environmental regulations could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water and the management of hazardous substances, oils and waste materials. Compliance with all environmental laws and regulations can require significant expenditures and any future regulatory developments in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. For example, climate change legislation was previously introduced in Congress and such legislation could be re-introduced in the future by Congress and state legislatures, and could contain provisions affecting the aviation industry, compliance with which could result in the creation of substantial additional costs to us. Similarly, the Environmental Protection Agency issued a rule that regulates larger emitters of

greenhouse gases. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and could have a material adverse effect on our business, results of operations and financial condition.

Governmental authorities in several U.S. and foreign cities are also considering or have already implemented aircraft noise reduction programs, including the imposition of nighttime curfews and limitations on daytime take-offs and landings. We have been able to accommodate local noise restrictions imposed to date, but our operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

If we are unable to attract and retain qualified personnel or fail to maintain our company culture, our business, results of operations and financial condition could be harmed.

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. The airline industry has from time to time experienced a shortage of qualified personnel, particularly with respect to pilots and maintenance technicians. In addition, as is common with most of our competitors, we have faced considerable turnover of our employees. We may be required to increase wages and/or benefits in order to attract and retain qualified personnel. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing high-quality customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

Our business, results of operations and financial condition could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team, including Ben Baldanza, our President and Chief Executive Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-man life insurance on our management team.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules implemented or to be implemented by the SEC and the NASDAQ Stock Market. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as our executive officers and may divert management's attention. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

We are required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, significant expenses to remediate any internal control deficiencies, and ultimately have an adverse effect on the market price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting.

The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. During the performance of these activities, we may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in completing the implementation of any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could harm our operating results and lead to a decline in our stock price. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the NASDAQ Global Select Market, regulatory investigations, civil or criminal sanctions and class action litigation.

The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- announcements concerning our competitors, the airline industry or the economy in general;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or the aircraft type we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- changes in the price of aircraft fuel;
- announcements concerning the availability of the type of aircraft we use;
- general and industry-specific economic conditions;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;
- sales of our common stock or other actions by investors with significant shareholdings;
- trading strategies related to changes in fuel or oil prices; and
- general market, political and economic conditions.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock.

In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources and harm our business or results of operations.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Our anti-takeover provisions may delay or prevent a change of control, which could adversely affect the price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make it difficult to remove our board of directors and management and may discourage or delay “change of control” transactions, which could adversely affect the price of our common stock. These provisions include, among others:

- our board of directors is divided into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting;
- actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent;
- special meetings of our stockholders can be called only by the Chairman of the Board or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company; and
- our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

Our corporate charter and bylaws include provisions limiting voting by non-U.S. citizens and specifying an exclusive forum for stockholder disputes.

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict voting of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 25% of our stock be voted, directly or indirectly, by persons who are not U.S. citizens, and that our president and at least two-thirds of the members of our board of directors and senior management be U.S. citizens. Our amended and restated bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the “foreign stock record,” would result in a suspension of their voting rights in the event that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law.

Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. As of December 31, 2013, we believe we were in compliance with the foreign ownership rules.

As of December 31, 2013, there are no shares of non-voting common stock outstanding. When shares of non-voting common stock are outstanding, the holders of such stock may convert such shares, on a share-for-share basis, in the order reflected on our foreign stock record as shares of common stock are sold or otherwise transferred by non-U.S. citizens to U.S. citizens.

Our amended and restated certificate of incorporation also specifies that the Court of Chancery of the State of Delaware shall be the exclusive forum for substantially all disputes between us and our stockholders.

We do not intend to pay cash dividends for the foreseeable future.

We have never declared or paid cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments, business prospects and such other factors as our board of directors deems relevant.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES**Aircraft**

We operated a total of 54 aircraft, all of which are under operating leases, as of December 31, 2013 .

The following table details information on the 54 aircraft in our fleet as of December 31, 2013 :

| Aircraft Type | Seats | Average Age (years) | Number of Aircraft |
|---------------|-------|---------------------|--------------------|
| A319 | 145 | 6.8 | 29 |
| A320 | 178 | 1.8 | 23 |
| A321 | 218 | 8.4 | 2 |
| | | 5.1 | 54 |

During 2013, we converted ten Airbus A320 orders to Airbus A321 orders and converted five Airbus A321 orders to Airbus A321neo orders. As of December 31, 2013 , our aircraft orders, consisted of 112 A320 family aircraft with Airbus (37 of the existing A320 aircraft model, 45 A320neos, 25 of the existing A321 model and 5 A321neos) and 5 direct operating leases for A320neos with a third-party lessor. As of December 31, 2013 , our future fleet plan, net of contractual lease returns, is illustrated in the table below.

| Aircraft Type | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| A319 | 29 | 29 | 26 | 22 | 17 | 16 | 9 | 5 |
| A320 | 34 | 45 | 50 | 58 | 58 | 58 | 58 | 58 |
| A320 NEO | — | 1 | 5 | 5 | 11 | 19 | 32 | 50 |
| A321 | 2 | 4 | 12 | 20 | 25 | 25 | 25 | 25 |
| A321 NEO | — | — | — | — | — | 5 | 5 | 5 |
| Total Aircraft | 65 | 79 | 93 | 105 | 111 | 123 | 129 | 143 |

* Actual fleet count may differ depending on future fleet decisions, including actual lease retirements.

We also have six spare engine orders for V2500 SelectOne engines with IAE and nine spare engine orders for PurePower PW 1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2014 through 2024 .

Ground Facilities

We lease all of our facilities at each of the airports we serve. Our leases for terminal passenger service facilities, which include ticket counter and gate space, operations support areas and baggage service offices, generally have a term ranging from month-to-month to 20 years, and contain provisions for periodic adjustments of lease rates. We also are responsible for maintenance, insurance and other facility-related expenses and services. We also have entered into use agreements at the airports we serve that provide for the non-exclusive use of runways, taxiways and other airfield facilities. Landing fees paid under these agreements are based on the number of landings and weight of the aircraft.

As of December 31, 2013 , Ft. Lauderdale/Hollywood International Airport (FLL) remained our single largest airport served, with over 17% of our capacity operating to or from FLL during 2013 . We operate primarily out of Terminal 4, the international terminal. We currently use up to nine gates at Terminal 4 and Terminal 3. We have preferential access to six of the Terminal 4 gates, preferential access to one of the Terminal 3 gates, common use access to the remaining two Terminal 4 gates, and common use access to other Terminal 3 gates. FLL is in the middle of a concourse replacement and expansion project, which would expand the number of gates at Terminal 4 to 14. Other airports through which we conduct significant operations include Dallas-Fort Worth International Airport (DFW), McCarran International Airport (LAS) serving Las Vegas, Chicago O'Hare International Airport (ORD), Detroit Metropolitan Wayne County Airport (DTW), LaGuardia Airport (LGA) serving New York City and Orlando International Airport (MCO).

Our largest maintenance facility is currently located in a leased facility at FLL under a lease that expires in January 2015. We also conduct additional maintenance operations in leased facilities in Detroit, Michigan; Chicago, Illinois; Atlantic City, New Jersey; Dallas, Texas; and Las Vegas, Nevada.

Our principal executive offices and headquarters are located in a leased facility at 2800 Executive Way, Miramar, Florida 33025, consisting of approximately 56,000 square feet. The lease for this facility expires in January 2025. We have executed an agreement to lease the facility located at 2844 Corporate Way, Miramar, Florida 33025, consisting of approximately 15,000 square feet. We expect to take possession of this facility in February 2014 to expand our principal executive offices and headquarters. The lease for this facility expires in January 2025. We also have a training center located in a leased facility at 1050 Lee Wagener Boulevard, Fort Lauderdale, Florida 33315, consisting of approximately 12,000 square feet, under a lease that expires in January 2015.

ITEM 3. 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 pending 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of our common stock

Our common stock is listed and traded on the NASDAQ Global Select Market under the symbol "SAVE." The following table shows, for the periods indicated, the high and low per share sales prices for our common stock on the NASDAQ Global Select Market.

| | High | Low |
|---|----------|----------|
| Fiscal year ending December 31, 2012 | | |
| First Quarter | \$ 20.70 | \$ 13.90 |
| Second Quarter | 24.75 | 17.41 |
| Third Quarter | 23.13 | 15.85 |
| Fourth Quarter | 18.00 | 15.64 |
| Fiscal year ending December 31, 2013 | | |
| First Quarter | \$ 26.87 | \$ 17.40 |
| Second Quarter | 33.75 | 24.30 |
| Third Quarter | 36.83 | 29.65 |
| Fourth Quarter | 47.62 | 32.50 |

As of February 7, 2014, there were approximately 28 holders of record of our common stock. Because many of our shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by the beneficial holders.

The information under the caption "Equity Compensation Plan Information" in our 2014 Proxy Statement is incorporated herein by reference.

Dividend Policy

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Our Repurchases of Equity Securities

The following table reflects our repurchases of our common stock during the fourth quarter of 2013 . All stock repurchases during this period were made from employees who received restricted stock grants. All 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 minimum withholding tax requirements.

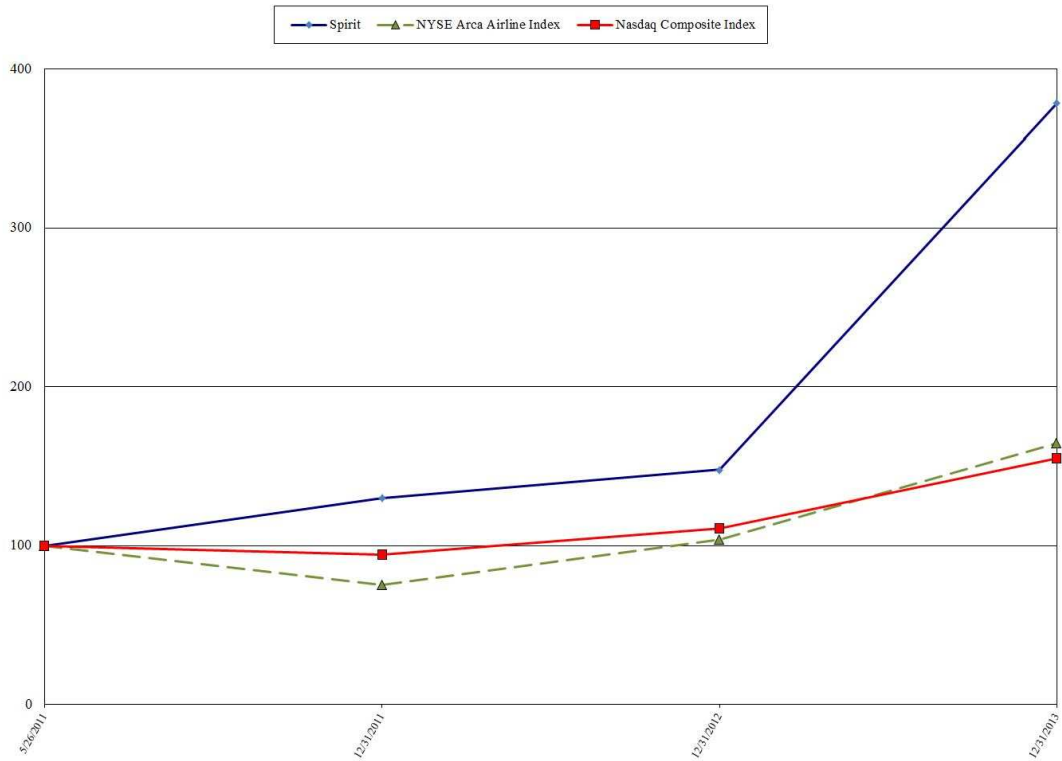
ISSUER PURCHASES OF EQUITY SECURITIES

| 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. |
|---------------------|----------------------------------|------------------------------|--|---|
| October 1-31, 2013 | — | N/A | — | — |
| November 1-30, 2013 | 763 | \$ 44.50 | — | — |
| December 1-31, 2013 | — | N/A | — | — |
| Total | 763 | \$ 44.50 | — | — |

During the first three quarters of 2013 , we repurchased and retired 103,484 shares for a total of \$2.3 million. All 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 withholding tax requirements. We did not make any open market stock repurchases during 2013 .

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our common stock with the cumulative total return on the NASDAQ Composite Index and the NYSE ARCA Airline Index for the period beginning on May 26, 2011 (the date our common stock was first traded) and ending on the last day of 2013 . The graph assumes an investment of \$100 in our stock and the two indices, respectively, on May 26, 2011, and further assumes the reinvestment of all dividends. The May 26, 2011 stock price used for our stock is the initial public offering price. Stock price performance, presented for the period from May 26, 2011 to December 31, 2013 , is not necessarily indicative of future results.



| | 5/26/2011 | 12/31/2011 | 12/31/2012 | 12/31/2013 |
|-------------------------|------------------|-------------------|-------------------|-------------------|
| Spirit | \$ 100.00 | \$ 130.00 | \$ 147.75 | \$ 378.42 |
| NYSE ARCA Airline Index | \$ 100.00 | \$ 75.49 | \$ 103.90 | \$ 164.39 |
| NASDAQ Composite Index | \$ 100.00 | \$ 94.23 | \$ 110.91 | \$ 155.15 |

ITEM 6. SELECTED FINANCIAL DATA

You should read the following selected historical financial and operating data below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements, related notes and other financial information included in this annual report. The selected financial data in this section are not intended to replace the financial statements and are qualified in their entirety by the financial statements and related notes included in this annual report.

We derived the selected statements of operations data for the years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 from our audited financial statements included in this annual report. We derived the selected statements of operations data for the years ended December 31, 2010 and 2009 and the balance sheet data as of December 31, 2011, 2010 and 2009 from our audited financial statements not included in this annual report. Our historical results are not necessarily indicative of the results to be expected in the future.

| | Year Ended December 31, | | | | |
|--|--|-------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2011 | 2010 (1) | 2009 |
| | (in thousands except share and per share data) | | | | |
| Operating revenues: | | | | | |
| Passenger | \$ 986,018 | \$ 782,792 | \$ 689,650 | \$ 537,969 | \$ 536,181 |
| Non-ticket | 668,367 | 535,596 | 381,536 | 243,296 | 163,856 |
| Total operating revenue | 1,654,385 | 1,318,388 | 1,071,186 | 781,265 | 700,037 |
| Operating expenses: | | | | | |
| Aircraft fuel (2) | 551,746 | 471,763 | 388,046 | 248,206 | 181,107 |
| Salaries, wages and benefits | 262,150 | 218,919 | 181,742 | 156,443 | 135,420 |
| Aircraft rent | 169,737 | 143,572 | 116,485 | 101,345 | 89,974 |
| Landing fees and other rents | 83,604 | 68,368 | 52,794 | 48,118 | 42,061 |
| Distribution | 67,481 | 56,668 | 51,349 | 41,179 | 34,067 |
| Maintenance, materials and repairs | 60,143 | 49,460 | 34,017 | 27,035 | 27,536 |
| Depreciation and amortization | 31,947 | 15,256 | 7,760 | 5,620 | 4,924 |
| Other operating | 144,586 | 127,886 | 91,172 | 83,748 | 72,921 |
| Loss on disposal of assets | 525 | 956 | 255 | 77 | 1,010 |
| Special charges (credits) (3) | 174 | (8,450) | 3,184 | 621 | (392) |
| Total operating expenses | 1,372,093 | 1,144,398 | 926,804 | 712,392 | 588,628 |
| Operating income | 282,292 | 173,990 | 144,382 | 68,873 | 111,409 |
| Other expense (income): | | | | | |
| Interest expense (4) | 214 | 1,350 | 24,781 | 50,313 | 46,892 |
| Capitalized interest (5) | (214) | (1,350) | (2,890) | (1,491) | (951) |
| Interest income | (401) | (925) | (575) | (328) | (345) |
| Gain on extinguishment of debt (6) | — | — | — | — | (19,711) |
| Other expense | 283 | 331 | 235 | 194 | 298 |
| Total other expense (income) | (118) | (594) | 21,551 | 48,688 | 26,183 |
| Income before income taxes | 282,410 | 174,584 | 122,831 | 20,185 | 85,226 |
| Provision (benefit) for income taxes (7) | 105,492 | 66,124 | 46,383 | (52,296) | 1,533 |
| Net income | \$ 176,918 | \$ 108,460 | \$ 76,448 | \$ 72,481 | \$ 83,693 |
| Earnings Per Share: | | | | | |
| Basic | \$ 2.44 | \$ 1.50 | \$ 1.44 | \$ 2.77 | \$ 3.23 |
| Diluted | \$ 2.42 | \$ 1.49 | \$ 1.43 | \$ 2.72 | \$ 3.18 |
| Weighted average shares outstanding: | | | | | |
| Basic | 72,592,765 | 72,385,574 | 53,240,898 | 26,183,772 | 25,910,766 |
| Diluted | 72,999,221 | 72,590,574 | 53,515,348 | 26,689,855 | 26,315,121 |

- (1) We estimate that the 2010 pilot strike had a net negative impact on our operating income for 2010 of approximately \$24 million consisting of an estimated \$28 million in lost revenues and approximately \$4 million of incremental costs resulting from the strike, offset in part by a reduction of variable expenses during the strike of approximately \$8 million for flights not flown. Additionally, under the terms of the pilot contract, we also paid \$2.3 million in return-to-work payments during the second quarter, which are not included in the strike impact costs described above.

- (2) Aircraft fuel expense is the sum of (i) “into-plane fuel cost,” which includes the cost of jet fuel and certain other charges such as fuel taxes and oil, (ii) settlement gains and losses and (iii) unrealized mark-to-market gains and losses associated with fuel hedge contracts. The following table summarizes the components of aircraft fuel expense for the periods presented:

| | Year Ended December 31, | | | | |
|---------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| | (in thousands) | | | | |
| Into-plane fuel cost | \$ 542,523 | \$ 471,542 | \$ 392,278 | \$ 251,754 | \$ 181,806 |
| Realized losses (gains) | 8,958 | 175 | (7,436) | (1,483) | 750 |
| Unrealized losses (gains) | 265 | 46 | 3,204 | (2,065) | (1,449) |
| Aircraft fuel expense | <u>\$ 551,746</u> | <u>\$ 471,763</u> | <u>\$ 388,046</u> | <u>\$ 248,206</u> | <u>\$ 181,107</u> |

- (3) Special charges (credits) include: (i) for 2009, amounts relating to the early termination in mid-2008 of leases for seven Airbus A319 aircraft, a related reduction in workforce and the exit facility costs associated with returning planes to lessors in 2008; (ii) for 2009 and 2010, amounts relating to the sale of previously expensed MD-80 parts; (iii) for 2010 and 2011 amounts relating to exit facility costs associated with moving our Detroit, Michigan maintenance operations to Fort Lauderdale, Florida; (iv) termination costs in connection with the IPO during the three months ended June 30, 2011 comprised of amounts paid to Indigo Partners, LLC to terminate its professional services agreement with us and fees paid to three individual, unaffiliated holders of our subordinated notes; (v) for 2011 and 2012, a \$9.1 million gain related to the sale of four permanent air carrier slots at Ronald Reagan National Airport (DCA) offset by costs connected with the 2012 secondary offerings; and for 2013, costs related to the 2013 secondary offering. For more information, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Operating Expenses—Special Charges (Credits).”
- (4) Substantially all of the interest expense recorded in 2009, 2010 and 2011 relates to notes and preferred stock held by our principal stockholders that were repaid or redeemed, or exchanged for shares of common stock, in connection with the Recapitalization in 2011 that was effected in connection with the IPO. Interest expense in 2012 primarily relates to interest on PDPs and interest related to the TRA. Interest expense in 2013 primarily relates to interest related to the TRA.
- (5) Interest attributable to funds used to finance the acquisition of new aircraft, including PDPs is capitalized as an additional cost of the related asset. Interest is capitalized at the weighted average implicit lease rate of our aircraft.
- (6) Gain on extinguishment of debt represents the recognition of contingencies provided for in our 2006 recapitalization agreements, which provided for the cancellation of shares of Class A preferred stock and reduction of the liquidation preference of the remaining Class A preferred stock and associated accrued but unpaid dividends based on the outcome of the contingencies.
- (7) Net income for 2010 includes a \$52.3 million net tax benefit primarily due to the release of a valuation allowance resulting in a deferred tax benefit of \$52.8 million in 2010. Absent the release of the valuation allowance and corresponding tax benefit, our net income would have been \$19.7 million for 2010.

The following table presents balance sheet data for the periods presented.

| | As of December 31, | | | | |
|---|--------------------|------------|------------|-----------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Balance Sheet Data: | (in thousands) | | | | |
| Cash and cash equivalents | \$ 530,631 | \$ 416,816 | \$ 343,328 | \$ 82,714 | \$ 86,147 |
| Total assets | 1,180,765 | 919,884 | 745,813 | 475,757 | 327,866 |
| Long-term debt, including current portion | — | — | — | 260,827 | 242,232 |
| Mandatorily redeemable preferred stock | — | — | — | 79,717 | 75,110 |
| Stockholders' equity (deficit) | 769,117 | 582,535 | 466,706 | (105,077) | (178,127) |

OPERATING STATISTICS

| | Year Ended December 31, | | | | |
|--|-------------------------|------------|-----------|-----------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Operating Statistics (unaudited) (A) | | | | | |
| Average aircraft | 49.9 | 41.2 | 34.8 | 30.5 | 28.0 |
| Aircraft at end of period | 54 | 45 | 37 | 32 | 28 |
| Airports served in the period (B) | 56 | 55 | 50 | 41 | 43 |
| Average daily Aircraft utilization (hours) | 12.7 | 12.8 | 12.7 | 12.8 | 13.0 |
| Average stage length (miles) | 958 | 909 | 921 | 941 | 931 |
| Block hours | 231,148 | 192,403 | 161,898 | 141,864 | 133,227 |
| Passenger flight segments (thousands) | 12,414 | 10,423 | 8,518 | 6,952 | 6,325 |
| Revenue passenger miles (RPMs) (thousands) | 12,001,088 | 9,663,721 | 8,006,748 | 6,664,395 | 6,039,064 |
| Available seat miles (ASMs) (thousands) | 13,861,393 | 11,344,731 | 9,352,553 | 8,119,923 | 7,485,141 |
| Load factor (%) | 86.6 | 85.2 | 85.6 | 82.1 | 80.7 |
| Average ticket revenue per passenger flight segment (\$) | 79.43 | 75.11 | 80.97 | 77.39 | 84.77 |
| Average non-ticket revenue per passenger flight segment (\$) | 53.84 | 51.39 | 44.79 | 35.00 | 25.91 |
| Total revenue per passenger segment (\$) | 133.27 | 126.50 | 125.76 | 112.39 | 110.68 |
| Average yield (cents) | 13.79 | 13.64 | 13.38 | 11.72 | 11.59 |
| RASM (cents) | 11.94 | 11.62 | 11.45 | 9.62 | 9.35 |
| CASM (cents) | 9.90 | 10.09 | 9.91 | 8.77 | 7.86 |
| Adjusted CASM (cents) (C) | 9.89 | 10.15 | 9.84 | 8.79 | 7.89 |
| Adjusted CASM ex fuel (cents) (C) | 5.91 | 6.00 | 5.72 | 5.71 | 5.45 |
| Fuel gallons consumed (thousands) | 171,931 | 142,991 | 121,030 | 106,628 | 98,422 |
| Average economic fuel cost per gallon (\$) | 3.21 | 3.30 | 3.18 | 2.35 | 1.85 |

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

(B) Includes airports served during the period that had service canceled as of the end of the period. Previously, we reported only airports served during the period with continuing operations.

(C) Excludes special charges (credits) of \$(0.4) million (less than 0.01 cents per ASM) in 2009, \$0.6 million (less than 0.01 cents per ASM) in 2010, \$3.2 million (0.03 cents per ASM) in 2011, \$(8.5) million ((0.07) cents per ASM) in 2012 and \$0.2 million (less than 0.01 cents per ASM) in 2013. These amounts are excluded from all calculations of Adjusted CASM provided in this prospectus. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Operating Expenses—Special Charges (Credits)." Also excludes unrealized mark-to-market, or MTM, (gains) and losses \$(1.4) million ((0.02) cents per ASM) in 2009, \$(2.1) million ((0.03) cents per ASM) in 2010, \$3.2 million (0.03 cents per ASM) in 2011, \$0.0 million (less than 0.01 cents per ASM) in 2012 and \$0.3 million (less than 0.01 cent per ASM) in 2013. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included elsewhere in this annual report.

2013 Year in Review

The year 2013 marks the seventh consecutive year of profitability and one of the most successful years on record for us. We achieved earnings of \$176.9 million (\$2.42 per share, diluted), compared to net income of \$108.5 million (\$1.49 per share, diluted) in 2012 . The increase in our 2013 net income is a result of our increased capacity, continued strong demand for our ultra-low fares and growth in our ancillary revenues.

For the year ended December 31, 2013, we achieved record annual profits and a 17.1% operating profit margin, the highest in our history, on \$1,654.4 million in operating revenues. Our traffic grew by 24.2% as we continued to stimulate demand with ultra-low fares. Total revenue per passenger flight segment increased by 5.4% from \$126.50 to \$133.27 . Total RASM for 2013 was 11.94 cent s, an increase of 2.8% compared to the prior year period, as a result of both higher average passenger yields and increased load factors. Strength in demand throughout 2013 allowed us to leverage our ability to revenue manage our inventory, resulting in increased profitability year over year.

Our operating cost structure is a primary area of focus and is at the core of our ULCC business model in which we compete solely on the basis of price. Spirit's unit operating costs continue to be among the lowest of any airline in the Americas. During 2013, we increased our capacity by 22.2% as we grew our fleet of Airbus single-aisle aircraft from 45 to 54 , added 25 new nonstop routes during the year, and launched service to two new destinations: New Orleans, Louisiana and Philadelphia, Pennsylvania.

During 2013, we increased our average non-ticket revenue per passenger flight segment by 4.8% , or \$2.45 , to \$53.84 . Our total non-ticket revenue increased by 24.8% , or \$132.8 million , to \$668.4 million in 2013. The year-over-year increase in average non-ticket revenue per passenger flight segment was primarily driven by changes we made late in 2012 to our bag fee schedule to optimize revenue by channel, a change we made in July 2013 to align our foreign passenger usage fee with our domestic passenger usage fee, and an increase in service charges collected as a result of increased volume of third-party bookings. Growth in travel package sales including the offering of third-party travel-related options such as hotels and rental cars for sale through our website, subscriptions to our \$9 Fare Club and other options designed to enhance our customers' travel experience also contributed to the growth of our non-ticket revenue.

During 2013, our adjusted CASM ex-fuel decreased by 1.5% to 5.91 cent s. Better operational performance during 2013 as compared to 2012 helped drive lower wages and passenger re-accommodation expenses. In addition, during 2013, we entered into lease extensions covering 14 of our existing A319 aircraft resulting in reduced lease rates for the remaining term of the leases which contributed to the decrease in adjusted CASM ex-fuel as compared to 2012. These decreases were partially offset by higher heavy maintenance amortization expense for 2013 resulting from the increase in deferred heavy aircraft maintenance events as compared to the same period in 2012.

During 2013, we reached a Company milestone with the introduction of the 50th aircraft into our operating fleet. As of December 31, 2013, our 54 Airbus A320-family aircraft fleet was comprised of 29 A319s, 23 A320s and 2 A321s. As of December 31, 2013, our aircraft orders consisted of 112 A320 family aircraft with Airbus and 5 direct operating leases for A320neos with a third party, scheduled for delivery from 2014 through 2021 . Our plan calls for growing the fleet by 20.4% in 2014.

2011 IPO

On June 1, 2011, we completed our initial public offering of common stock, or IPO, which raised net proceeds of \$150.0 million after repayment of debt, payment of transaction expenses and other fees. In connection with the IPO, we effected a recapitalization, which we refer to as the 2011 Recapitalization, that resulted in the repayment or conversion of all of our notes and shares of preferred stock into shares of common stock.

Our Operating Revenues

Our operating revenues are comprised of passenger revenues and non-ticket revenues.

Passenger Revenues . Passenger revenues consist of the base fares that customers pay for air travel.

Non-ticket Revenues. Non-ticket revenues are generated from air travel-related charges for baggage, passenger usage fee (PUF) for bookings through our distribution channels, advance seat selection, itinerary changes, hotel travel packages and loyalty programs such as our FREE SPIRIT affinity credit card program and \$9 Fare Club. Non-ticket revenues also include revenues derived from services not directly related to providing transportation such as the sale of advertising to third parties on our website and on board our aircraft.

Substantially all of our revenues are denominated in U.S. dollars. Passenger revenues are recognized once the related flight departs. Accordingly, the value of tickets sold in advance of travel is included under our current liabilities as “air traffic liability,” or ATL, until the related air travel is provided. Non-ticket revenues are generally recognized at the time the ancillary products are purchased or ancillary services are provided. Non-ticket revenues also include revenues from our subscription-based \$9 Fare Club, which we recognize on a straight-line basis over 12 months. Revenue generated from the FREE SPIRIT credit card affinity program are recognized in accordance with the criteria as set forth in Accounting Standards Update ASU No. 2009-13. Please see “—Critical Accounting Policies and Estimates—Frequent Flier Program”.

We recognize revenues net of certain taxes and airport passenger fees, which are collected by us on behalf of airports and governmental agencies and remitted to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges and foreign arrival and departure taxes. These items are collected from customers at the time they purchase their tickets, but are not included in our revenues. We record a liability upon collection from the customer and relieve the liability when payments are remitted to the applicable governmental agency or airport.

Our Operating Expenses

Our operating expenses consist of the following line items.

Aircraft Fuel. Aircraft fuel expense is our single largest operating expense. It includes the cost of jet fuel, related federal taxes, fueling into-plane fees and transportation fees. It also includes realized and unrealized gains and losses arising from any fuel price hedging activity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense includes the salaries, hourly wages, bonuses and equity compensation paid to employees for their services, as well as the related expenses associated with employee benefit plans and employer payroll taxes.

Aircraft Rent. Aircraft rent expense consists of monthly lease rents for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes supplemental rent. Supplemental rent is made up of maintenance reserves paid or to be paid to aircraft lessors in advance of the performance of major maintenance activities that are not probable of being reimbursed and lease return condition obligations which we begin to accrue when they are probable. Aircraft rent expense is net of the amortization of gains and losses on sale and leaseback transactions on our flight equipment. Presently, all of our aircraft and spare engines are financed under operating leases.

Landing Fees and Other Rents. Landing fees and other rents include both fixed and variable facilities expenses, such as the fees charged by airports for the use or lease of airport facilities, overfly fees paid to other countries and the monthly rent paid for our headquarters facility.

Distribution. Distribution expense includes all of our direct costs including the cost of web support, our third-party call center, travel agent commissions and related GDS fees and credit card transaction fees, associated with the sale of our tickets and other products and services.

Maintenance, Materials and Repairs. Maintenance, materials and repairs expense includes all parts, materials, repairs and fees for repairs performed by third-party vendors directly required to maintain our fleet. It excludes direct labor cost related to our own mechanics, which is included under salaries, wages and benefits. It also excludes the amortization of heavy maintenance expenses, which we defer under the deferral method of accounting and amortize as a component of depreciation and amortization expense.

Depreciation and Amortization. Depreciation and amortization expense includes the depreciation of fixed assets we own and leasehold improvements. It also includes the amortization of heavy maintenance expenses we defer under the deferral method of accounting for heavy maintenance events and recognize into expense on a straight-line or usage basis until the earlier of the next estimated heavy maintenance event or the aircraft's return at the end of the lease term.

Loss on Disposal of Assets. Loss on disposal of assets includes the net losses on the disposal of our fixed assets, including losses on sale and leaseback transactions.

Other Operating Expenses. Other operating expenses include airport operations expense and fees charged by third-party vendors for ground handling services and food and liquor supply service expenses, passenger re-accommodation expense, the cost of passenger liability and aircraft hull insurance, all other insurance policies except for employee health insurance, travel and training expenses for crews and ground personnel, professional fees, personal property taxes and all other administrative and operational overhead expenses. No individual item included in this category represented more than 5% of our total operating expenses.

Special Charges (Credits). Special charges (credits) include termination costs, secondary offering costs and the gain on the sale of take-off and landing slots.

In 2012, we sold four permanent air carrier slots at Ronald Reagan National Airport (DCA) to another airline for \$9.1 million. We recognized the \$9.1 million gain within special charges (credits) in the third quarter of 2012, the period in which the FAA operating restriction lapsed and written confirmation of the slot transfer was received by the buyer from the FAA.

During the third quarter of 2013, certain stockholders affiliated with Indigo Partners LLC (Indigo) sold an aggregate of 12,070,920 shares of common stock in an underwritten public offering. We incurred \$0.3 million in costs related to this offering in 2013. Upon completion of this secondary offering, investment funds affiliated with Indigo owned no shares of our common stock.

On July 31, 2012, certain stockholders affiliated with Oaktree Capital Management (Oaktree) sold an aggregate of 9,394,927 shares of common stock in an underwritten public offering. We incurred \$0.7 million in costs related to this offering in 2012. Upon completion of this secondary offering, investment funds affiliated with Oaktree owned no shares of our common stock.

On January 25, 2012, certain stockholders of the Company, including affiliates of Oaktree and Indigo and certain members of our executive team, sold an aggregate of 12,650,000 shares of common stock in an underwritten public offering. We incurred a total of \$1.3 million in costs between 2011 and 2012 related to this secondary offering, offset by reimbursements from certain selling stockholders of \$0.6 million in accordance with the Fourth Amendment to the Second Amended and Restated Investor Rights Agreement.

We did not receive any proceeds from any of these secondary offerings.

In the second quarter of 2011, we incurred \$2.3 million of termination costs in connection with the IPO comprised of amounts paid to Indigo to terminate its professional services agreement with us and fees paid to three individual, unaffiliated holders of our subordinated notes.

Our Other Expense (Income)

Interest Expense. Paid-in-kind interest on notes due to related parties and preferred stock dividends due to related parties account, on average, for over 80% of interest expense incurred in 2011. Non-related party interest expense accounted for the remainder of interest expense in 2011. All of the notes and preferred stock were repaid or redeemed, or exchanged for common stock, in connection with the 2011 Recapitalization. Interest expense in 2012 primarily relates to interest on PDPs and interest related to the Tax Receivable Agreement, or TRA. Interest expense in 2013 primarily relates to interest on the TRA.

Capitalized Interest. Capitalized interest represents interest cost incurred during the acquisition period of an aircraft which theoretically could have been avoided had we not made PDPs for that aircraft. These amounts are capitalized as part of the cost of the aircraft upon delivery. Capitalization of interest ceases when the asset is ready for service. Capitalized interest for 2011 primarily relates to the interest incurred on debt due to related parties. Capitalized interest for 2012 and 2013 primarily relates to interest incurred in connection with payments owed under the TRA.

Our Income Taxes

We account for income taxes using the liability method. We record a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards. In assessing the realizability of the deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will be realized. In evaluating the ability to utilize our deferred tax assets, we consider all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis.

In connection with the IPO, we entered into the TRA and thereby distributed immediately prior to the completion of the IPO to the holders of common stock as of such time, or the Pre-IPO Stockholders, the right to receive an amount equal to 90%

of the cash savings in federal income tax realized by it by virtue of the use of the federal net operating loss, deferred interest deductions and alternative minimum tax credits held by us as of March 31, 2011, which is defined as the Pre-IPO NOL. Cash tax savings generally will be computed by comparing actual federal income tax liability to the amount of such taxes that we would have been required to pay had such Pre-IPO NOLs (as defined in the TRA) not been available. Upon consummation of the IPO and execution of the TRA, we recorded a liability with an offsetting reduction to additional paid in capital. The amount and timing of payments under the TRA will depend upon a number of factors, including, but not limited to, the amount and timing of taxable income generated in the future and any future limitations that may be imposed on our ability to use the Pre-IPO NOLs. The term of the TRA will continue until the first to occur (a) the full payment of all amounts required under the agreement with respect to utilization or expiration of all of the Pre-IPO NOLs, (b) the end of the taxable year including the tenth anniversary of the IPO or (c) a change in control of the Company.

In accordance with the TRA, we are required to submit a Tax Benefit Schedule showing the proposed TRA payout amount to the Stockholder Representatives within 45 calendar days after we file our tax return. Stockholder Representatives are defined as Indigo Pacific Partners, LLC and OCM FIE, LLC, representing the two largest ownership interest of pre-IPO shares. The Tax Benefit Schedule shall become final and binding on all parties unless a Stockholder Representative, within 45 calendar days after receiving such schedule, provides us with notice of a material objection to such schedule. If the parties, for any reason, are unable to successfully resolve the issues raised in any notice within 30 calendar days of receipt of such notice, we and the Stockholder Representatives have the right to employ the reconciliation procedures as set forth in the TRA. If the Tax Benefit Schedule is accepted, then we have five days after acceptance to make payments to the Pre-IPO stockholders. Pursuant to the TRA's reconciliation procedures, any disputes that cannot be settled amicably, are settled by arbitration conducted by a single arbitrator jointly selected by both parties.

During the second quarter of 2012, we paid \$27.2 million, or 90% of the 2011 tax savings realized from the utilization of NOLs, including \$0.3 million of applicable interest. During 2012, management adjusted for an immaterial error in the original estimate of the liability. This adjustment reduced the liability with an offset to additional paid in capital.

During 2013, we filed an amended 2009 income tax return in order to correct its NOL carry forward as of December 31, 2009. As a result, our NOL carry forward as of March 31, 2011 was consequently reduced by \$7.8 million, which corresponds to a reduction in the estimated TRA benefit of \$2.4 million with an offset to additional paid in capital. On September 13, 2013, we filed our 2012 federal income tax return, and on October 14, 2013, we submitted a Tax Benefit Schedule to the Stockholder Representatives. On November 27, 2013, pursuant to the TRA, we received an objection notice to the Tax Benefit Schedule from the Stockholder Representatives. As of December 31, 2013, we estimated the TRA liability to be \$5.6 million. We are in discussions with the Stockholder Representatives attempting to resolve the objection related to the Tax Benefit Schedule and thus have not employed the TRA's reconciliation procedures.

Trends and Uncertainties Affecting Our Business

We believe our operating and business performance is driven by various factors that affect airlines and their markets, trends affecting the broader travel industry and trends affecting the specific markets and customer base that we target. The following key factors may affect our future performance.

Competition. The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, code-sharing relationships and frequent flier programs and redemption opportunities. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flier initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize unit revenue. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell.

Seasonality and Volatility. Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business is subject to significant seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. The air transportation business is also volatile and highly affected by economic cycles and trends. Consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changed in governmental regulations on taxes and fees, weather and other factors have resulted in significant fluctuations in revenues and results of operations in the past. We believe demand for business travel historically has been more sensitive to economic pressures than demand for low-price travel. Finally, a significant portion of our operations are concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays.

Aircraft Fuel . Fuel costs represent the single largest operating expense for most airlines, including ours. Fuel costs have been subject to wide price fluctuations in recent years. Fuel availability and pricing are also subject to refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. 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 in hurricane season when refinery shutdowns have occurred in recent years, 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. Historically, we have protected approximately 70% of our forecasted fuel requirements during peak hurricane season (August through October) using jet fuel swaps. Our fuel hedging practices are dependent upon many factors, including our assessment of market conditions for fuel, our access to the capital necessary to support margin requirements, the pricing of hedges and other derivative products in the market, our overall appetite for risk and applicable regulatory policies. As of December 31, 2013 , we had no derivative contracts outstanding. As of December 31, 2013 , we purchased all of our aircraft fuel under a single fuel service contract. The cost and future availability of jet fuel cannot be predicted with any degree of certainty.

Labor . The airline industry is heavily unionized. The wages, benefits and work rules of unionized airline industry employees are determined by collective bargaining agreements, or CBAs. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, CBAs generally contain “amendable dates” rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new CBA, or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as strikes and lockouts.

We have three union-represented employee groups comprising approximately 59% of our employees at December 31, 2013 . Our pilots are represented by the Airline Pilots Association, International or ALPA, our flight attendants are represented by the Association of Flight Attendants, or AFA-CWA, and our flight dispatchers are represented by the Transport Workers Union of America, or TWU. Conflicts between airlines and their unions can lead to work slowdowns or stoppages. In June 2010, we experienced a five-day strike by our pilots, which caused us to shut down our flight operations. The strike ended as a result of our reaching a tentative agreement under a Return to Work Agreement and a full flight schedule was resumed on June 18, 2010. On August 1, 2010, we entered into a five-year collective bargaining agreement with our pilots. In August 2013, we entered into a five-year agreement with our flight dispatchers. In December 2013, with the help of the NMB, we reached a tentative agreement for a five-year contract with our flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On February 7, 2014, we were notified that the flight attendants voted to not ratify the tentative agreement. We will continue to work together with the AFA and the NMB with a goal of reaching a mutually beneficial agreement. We believe the five-year term of our CBAs is valuable in providing stability to our labor costs and provide us with competitive labor costs compared to other U.S.-based low-cost carriers. If we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their CBAs, we may be subject to work interruptions or stoppages, such as the strike by our pilots in June 2010. A strike or other significant labor dispute with our unionized employees is likely to adversely affect our ability to conduct business.

Maintenance Expense . Maintenance expense grew through 2013 , 2012 and 2011 mainly as a result of the increasing age (approximately 5.1 years on average at December 31, 2013) and size of our fleet. As the fleet ages, we expect that maintenance costs will increase in absolute terms. The amount of total maintenance costs and related amortization of heavy maintenance (included in depreciation and amortization expense) is subject to many variables such as future utilization rates, average stage length, the size and makeup of the fleet in future periods and the level of unscheduled maintenance events and their actual costs. Accordingly, we cannot reliably quantify future maintenance expenses for any significant period of time. However, we believe, based on our scheduled maintenance events, maintenance expense and maintenance-related amortization expense in 2014 will be approximately \$113 million . In addition, we expect to capitalize \$40 million of costs for heavy maintenance during 2014 .

As a result of a significant portion of our fleet being acquired over a relatively short period of time, significant maintenance scheduled on each of our planes will occur at roughly the same time, meaning we will incur our most expensive scheduled maintenance obligations across our current fleet around the same time. These more significant maintenance activities will result in out-of-service periods during which our aircraft will be dedicated to maintenance activities and unavailable to fly revenue service. In addition, management expects that the final heavy maintenance events will be amortized over the remaining lease term rather than until the next estimated heavy maintenance event, because we account for heavy maintenance under the deferral method. This will result in significantly higher depreciation and amortization expense related to heavy maintenance in

the last few years of the leases as compared to the costs in earlier periods. Please see “—Critical Accounting Policies and Estimates—Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization.”

Maintenance Reserve Obligations. The terms of some of our aircraft lease agreements require us to post deposits for future maintenance, also known as maintenance reserves, to the lessor in advance of and as collateral for the performance of major maintenance events, resulting in our recording significant prepaid deposits on our balance sheet. As a result, the cash costs of scheduled major maintenance events are paid well in advance of the recognition of the maintenance event in our results of operations. Please see “—Critical Accounting Policies and Estimates—Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization” and “—Maintenance Reserves.”

Critical Accounting Policies and Estimates

The following discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. For a detailed discussion of our significant accounting policies, please see “Notes to Financial Statements—1. Summary of Significant Accounting Policies”.

Critical accounting policies are defined as those policies that reflect significant judgments or estimates about matters that are both inherently uncertain and material to our financial condition or results of operations.

Revenue Recognition. Revenues from tickets sold are initially deferred as ATL. Passenger revenues are recognized when transportation is provided. An unused non-refundable ticket expires at the date of scheduled travel and is recognized as revenue for the expired ticket value at the date of scheduled travel.

Our most significant non-ticket revenues include revenues generated from air travel-related services paid for baggage, bookings through our call center or third-party vendors, advance seat selection, itinerary changes and loyalty programs, and are recognized at the time products are purchased or ancillary services are provided. These revenues also include commissions from the sales of hotel rooms, trip insurance and rental cars recognized at the time the service is rendered. Non-ticket revenues also include revenues from our subscription-based \$9 Fare Club, recognized on a straight-line basis over 12 months.

Customers may elect to change their itinerary prior to the date of departure. A service charge is assessed and recognized on the date the change is initiated and is deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. The amount remaining after deducting the service charge is called a credit shell which expires 60 days from the date the credit shell is created and can be used towards the purchase of a new ticket and our other service offerings. The amount of credits expected to expire is recognized as revenue upon issuance of the credit and is estimated based on historical experience. Estimating the amount of credits that will go unused involves some level of subjectivity and judgment.

Frequent Flier Program. We accrue for mileage credits earned through travel, including mileage credits for members with an insufficient number of mileage credits to earn an award, under our FREE SPIRIT program based on the estimated incremental cost of providing free travel for credits that are expected to be redeemed. Incremental costs include fuel, insurance, security, ticketing and facility charges reduced by an estimate of amounts required to be paid by the passenger when redeeming the award.

Under our affinity card program, funds received for the marketing of a co-branded Spirit credit card and delivery of award miles are accounted for as a multiple-deliverable arrangement. At the inception of the arrangement, we evaluated all deliverables in the arrangement to determine whether they represent separate units of accounting. We determined the arrangement had three separate units of accounting: (i) travel miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. At inception of the arrangement, we established the relative selling price for all deliverables that qualified for separation, as arrangement consideration should be allocated based on relative selling price. The manner in which the selling price was established was based on the applicable hierarchy of evidence. Total arrangement consideration was then allocated to each deliverable on the basis of the deliverable's relative selling price. In considering the hierarchy of evidence, we first determined whether vendor-specific objective evidence of selling price or third-party evidence of selling price existed. We determined that neither vendor-specific objective evidence of selling price nor third-party evidence existed due to the uniqueness of our program. As such, we developed our best estimate of the selling price for all deliverables. For the selling price of travel, we considered a number of entity-specific factors including the number of miles needed to redeem an award, average fare of comparable segments, breakage, restrictions and other charges. For licensing of brand and access to member lists, we considered both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace/industry, brand power, market royalty rates and size of customer base. For the advertising and marketing element, we considered market-specific factors and entity-specific factors including, our internal costs (and

fluctuations of costs) of providing services, volume of marketing efforts and overall advertising plan. Consideration allocated based on the relative selling price to both brand licensing and advertising elements is recognized as revenue when earned and recorded in non-ticket revenue. Consideration allocated to award miles is deferred and recognized ratably as passenger revenue over the estimated period the transportation is expected to be provided which is currently estimated at 16 months. We used entity-specific assumptions coupled with the various judgments necessary to determine the selling price of a deliverable in accordance with the required selling price hierarchy. Changes in these assumptions could result in changes in the estimated selling prices. Determining the frequency to reassess selling price for individual deliverables requires significant judgment. For additional information, please see “Notes to Financial Statements—1. Summary of Significant Accounting Policies—Frequent Flier Program”.

Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization. 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 until the earlier of the next estimated heavy maintenance event or the aircraft's return at the end of the lease term. Amortization of engine and aircraft overhaul costs was \$23.6 million, \$9.1 million and \$2.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. If heavy maintenance costs were amortized within maintenance, material and repairs expense in the statement of operations, our maintenance, material and repairs expense would have been \$83.8 million, \$58.6 million and \$36.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. During the years ended December 31, 2013, 2012 and 2011, we capitalized \$70.8 million, \$61.6 million and \$22.1 million of costs for heavy maintenance, respectively. The timing of the next heavy maintenance event is estimated based on assumptions including estimated usage, FAA-mandated maintenance intervals and average removal times as suggested by the manufacturer. These assumptions may change based on changes in our utilization of our aircraft, changes in government regulations and suggested manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine or major component to a level that would require a heavy maintenance event prior to a scheduled maintenance event. To the extent our planned usage increases, the estimated life would decrease before the next maintenance event, resulting in additional expense over a shorter period. Heavy maintenance events are our 6-year and 12-year airframe checks (HMOV4 and HMOV8, respectively), engine overhauls and overhauls to major components. Certain maintenance functions are outsourced under contracts that require payment based on a performance measure such as flight hours. Costs incurred for maintenance and repair under flight hour maintenance contracts, where labor and materials price risks have been transferred to the service provider, are accrued based on contractual payment terms. Routine cost for maintaining the airframes and engines and line maintenance are charged to maintenance, materials and repairs expense as performed.

Maintenance Reserves. Some of our master lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our performance of major maintenance activities. These lease agreements provide that maintenance reserves are reimbursable to us upon completion of the maintenance event in an amount equal to the lesser of (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Substantially all of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles and are used solely to collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft.

At lease inception and at each balance sheet date, we assess whether the maintenance reserve payments required by the master lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are substantively and contractually related to the maintenance of the leased asset are accounted for as maintenance deposits. Maintenance deposits expected to be recovered from lessors are reflected as prepaid maintenance deposits in the accompanying balance sheets. When it is not probable we will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent. Because we are required to pay maintenance reserves for our operating leased aircraft, and we choose to apply the deferral method for maintenance accounting, management expects that the final heavy maintenance events will be amortized over the remaining lease term rather than over the next estimated heavy maintenance event. As a result, our maintenance costs in the last few years of leases could be significantly in excess of the costs in earlier periods. In addition, these late periods could include additional costs from unrecoverable maintenance reserve payments required in the late years of the lease. We expensed \$1.9 million, \$2.0 million and \$1.5 million of paid maintenance reserves as supplemental rent during 2013, 2012 and 2011, respectively.

As of December 31, 2013 and 2012, we had prepaid maintenance deposits of \$220.7 million and \$198.5 million, respectively, on our balance sheets. We have concluded that these prepaid maintenance deposits are probable of recovery primarily due to the rate differential between the maintenance reserve payments and the expected cost for the related next maintenance event that the reserves serve to collateralize.

These master lease agreements also provide that most maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to us and will be retained by the lessor. Consequently, we have determined that any usage-based

maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and therefore are accounted for as contingent rent. We accrue contingent rent beginning when it becomes probable and reasonably estimable we will incur such nonrefundable maintenance reserve payments. We make certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors such as the estimated time between the maintenance events, the cost of future maintenance events and the number of flight hours the aircraft is estimated to be utilized before it is returned to the lessor. Maintenance reserves held by lessors that are refundable to us at the expiration of the lease are accounted for as prepaid maintenance deposits on the balance sheet when they are paid.

RESULTS OF OPERATIONS

In 2013, we generated operating revenues of \$1,654.4 million and operating income of \$282.3 million resulting in a 17.1% operating margin and net earnings of \$176.9 million. In 2012, we generated operating revenues of \$1,318.4 million and operating income of \$174.0 million resulting in a 13.2% operating margin and net earnings of \$108.5 million. Operating revenues increased year-over-year as a result of a 24.2% increase in traffic and a 1.1% improvement in average yield. The increase in operating income in 2013 over 2012 of \$108.3 million, is mainly due to a 25.5% increase in revenue partially offset by increased fuel and other expenses resulting from increase in operations. Fuel costs increased by \$80.0 million during 2013 compared to 2012, primarily driven by an 20.2% increase in consumption resulting from our increase in operations. Operating expenses increased primarily due to our growth in capacity resulting from the addition of nine aircraft to our fleet and our route network expansion. The increase in operating margin year-over-year is due in part to the negative revenue impact in the fourth quarter of 2012 related to Hurricane Sandy, which we estimated to be \$25 million, as well as lower fuel cost per gallon in 2013.

As of December 31, 2013, our cash and cash equivalents grew to \$530.6 million, an increase of \$113.8 million compared to the prior year, mainly driven by cash from our operating activities offset by cash used to fund PDPs and capital expenditures.

Operating Revenue

| | Year Ended 2013 | % change 2013 versus 2012 | Year Ended 2012 | % change 2012 versus 2011 | Year Ended 2011 |
|---|---------------------|------------------------------|---------------------|------------------------------|---------------------|
| Passenger | \$ 986,018 | 26.0% | \$ 782,792 | 13.5% | \$ 689,650 |
| Non-ticket | 668,367 | 24.8% | 535,596 | 40.4% | 381,536 |
| Total operating revenue | <u>\$ 1,654,385</u> | 25.5% | <u>\$ 1,318,388</u> | 23.1% | <u>\$ 1,071,186</u> |
| RASM (cents) | 11.94 | 2.8% | 11.62 | 1.5% | 11.45 |
| Average ticket revenue per passenger flight segment | \$ 79.43 | 5.8% | \$ 75.11 | (7.2)% | \$ 80.97 |
| Average non-ticket revenue per passenger flight segment | \$ 53.84 | 4.8% | \$ 51.39 | 14.7% | 44.79 |
| Total revenue per passenger flight segment | <u>\$ 133.27</u> | 5.4% | <u>\$ 126.50</u> | 0.6% | <u>\$ 125.76</u> |

2013 compared to 2012

Operating revenue increased by \$336.0 million, or 25.5%, to \$1,654.4 million in 2013 compared to 2012 as we increased traffic by 24.2% and improved our average yield by 1.1% to 13.79 cents.

Our results for 2013 were driven by a capacity increase of 22.2% compared to 2012 while maintaining a high load factor of 86.6% and an increase of 1.4 points compared to 2012. In addition, the year-over-year increase was partly attributable to the negative revenue impact in the fourth quarter 2012 related to Hurricane Sandy which we estimated to be \$25 million. Total RASM for 2013 was 11.94 cents, an increase of 2.8% compared to 2012, as a result of higher average passenger yields and higher load factor. Total revenue per passenger flight segment increased 5.4% from \$126.50 in 2012 to \$133.27 in 2013.

Non-ticket revenue increased 24.8% in 2013, as compared to 2012, mainly due to a 24.2% increase in traffic and an increase in baggage revenue per passenger flight segment. Non-ticket revenue as a percentage of total revenue remained relatively stable from 40.6% for 2012 to 40.4% for 2013. On a per passenger segment basis the increase in non-ticket is attributed to changes to our bag fee schedule which better optimized revenue by channel. Additionally, during June 2012 and July 2013, we made adjustments to our passenger usage fee (PUF) helping to drive the increase in PUF fees year-over-year.

Stronger demand throughout 2013, particularly in the second half of the year, as compared to 2012, allowed us to better leverage our ability to revenue manage our inventory, resulting in higher ticket revenue per passenger segment. Our average ticket fare per passenger flight segment increased 5.8% from \$75.11 in 2012 to \$79.43 in 2013.

2012 compared to 2011

Operating revenues increased by \$247.2 million, or 23.1%, to \$1,318.4 million in 2012 compared to 2011 as increased traffic by 20.7% and improved our average yield by 1.9% to 13.64 cents.

Our results for 2012 were driven by growing capacity 21.3% compared to 2011 while maintaining a high load factor of 85.2% and a network reorientation in mid-2011 that added capacity in Dallas-Fort Worth, Chicago and Las Vegas. In October 2012, we canceled 136 flights, or 19.9 million available seat miles, as a result of adverse weather conditions and airport closures in connection with Hurricane Sandy. The negative impact of the storm on 2012 revenue was approximately \$25 million. We generated greater demand in 2012 by lowering our average ticket revenue per passenger flight segment to \$75.11, or by 7.2% compared to 2011, while increasing our non-ticket revenue per passenger flight segment from \$44.79 to \$51.39, a 14.7% increase compared to 2011. Total revenue per passenger flight segment increased 0.6% from \$125.76 in 2011 to \$126.50 in 2012.

We experienced a 40.4% increase in non-ticket revenues in 2012 compared to 2011, reflecting the continued development and optimization of ancillary revenues and a 22.4% increase in passenger flight segments. During the fourth quarter of 2011 and continuing into 2012, we further standardized our passenger usage fee across all markets and fare classes, which drove much of the increases in non-ticket revenue in 2012 compared to 2011. Non-ticket revenue represented 40.6% of total revenue in 2012 compared to 35.6% in 2011.

Operating Expenses

Since adopting our ULCC model, we have continuously sought to reduce our unit operating costs and have created one of the industry's lowest cost structures in the Americas. The table below presents our operating expenses, as a percentage of operating revenue for the last three years, as well as unit operating costs (CASM).

| | Year Ended December 31, | | | | | |
|--|-------------------------|-------|--------------|--------|--------------|-------|
| | 2013 | | 2012 | | 2011 | |
| | % of Revenue | CASM | % of Revenue | CASM | % of Revenue | CASM |
| Operating revenue | 100.0% | | 100.0% | | 100.0% | |
| Operating expenses: | | | | | | |
| Aircraft fuel (1) | 33.4% | 3.98¢ | 35.8% | 4.16¢ | 36.2% | 4.15¢ |
| Salaries, wages and benefits | 15.8 | 1.89 | 16.6 | 1.93 | 17.0 | 1.94 |
| Aircraft rent | 10.3 | 1.22 | 10.9 | 1.27 | 10.9 | 1.25 |
| Landing fees and other rentals | 5.1 | 0.60 | 5.2 | 0.60 | 4.9 | 0.56 |
| Distribution | 4.1 | 0.49 | 4.3 | 0.50 | 4.8 | 0.55 |
| Maintenance, materials and repairs | 3.6 | 0.43 | 3.8 | 0.44 | 3.3 | 0.38 |
| Depreciation and amortization | 1.9 | 0.23 | 1.2 | 0.13 | 0.7 | 0.08 |
| Other operating expenses | 8.7 | 1.04 | 9.7 | 1.13 | 8.4 | 0.96 |
| Loss on disposal of assets | — | — | 0.1 | 0.01 | — | — |
| Special charges (credits) (2) | — | — | (0.6) | (0.07) | 0.3 | 0.03 |
| Total operating expense | 82.9% | | 86.8% | | 86.5% | |
| CASM | | 9.90¢ | | 10.09¢ | | 9.91¢ |
| MTM losses (gains) per ASM | | — | | — | | 0.03 |
| Special charges (credits) per ASM | | — | | (0.07) | | 0.03 |
| Adjusted CASM (excludes MTM gains or losses, loss on disposal of assets and special charges (credits)) | | 9.89 | | 10.15 | | 9.84 |
| Adjusted CASM excluding fuel | | 5.91 | | 6.00 | | 5.72 |

- (1) Aircraft fuel expense is the sum of (i) "into-plane fuel cost," which includes the cost of jet fuel and certain other charges such as fuel taxes and oil, (ii) settlement gains and losses and (iii) unrealized mark-to-market gains and losses both associated with fuel hedge contracts. The following table summarizes the components of aircraft fuel expense for the periods presented:

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Into-plane fuel cost | \$ 542,523 | \$ 471,542 | \$ 392,278 |
| Settlement losses (gains) | 8,958 | 175 | (7,436) |
| Unrealized mark-to-market losses (gains) | 265 | 46 | 3,204 |
| Aircraft fuel | <u>\$ 551,746</u> | <u>\$ 471,763</u> | <u>\$ 388,046</u> |

- (2) Includes special charges (credits) of \$(8.5) million ((0.07) cent s per ASM) in 2012 and \$3.2 million (0.03 cents per ASM) in 2011. Special charges (credits) for 2012 primarily include a \$9.1 million gain related to the sale of four permanent air carrier slots at Ronald Reagan National Airport (DCA), offset by \$0.6 million in secondary offering costs. Special charges for 2011 include \$2.3 million of termination costs in connection with the IPO comprised of amounts paid to Indigo Partners, LLC to terminate its professional services agreement with us and fees paid to three individual, unaffiliated holders of our subordinated notes and \$0.8 million of legal, accounting, printing and filing fees in the fourth quarter related to the secondary offering completed on January 25, 2012. Please see “—Our Operating Expenses—Special Charges (Credits).”

2013 compared to 2012

Operating expense increased by \$227.7 million , or 19.9%, in 2013 primarily due to our 22.2% growth in capacity as well as higher amortization of heavy maintenance events on our aircraft.

Our adjusted CASM ex fuel for 2013 decrease d by 1.5% as compared to 2012. Better operational performance during 2013 as compared to 2012 helped drive lower wages and passenger re-accommodation expenses. In addition, during 2013, we entered into lease extensions covering 14 of our existing A319 aircraft resulting in reduced lease rates for the remaining term of the leases which contributed to the decrease in adjusted CASM ex-fuel as compared to 2012. These decreases were partially offset by higher heavy maintenance amortization expense for 2013 resulting from the increase in deferred heavy aircraft maintenance events as compared to 2012.

Aircraft fuel expenses includes both into-plane expense (as defined below) plus the effect of mark-to-market adjustments to our portfolio of derivative instruments, which is a component of aircraft fuel expenses. Into-plane fuel expense is defined as the price that we generally pay at the airport, or the “into-plane” price, including taxes and fees. Into-plane fuel prices are affected by world oil prices and refining costs, which can vary by region in the United States and the other countries where we operate. Into-plane fuel expense approximates cash paid to the supplier and does not reflect the effect of our fuel derivatives. Because our fuel derivative contracts do not qualify for hedge accounting, we recognize both realized and unrealized changes in the fair value of our derivatives when they occur as a component of aircraft fuel expense.

We evaluate *economic fuel expense* , which we define as into-plane fuel expense including the cash we receive from or pay to counterparties for hedges that we settle during the relevant period, including hedges that we terminate early during the period. The key difference between *aircraft fuel expense* and *economic fuel expense* is the timing of gain or loss recognition on our hedge portfolio. When we refer to economic fuel expense, we include net settlement gains or losses only when they are realized through a cash payment from our derivative contract counterparties for those contracts that were settled during the period. We believe this is the best measure of the effect that fuel prices are currently having on our business because it most closely approximates the net cash outflow associated with purchasing fuel for our operations. Accordingly, many industry analysts also evaluate airline results using this measure, and it is frequently used in our internal management reporting.

Aircraft fuel expense increase d by 17% from \$471.8 million in 2012 to \$551.7 million in 2013 . The increase was primarily due to an 20.2% increase in fuel gallons consumed partially offset by a 2.7% decrease in fuel prices per gallon.

The difference between aircraft fuel expense and economic fuel expense and the elements of the changes are illustrated in the following table:

| | Year Ended December 31, | | Percent Change |
|---|---|----------------|----------------|
| | 2013 | 2012 | |
| | (in thousands, except per gallon amounts) | | |
| Into-plane fuel expense | \$ 542,523 | \$ 471,542 | 15.1 % |
| Cash paid (received) from settled derivatives, net | 8,958 | 175 | 5,018.9 % |
| Economic fuel expense | 551,481 | 471,717 | 16.9 % |
| Impact on fuel expense from unrealized (gains) and losses arising from mark-to-market adjustments to our outstanding fuel derivatives | 265 | 46 | 476.1 % |
| Aircraft fuel expense (per Statement of Operations) | \$ 551,746 | \$ 471,763 | 17.0 % |
| Fuel gallons consumed | 171,931 | 142,991 | 20.2 % |
| Economic fuel cost per gallon | \$ 3.21 | \$ 3.30 | (2.7)% |
| Into-plane fuel cost per gallon | \$ 3.16 | \$ 3.30 | (4.2)% |

Fuel gallons consumed increased 20.2% as a result of increased operations, as evidenced by a 20.1% increase in block hours.

Total net loss recognized for hedges that settled during 2013 was \$9.0 million, compared to a net loss of \$0.2 million in 2012. These amounts represent the net cash paid (received) for the settlement of hedges.

Labor costs in 2013 increased by \$43.2 million, or 19.7%, compared to 2012, due mainly to a 30.9% increase in our pilot and flight attendant workforce required to operate the nine new aircraft deliveries in 2013. On a per-ASM basis, labor costs decreased as a result of better operational performance during 2013 as compared to 2012, which helped drive lower crew-related salary expenses during 2013.

During 2013, aircraft rent increased \$26.2 million, or 18.2%, compared to 2012. This increase was primarily driven by the delivery of nine new aircraft during 2013. On a per-ASM basis, aircraft rent expense decreased as a result of the modification and extension of 14 A319 aircraft leases. The modification resulted in reduced lease rates for the remaining term of these leases. This reduction was slightly offset by higher supplemental rent on three 40-month aircraft leases taken during late 2012 and early 2013.

Landing fees and other rents for 2013 increased by \$15.2 million, or 22.3%, compared to 2012 primarily due to a 14.9% increase in departures as well as increased volume at higher cost airports. On a per-ASM basis, landing fees and other rents remained flat as increased volume at higher-cost airports were offset by the increase in capacity which outpaced the increase of departures due to higher stage length year over year.

The increase in distribution expense of \$10.8 million, or 19.1%, in 2013 compared to 2012 was primarily due to increased sales volume driving up credit card fees as well as an increase of approximately 6.3 percentage points year-over-year in the percentage of sales from third-party travel agents, which are more expensive than sales directly through our website. This shift in distribution mix did not materially affect operating income because the revenues received from sales through third-party travel agents are designed to at least offset the associated incremental costs. On a per-ASM basis, distribution expense was relatively flat as credit card fee rates remained stable period over period.

The following table shows our distribution channel usage:

| | Year Ended December 31, | | Change |
|---------------------------|-------------------------|-------|--------|
| | 2013 | 2012 | |
| Website | 61.0% | 64.2% | (3.2) |
| Third-party travel agents | 33.5 | 27.2 | 6.3 |
| Call center | 5.5 | 8.6 | (3.1) |

Maintenance, materials and repair costs increased by \$10.7 million, or 21.6%, in 2013, as compared to 2012. The increase in maintenance costs is primarily due to the aging of our fleet, which requires more comprehensive work during routine scheduled maintenance, as well as the timing of the mix of maintenance checks performed during 2013 as compared to 2012. On October 15, 2013, we had an aircraft experience an engine failure shortly after takeoff. The airframe and engine incurred damage as a result of the failure. We anticipate we will recover insurance proceeds to cover the expenses related to this incident and therefore we have expensed the insurance deductible of approximately \$0.8 million included in maintenance, materials and repairs expense. On a per-ASM basis, maintenance, materials and repair costs were generally flat due to the one time costs associated with the seat maintenance program we incurred in 2012. Maintenance expense and amortization of deferred heavy maintenance events is expected to increase significantly as our fleet continues to age, resulting in the need for additional repairs over time.

Depreciation and amortization increased by \$16.7 million, or 109.4%, primarily due to deferred heavy aircraft maintenance events, which in turn resulted in higher amortization expense recorded in 2013 compared to 2012.

Other operating expenses in 2013 increased by \$16.7 million, or 13.1%, compared to 2012 primarily due to an increase in departures of 14.9% which led to increases in variable operating expenses such as ground handling and security expense. On a per-ASM basis, our other operating expenses decreased as compared to the same period in 2012. The decrease is primarily due to better operational performance during 2013 as compared to 2012 which helped drive lower passenger re-accommodation expenses. In addition, we incurred less software consulting costs related to our Enterprise Resource Planning (ERP) system implementation during 2013 as compared to 2012.

Special charges (credits) for 2012 primarily include a \$9.1 million gain related to the sale of four permanent air carrier slots at Ronald Reagan National Airport (DCA), offset by \$0.6 million in secondary offering costs.

2012 compared to 2011

Operating expense increased by \$217.6 million for 2012 compared to 2011 mostly due to increases in fuel and labor costs, which were primarily driven by our 21.3% capacity growth, in addition to increases in other operating costs.

Our adjusted CASM ex fuel for 2012 increased by 4.9% as compared to the same period in 2011. During 2012, we incurred higher other operating expenses driven by higher costs associated with passenger re-accommodations related to slightly higher flight cancellations. Additionally, overall increased rates at the airports resulted in increased variable operating costs such as ground handling expenses and travel and lodging expense. During 2012, we also incurred an increase in maintenance costs related to our seat maintenance program and an increase in deferred heavy aircraft maintenance events, which in turn resulted in higher heavy maintenance amortization expense. Our average stage length for 2012 decreased by 1.3%, contributing to the year-over-year increase in adjusted CASM ex fuel.

Aircraft fuel expense increased from \$388.0 million in 2011 to \$471.8 million in 2012, representing 41.2% of our total operating expenses for 2012. The increase was primarily due to an 18.1% increase in fuel gallons consumed as well as a 3.8% increase in fuel prices.

The difference between aircraft fuel expense and economic fuel expense and the elements of the changes are illustrated in the following table:

| | Year Ended December 31, | | Percent Change |
|---|---|-------------------|----------------|
| | 2012 | 2011 | |
| | (in thousands, except per gallon amounts) | | |
| Into-plane fuel expense | \$ 471,542 | \$ 392,278 | 20.2 % |
| Cash paid (received) from settled derivatives, net | 175 | (7,436) | (102.4)% |
| Economic fuel expense | 471,717 | 384,842 | 22.6 % |
| Impact on fuel expense from unrealized (gains) and losses arising from mark-to-market adjustments to our outstanding fuel derivatives | 46 | 3,204 | (98.6)% |
| Aircraft fuel expense (per Statement of Operations) | <u>\$ 471,763</u> | <u>\$ 388,046</u> | <u>21.6 %</u> |
| Fuel gallons consumed | 142,991 | 121,030 | 18.1 % |
| Economic fuel cost per gallon | \$ 3.30 | \$ 3.18 | 3.8 % |
| Into-plane fuel cost per gallon | <u>\$ 3.30</u> | <u>\$ 3.24</u> | <u>1.9 %</u> |

Fuel gallons consumed increased 18.1% as a result of increased operations, as evidenced by an 18.8% increase in block hours. Our average daily aircraft utilization in 2012 increased slightly compared to 2011. We estimate the fuel savings related to the 136 flight cancellations due to Hurricane Sandy were approximately \$0.6 million.

Total net loss recognized for hedges that settled during 2012 was \$0.2 million, compared to a net loss of \$7.4 million in 2011. These amounts represent the net cash paid (received) for the settlement of hedges.

Labor costs in 2012 increased by \$37.2 million, or 20.5%, compared to 2011, primarily driven by a 22.4% increase in our pilot and flight attendant workforce as we increased our fleet size by 21.6%, or eight aircraft, during 2012. During 2012, we incurred an incremental \$3.8 million of share-based compensation recorded within salaries, wages and benefits, driven primarily by the commencement of the Performance Share Awards program in 2012.

During 2012, aircraft rent increased \$27.1 million, or 23.3%, mainly due to the delivery of eight Airbus A320 aircraft subsequent to the fourth quarter of 2011. All aircraft were financed through operating leases. The increase of aircraft rent expense on a per-ASM basis is primarily due to the fact that we incurred \$2.5 million of additional aircraft rent during 2012 related to a short-term lease agreement with a third-party provider (wet-leased aircraft) to maintain desired capacity during the summer months.

Landing fees and other rents for 2012 increased by \$15.6 million, or 29.5%, compared to 2011 primarily due to a 19.9% increase in departures. On a per-ASM basis, the increase in landing fees and other rents of 7.1% during 2012 as compared to the prior year period is due to increased volume at higher-cost airports, including the addition of six new airports served in 2012, which on average are higher-cost airports than the system average.

The increase in distribution expense of \$5.3 million, or 10.4%, in 2012 compared to 2011 was primarily due to increased volume and an increase of approximately 4.1 percentage points year-over-year in the percentage of sales from third-party travel agents, which are more expensive than sales directly through our website. This shift in distribution mix did not materially affect operating income because the revenues received from sales through third-party travel agents are designed to at least offset the associated incremental costs. The decrease on a per-unit basis is primarily due to a decrease of approximately 14% in credit card fee rates period over period.

The following table shows our distribution channel usage:

| | Year Ended December 31, | | Change |
|---------------------------|-------------------------|-------|--------|
| | 2012 | 2011 | |
| Website | 64.2% | 66.3% | (2.1) |
| Third-party travel agents | 27.2 | 23.1 | 4.1 |
| Call center | 8.6 | 10.6 | (2.0) |

Maintenance, materials and repair costs increased by \$15.4 million, or 45.4%, in 2012. The increase in maintenance costs is primarily due to \$6.8 million in one-time start-up costs of the seat maintenance program, which was introduced and completed in 2012. We do not expect the ongoing expense of our seat maintenance program to have a material impact on our overall future maintenance cost outlook. The average age of our fleet increased to 4.6 years as of December 31, 2012 from 4.5 years as of December 31, 2011. Maintenance expense is expected to increase significantly as our fleet continues to age, resulting in the need for additional repairs over time.

Depreciation and amortization increased by \$7.5 million, or 96.6%, primarily due to deferred heavy aircraft maintenance events, which in turn resulted in higher amortization expense recorded in 2012 compared to 2011.

Other operating expenses in 2012 increased by \$36.7 million, or 40.3%, compared to 2011 primarily due to a 19.9% increase in departures. Overall increased rates at the airports we serve resulted in increased variable operating costs such as ground handling expenses and travel and lodging expense in 2012 compared to 2011. The increase on a per-ASM basis of 17.7% is primarily due to a shift in our route network to include higher volumes at the higher-cost airports we serve. In addition, we experienced increases in travel and lodging costs driven by both volume and hotel rate increases associated with increased training and scope of operations, as well as higher passenger re-accommodation expenses associated with slightly higher flight cancellations during 2012. We also incurred additional expenses related to the implementation of our ERP system.

Special charges (credits) for 2012 primarily include a \$9.1 million gain related to the sale of four permanent air carrier slots at Ronald Reagan National Airport (DCA), offset by \$0.6 million in secondary offering costs. Special charges for 2011 relate to termination costs of \$2.6 million in connection with our IPO, including \$1.8 million paid to Indigo Partners, LLC to

terminate its professional services agreement with us and \$0.5 million paid to three individual, unaffiliated holders of our subordinated notes.

Other (income) expense, net

2013 compared to 2012

Other (income) expense, net decreased from \$(0.6) million in 2012 to \$(0.1) million in 2013 . The decrease is primarily driven by a decrease of \$0.5 million of interest income year over year due to the lower interest rates year over year that we earn from our money market investments.

2012 compared to 2011

In 2011 we incurred \$22.1 million of other (income) expense, net compared to \$(0.6) million in 2012. During 2011, the interest expense is related to interest on debt for five months in 2011 prior to the elimination of debt in 2011 in conjunction with the IPO in June 2011. Related-party and non-related interest expense incurred in 2011 was \$21.0 million and \$3.8 million, respectively, and was offset slightly by capitalized interest. During 2012, we earned interest income on money market investments of \$0.9 million offset by other expense of \$0.3 million.

Income Taxes

Our effective tax rate was 37.4% compared to 37.9% in 2012 and 37.8% in 2011. 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.

Quarterly Financial Data (unaudited)

| | Three Months Ended | | | | | | | |
|-------------------------------------|---|------------------|--------------------|-------------------|------------------|------------------|--------------------|-------------------|
| | March 31, 2012 | June 30, 2012 | September 30, 2012 | December 31, 2012 | March 31, 2013 | June 30, 2013 | September 30, 2013 | December 31, 2013 |
| | (in thousands except share and per share amounts) | | | | | | | |
| Total operating revenue | \$ 301,495 | \$ 346,308 | \$ 342,317 | \$ 328,268 | \$ 370,437 | \$ 407,339 | \$ 456,625 | \$ 419,984 |
| Passenger | 180,078 | 211,812 | 202,181 | 188,721 | 218,897 | 241,119 | 279,499 | 246,503 |
| Non-ticket | 121,417 | 134,496 | 140,136 | 139,547 | 151,540 | 166,220 | 177,126 | 173,481 |
| Operating income | 37,244 | 55,132 | 49,681 | 31,933 | 49,669 | 66,758 | 97,804 | 68,061 |
| Net income (loss) | <u>\$ 23,419</u> | <u>\$ 34,591</u> | <u>\$ 30,884</u> | <u>\$ 19,566</u> | <u>\$ 30,554</u> | <u>\$ 42,068</u> | <u>\$ 61,103</u> | <u>\$ 43,193</u> |
| Earnings Per Share: | | | | | | | | |
| Basic | \$ 0.32 | \$ 0.48 | \$ 0.43 | \$ 0.27 | \$ 0.42 | \$ 0.58 | \$ 0.84 | \$ 0.59 |
| Diluted | \$ 0.32 | \$ 0.48 | \$ 0.43 | \$ 0.27 | \$ 0.42 | \$ 0.58 | \$ 0.84 | \$ 0.59 |
| Weighted average shares outstanding | | | | | | | | |
| Basic | 72,292,164 | 72,379,185 | 72,427,490 | 72,442,183 | 72,486,209 | 72,592,973 | 72,631,646 | 72,657,916 |
| Diluted | 72,498,705 | 72,583,690 | 72,658,298 | 72,622,718 | 72,804,245 | 72,992,084 | 73,002,761 | 73,195,479 |

| | Three Months Ended | | | | | | | |
|--|--------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
| | March 31, 2012 | June 30, 2012 | September 30, 2012 | December 31, 2012 | March 31, 2013 | June 30, 2013 | September 30, 2013 | December 31, 2013 |
| Other operating statistics | | | | | | | | |
| Aircraft at end of period | 40 | 42 | 42 | 45 | 49 | 50 | 51 | 54 |
| Airports served (1) | 50 | 52 | 53 | 53 | 52 | 55 | 54 | 53 |
| Average daily Aircraft utilization (hours) | 12.8 | 12.9 | 12.8 | 12.6 | 12.6 | 12.8 | 12.8 | 12.5 |
| Average stage length (miles) | 912 | 902 | 892 | 932 | 941 | 935 | 956 | 998 |
| Passenger flight segments (thousands) | 2,349 | 2,613 | 2,814 | 2,647 | 2,768 | 3,111 | 3,374 | 3,161 |
| Revenue passenger miles (RPMs) (thousands) | 2,194,350 | 2,397,663 | 2,552,316 | 2,519,392 | 2,661,491 | 2,930,912 | 3,241,309 | 3,167,376 |
| Available seat miles (ASMs) (thousands) | 2,589,014 | 2,826,916 | 2,972,651 | 2,956,150 | 3,127,214 | 3,420,257 | 3,637,951 | 3,675,972 |
| Load factor (%) | 84.8 | 84.8 | 85.9 | 85.2 | 85.1 | 85.7 | 89.1 | 86.2 |
| Average ticket revenue per passenger flight segment (\$) | 76.65 | 81.06 | 71.85 | 71.30 | 79.09 | 77.51 | 82.84 | 77.98 |
| Average non-ticket revenue per passenger flight segment (\$) | 51.68 | 51.47 | 49.80 | 52.73 | 54.75 | 53.43 | 52.50 | 54.88 |
| Operating revenue per ASM (RASM) (cents) | 11.65 | 12.25 | 11.52 | 11.10 | 11.85 | 11.91 | 12.55 | 11.43 |
| CASM (cents) | 10.21 | 10.30 | 9.84 | 10.02 | 10.26 | 9.96 | 9.86 | 9.57 |
| Adjusted CASM (cents) (2)(3) | 10.18 | 10.26 | 10.15 | 10.03 | 10.14 | 9.78 | 10.00 | 9.67 |
| Adjusted CASM ex fuel (cents) (2) | 5.99 | 6.05 | 6.02 | 5.93 | 6.04 | 6.00 | 5.86 | 5.78 |
| Fuel gallons consumed (thousands) | 32,730 | 35,829 | 37,761 | 36,670 | 38,628 | 42,683 | 45,521 | 45,100 |
| Average economic fuel cost per gallon (\$) | 3.31 | 3.32 | 3.26 | 3.31 | 3.32 | 3.03 | 3.31 | 3.17 |

(1) Includes airports served during the period that had service canceled as of the end of the period. Previously, we reported only airports served during the period with continuing operations.

(2) Excludes special charges (credits) of \$(0.1) million (less than 0.01 cents per ASM) in the three months ended March 31, 2012, \$0.0 million (less than 0.01 cents per ASM) in the three months ended June 30, 2012, \$(8.3) million ((0.28) cents per ASM) in the three months ended September 30, 2012, \$(0.1) million (less than 0.01 cents per ASM) in the three months ended December 31, 2012, \$0.0 million (less than 0.01 cents per ASM) in the three months ended March 31, 2013, \$0.0 million (less than 0.01 cents per ASM) in the three months ended June 30, 2013, \$0.4 million (0.01 cents per ASM) in the three months ended September 30, 2013 and \$(0.3) million ((0.01) cents per ASM) in the three months ended December 31, 2013. These amounts are excluded from all calculations of Adjusted CASM provided in this annual report. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Operating Expenses—Special Charges (Credits)."

(3) Excludes unrealized mark-to-market (gains) and losses of \$0.3 million (0.01 cents per ASM) in the three months ended March 31, 2012, \$1.1 million (0.04 cents per ASM) in the three months ended June 30, 2012, \$(0.9) million ((0.03) cents per ASM) in the three months ended September 30, 2012, \$(0.4) million ((0.01) cents per ASM) in the three months ended December 31, 2012, \$3.4 million (0.11 cents per ASM) in the three months ended March 31, 2013, \$5.8 million (0.17 cents per ASM) in the three months ended June 30, 2013, \$(5.7) million ((0.16) cents per ASM) in the three months ended September 30, 2013 and \$(3.2) million ((0.09) cents per ASM) in the three months ended December 31, 2013. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Operating Expenses—Critical Accounting Policies and Estimates."

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash on hand and cash provided by operations. Primary uses of liquidity are for working capital needs, capital expenditures, aircraft pre-delivery deposits (PDPs) and maintenance reserves. Our total cash at December 31, 2013 was \$530.6 million, an increase of \$113.8 million from December 31, 2012.

Currently our single largest capital need is to fund the acquisition costs of our aircraft. PDPs relating to future deliveries under our agreement with Airbus are required at various times prior to each delivery date. During 2013, \$36.7 million of PDPs have been returned related to delivered aircraft in the period, and we have paid \$107.0 million in PDPs for future deliveries of aircraft and spare engines. As of December 31, 2013, we have secured financing commitments with third parties for seven aircraft deliveries from Airbus, scheduled for delivery in 2014, and for five aircraft to be leased directly from a third party, scheduled for delivery between 2015 and 2016. We do not have financing commitments in place for the remaining 105 Airbus firm aircraft orders scheduled for delivery between 2014 and 2021.

In addition to funding the acquisition of our future fleet, we are required to make maintenance reserve payments for a majority of our current fleet. Maintenance reserves are paid to aircraft lessors and are held as collateral in advance of our performance of major maintenance activities. In 2013, we recorded an increase of \$24.1 million in maintenance reserves, net of reimbursements, and as of December 31, 2013, we have \$220.7 million (\$59.2 million in prepaid expenses and other current assets and \$161.5 million in aircraft maintenance deposits) on our balance sheet, representing the amount paid in reserves since inception, net of reimbursements.

As of December 31, 2013, we are compliant with our credit card processing agreements, and not subject to any credit card holdbacks. The maximum potential exposure to cash holdbacks by our credit card processors, based upon advance ticket sales and \$9 Fare Club memberships as of December 31, 2013 and December 31, 2012, was \$188.6 million and \$144.8 million, respectively.

During 2011, we completed our IPO, which raised net proceeds of \$150.0 million after repayment of debt, payment of transaction expenses and payments of fees to certain unaffiliated holders of our notes. Additionally, during 2011, the IPO allowed us to amend our agreements with our credit card processors enabling us to eliminate our restricted cash balance (holdback) and increase our unrestricted cash balance.

Net Cash Flows Provided By Operating Activities. Operating activities in 2013 provided \$195.4 million in cash compared to \$113.6 million provided in 2012. The increase is primarily due to larger operating profits in 2013 as compared to 2012. In addition, a slightly higher air traffic liability year-over-year led to higher cash inflows at the end of 2013. This increase is driven by higher capacity and future bookings.

Operating activities in 2012 provided \$113.6 million in cash compared to \$171.2 million provided in 2011. The decrease is primarily due to \$72.7 million received from the release of all credit card holdbacks in 2011 coupled with significantly higher heavy scheduled maintenance costs in 2012, slightly offset by cash inflows received on future travel as of December 31, 2012.

Net Cash Flows Used In Investing Activities. During 2013, investing activities used \$90.1 million, compared to \$27.3 million used in 2012. The increase is mainly due to an increase in paid PDPs, net of refunds, during 2013, compared to 2012, driven by the timing of aircraft deliveries and our amended order with Airbus. This was offset by \$9.1 million received as a result of proceeds from the sale of slots at Ronald Reagan National Airport (DCA). Capital expenditures decreased year-over-year mainly due to higher expenses incurred in 2012 related to the implementation of our ERP system.

During 2012, investing activities used \$27.3 million, compared to \$67.2 million used in 2011. The decrease is mainly due to the refund of \$40.5 million in PDPs related to the delivery of seven aircraft from Airbus and corresponding sale and leaseback transactions, and the sale of airport slots for \$9.1 million. These effects were offset by higher capital expenditures, including the purchase of two spare engines for \$10.3 million during 2012.

Net Cash Provided By Financing Activities. During 2013, financing activities provided \$8.5 million. We received \$6.9 million in proceeds from the sale of one spare engine as part of sale and leaseback transactions, retained \$1.9 million as a result of excess tax benefits related to share-based payments and received cash as a result of exercised stock options. Additional cash used in financing activities consisted of cash used to purchase treasury stock. As of December 31, 2013, an estimated remaining cash benefit of \$5.6 million is expected to be paid to our Pre-IPO Stockholders under the terms of the TRA.

During 2012, \$12.8 million was used for financing activities driven mostly by the payment to Pre-IPO Stockholders pursuant to the TRA offset by the proceeds received from the sale of two spare engines as part of sale and leaseback transactions.

During 2011, we completed our recapitalization and initial public offering, from which we received \$150.0 million in proceeds, net of underwriting fees, transaction costs and our repayment of \$20.6 million of stockholder debt of which \$2.3 million was paid in kind interest and included in operating activities. Remaining stockholder debt was exchanged for newly issued shares of our common stock. In addition, during 2011 we received \$4.5 million in proceeds from the sale of one engine as part of a sale leaseback transaction.

Commitments and Contractual Obligations

The following table discloses aggregate information about our contractual obligations as of December 31, 2013 and the periods in which payments are due (in millions):

| | 2014 | 2015 - 2016 | 2017 - 2018 | 2019 and beyond | Total |
|--|--------|-------------|-------------|-----------------|----------|
| Operating lease obligations | \$ 203 | \$ 396 | \$ 319 | \$ 527 | \$ 1,445 |
| Flight equipment purchase obligations | 559 | 1,252 | 1,348 | 2,197 | 5,356 |
| Other | 5 | 10 | 6 | — | 21 |
| Total future payments on contractual obligations | \$ 767 | \$ 1,658 | \$ 1,673 | \$ 2,724 | \$ 6,822 |

Some of our master lease agreements provide 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 actual flight hours. In addition to the contractual obligations disclosed in the table above, we have fixed maintenance reserve payments for these aircraft and related flight equipment, including estimated amounts for contractual price escalations, which are approximately \$7.4 million in 2014, \$7.6 million in 2015, \$8.0 million in 2016, \$7.4 million in 2017, \$5.8 million in 2018 and \$18.4 million in 2019 and beyond.

Additionally, we are contractually obligated to make payments to the Pre-IPO Stockholders under the Tax Receivable Agreement. As of December 31, 2013, we estimated the TRA liability to be \$5.6 million. For additional information, please see "Notes to Financial Statements—18. Initial Public Offering and Tax Receivable Agreement".

Off-Balance Sheet Arrangements

We have significant obligations for aircraft as all 54 of our aircraft are operated under operating leases and therefore are not reflected on our balance sheets. These leases expire between 2016 to 2025. Aircraft rent payments were \$166.3 million and 140.8 million for 2013 and 2012, respectively. Our aircraft lease payments for 49 of our aircraft are fixed-rate obligations. Five of our leases provide for variable rent payments, which fluctuate based on changes in LIBOR (London Interbank Offered Rate).

Our contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturer and aircraft leasing companies. During 2013, we converted ten Airbus A320 orders to Airbus A321 orders and converted five Airbus A321 orders to Airbus A321neo orders. As of December 31, 2013, our aircraft orders consisted of the following:

| | Airbus | | | | Third-Party Lessor | Total |
|------|--------|---------|------|---------|--------------------|-------|
| | A320 | A320NEO | A321 | A321NEO | A320NEO | |
| 2014 | 11 | | | | | 11 |
| 2015 | 11 | | 2 | | 1 | 14 |
| 2016 | 5 | | 8 | | 4 | 17 |
| 2017 | 10 | | 10 | | | 20 |
| 2018 | | 6 | 5 | | | 11 |
| 2019 | | 8 | | 5 | | 13 |
| 2020 | | 13 | | | | 13 |
| 2021 | | 18 | | | | 18 |
| | 37 | 45 | 25 | 5 | 5 | 117 |

We also have six spare engine orders for V2500 SelectOne engines with IAE and nine spare engine orders for PurePower PW 1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2014 through 2024.

As of December 31, 2013 , we had lines of credit related to corporate credit cards of \$18.6 million from which we had drawn \$3.7 million .

As of December 31, 2013 , we had lines of credit with counterparties for both physical fuel delivery and jet fuel derivatives in the amount of \$34.5 million . As of December 31, 2013 , we had drawn \$13.8 million on these lines of credit. 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 December 31, 2013 , we have \$6.0 million in uncollateralized surety bonds and a \$25.1 million unsecured standby letter of credit facility, representing an off balance-sheet commitment, of which \$10.4 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 mark-to-market gains or losses, loss on disposal of assets, and special charges (credits), divided by ASMs.

“Adjusted CASM ex fuel” means operating expenses excluding aircraft fuel expense, loss on disposal of assets, and special charges (credits), 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 Airline 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 economic fuel cost per gallon” means total aircraft fuel expense, excluding mark-to-market gains and losses, divided by the total number of fuel gallons consumed.

“Average non-ticket revenue per passenger flight segment” means the total non-ticket revenue divided by passenger flight segments.

“Average ticket revenue per passenger flight segment” means total passenger revenue divided by passenger flight segments.

“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.

“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.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“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).

“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.

“Operating revenue per ASM,” “RASM” or “unit revenue” means operating revenue divided by ASMs.

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

“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.

“TWU” means the Transport Workers Union of America.

“TSA” means the United States Transportation Security Administration.

“ULCC” means “ultra low-cost carrier.”

“VFR” means visiting friends and relatives.

“Wet-leased aircraft” means a lease where the lessor provides for aircraft, crew, maintenance and insurance, also known as an “ACMI”.

ITEM 7A. 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). 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 years ended December 31, 2013 , 2012 and 2011 represented approximately 40.2% , 41.2% and 41.9% of our operating expenses. Increases 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. In addition to other fuel derivative contracts, we have historically protected approximately 70% of our forecasted fuel requirements during peak hurricane season (August through October) using jet fuel swaps. Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption. Based on our annual fuel consumption, a 10% increase in the average price per gallon of aircraft fuel would have increased into-plane aircraft fuel cost for 2013 by approximately \$54.3 million . As of December 31, 2013 , we had no derivative contracts outstanding.

The fair value of our fuel derivative contracts as of December 31, 2012 was \$0.3 million net liability. We measure our financial derivative instruments at fair value. Fair value of the instruments is determined using standard option valuation models. We measure the fair value of the derivative instruments based on either quoted market prices or values provided by the counterparty. Changes in the related commodity derivative instrument cash flows may change by more or less than this amount based upon further fluctuations in futures prices. Outstanding financial derivative instruments expose us to credit loss in the event of nonperformance by the counterparties to the agreements. However, we do not expect the counterparties to fail to meet their obligations. As of December 31, 2013 , we had no credit exposure related to counterparties as we had no derivative contracts outstanding.

Interest Rates . We have market risk associated with changing interest rates due to LIBOR-based lease rates on five of our aircraft. A hypothetical 10% change in interest rates in 2013 would affect total aircraft rent expense in 2014 by less than \$0.1 million .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Spirit Airlines, Inc.
Statements of Operations
(In thousands, except per share data)

| | Year Ended December 31, | | |
|-------------------------------------|-------------------------|-------------------|------------------|
| | 2013 | 2012 | 2011 |
| Operating revenues: | | | |
| Passenger | \$ 986,018 | \$ 782,792 | \$ 689,650 |
| Non-ticket | 668,367 | 535,596 | 381,536 |
| Total operating revenues | 1,654,385 | 1,318,388 | 1,071,186 |
| Operating expenses: | | | |
| Aircraft fuel | 551,746 | 471,763 | 388,046 |
| Salaries, wages and benefits | 262,150 | 218,919 | 181,742 |
| Aircraft rent | 169,737 | 143,572 | 116,485 |
| Landing fees and other rents | 83,604 | 68,368 | 52,794 |
| Distribution | 67,481 | 56,668 | 51,349 |
| Maintenance, materials and repairs | 60,143 | 49,460 | 34,017 |
| Depreciation and amortization | 31,947 | 15,256 | 7,760 |
| Other operating | 144,586 | 127,886 | 91,172 |
| Loss on disposal of assets | 525 | 956 | 255 |
| Special charges (credits) | 174 | (8,450) | 3,184 |
| Total operating expenses | 1,372,093 | 1,144,398 | 926,804 |
| Operating income | 282,292 | 173,990 | 144,382 |
| Other (income) expense: | | | |
| Interest expense | 214 | 1,350 | 24,781 |
| Capitalized interest | (214) | (1,350) | (2,890) |
| Interest income | (401) | (925) | (575) |
| Other expense | 283 | 331 | 235 |
| Total other (income) expense | (118) | (594) | 21,551 |
| Income before income taxes | 282,410 | 174,584 | 122,831 |
| Provision for income taxes | 105,492 | 66,124 | 46,383 |
| Net income | \$ 176,918 | \$ 108,460 | \$ 76,448 |
| Basic earnings per share | \$ 2.44 | \$ 1.50 | \$ 1.44 |
| Diluted earnings per share | \$ 2.42 | \$ 1.49 | \$ 1.43 |

See accompanying Notes to Financial Statements.

Spirit Airlines, Inc.
Balance Sheets
(In thousands, except share data)

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> |
|---|--------------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 530,631 | \$ 416,816 |
| Accounts receivable, net | 23,246 | 22,740 |
| Deferred income taxes | 16,243 | 12,591 |
| Prepaid expenses and other current assets | 78,955 | 95,210 |
| Total current assets | 649,075 | 547,357 |
| Property and equipment: | | |
| Flight equipment | 9,847 | 2,648 |
| Ground and other equipment | 50,987 | 43,580 |
| Less accumulated depreciation | (25,221) | (17,825) |
| | 35,613 | 28,403 |
| Deposits on flight equipment purchase contracts | 157,669 | 96,692 |
| Aircraft maintenance deposits | 161,484 | 122,379 |
| Deferred heavy maintenance, net | 125,288 | 80,533 |
| Other long-term assets | 51,636 | 44,520 |
| Total assets | \$ 1,180,765 | \$ 919,884 |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 23,104 | \$ 24,166 |
| Air traffic liability | 167,627 | 131,414 |
| Other current liabilities | 145,262 | 121,314 |
| Total current liabilities | 335,993 | 276,894 |
| Long-term deferred income taxes | 48,916 | 33,216 |
| Deferred credits and other long-term liabilities | 26,739 | 27,239 |
| Shareholders' equity: | | |
| Common stock: Common stock, \$.0001 par value, 240,000,000 shares authorized at December 31, 2013 and 2012, respectively; 72,670,673 and 70,861,822 issued and 72,566,426 and 70,801,782 outstanding as of December 31, 2013 and 2012, respectively | 7 | 6 |
| Common stock: Non-Voting common stock: \$.0001 par value, 50,000,000 shares authorized at December 31, 2013 and 2012, respectively; 0 and 1,669,205 issued and outstanding as of December 31, 2013 and 2012, respectively | — | 1 |
| Additional paid-in-capital | 515,331 | 504,527 |
| Treasury stock, at cost: 104,247 and 60,040 shares as of December 31, 2013 and 2012, respectively | (2,291) | (1,151) |
| Retained earnings | 256,070 | 79,152 |
| Total shareholders' equity | 769,117 | 582,535 |
| Total liabilities and shareholders' equity | \$ 1,180,765 | \$ 919,884 |

See accompanying Notes to Financial Statements.

Spirit Airlines, Inc.
Statements of Cash Flows
(In thousands)

| | Year Ended December 31, | | |
|---|-------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| Operating activities: | | | |
| Net income | \$ 176,918 | \$ 108,460 | \$ 76,448 |
| Adjustments to reconcile net income to net cash provided by operations: | | | |
| Changes in fair value of open fuel hedge contracts | 265 | 46 | 3,204 |
| Non-cash restructuring credit charges, net | — | — | — |
| Equity based stock compensation, net | 5,689 | 4,327 | 530 |
| Allowance for doubtful accounts | 143 | 78 | 27 |
| Amortization of deferred gains, losses and debt issuance costs | (558) | (830) | (1,047) |
| Depreciation and amortization | 31,947 | 15,256 | 7,760 |
| Deferred income tax benefit | 12,047 | 29,255 | 44,180 |
| Loss on disposal of assets | 525 | 956 | 255 |
| Gain on slot sale | — | (9,060) | — |
| Interest and dividends incurred but not paid | — | — | 21,875 |
| Capitalized interest | (214) | (1,350) | (2,890) |
| Changes in operating assets and liabilities: | | | |
| Restricted cash | — | — | 72,736 |
| Accounts receivable | (461) | (7,393) | (5,728) |
| Prepaid maintenance reserves | (24,058) | (31,567) | (36,848) |
| Long-term deposits and other assets | (65,654) | (68,248) | (15,992) |
| Accounts payable | (1,674) | 8,452 | 2,457 |
| Air traffic liability | 36,226 | 19,134 | 6,573 |
| Other liabilities | 24,235 | 46,115 | (2,189) |
| Other | — | — | (153) |
| Net cash provided by operating activities | 195,376 | 113,631 | 171,198 |
| Investing activities: | | | |
| Proceeds from sale of property and equipment | — | 14 | 150 |
| Proceeds from sale of slots | — | 9,060 | — |
| Pre-delivery deposits for flight equipment, net of refunds | (70,288) | (12,626) | (53,274) |
| Purchase of property and equipment | (19,812) | (23,771) | (14,093) |
| Net cash used in investing activities | (90,100) | (27,323) | (67,217) |
| Financing activities: | | | |
| Proceeds from issuance of common stock, net of offering expenses | — | — | 170,828 |
| Proceeds from options exercised | 852 | 469 | 423 |
| Payments on debt | — | — | (18,221) |
| Proceeds from sale and leaseback transactions | 6,900 | 12,540 | 4,481 |
| Payments to pre-IPO shareholders pursuant to tax receivable agreement | — | (26,905) | — |
| Excess tax benefits from share-based compensation | 1,927 | 2,098 | — |
| Repurchase of common stock | (1,140) | (1,022) | (886) |
| Debt issuance costs | — | — | 8 |
| Net cash provided by (used in) financing activities | 8,539 | (12,820) | 156,633 |
| Net increase in cash and cash equivalents | 113,815 | 73,488 | 260,614 |
| Cash and cash equivalents at beginning of period | 416,816 | 343,328 | 82,714 |
| Cash and cash equivalents at end of period | \$ 530,631 | \$ 416,816 | \$ 343,328 |
| Supplemental disclosures | | | |
| Cash payments for: | | | |
| Interest | \$ 29 | \$ 303 | \$ 10,562 |
| Taxes | \$ 85,705 | \$ 40,204 | \$ 1,477 |
| Non-cash transactions: | | | |
| Exchange of notes due to related parties for common stock | \$ — | \$ — | \$ 279,206 |
| Exchange of mandatorily redeemable preferred stock for common stock | \$ — | \$ — | \$ 81,747 |
| Liability and equity related to tax receivable agreement | \$ (2,336) | \$ (1,497) | \$ 36,522 |
| Capital expenditures funded by capital lease borrowings | \$ (3,234) | \$ — | \$ — |

See accompanying Notes to Financial Statements.

Spirit Airlines, Inc.
Statements of Shareholders' Equity (Deficit)
(In thousands)

| | Class A Common Stock | Class B Common Stock | Common Stock | Non- Voting Common Stock | Additional Paid- In Capital | Treasury Stock | Retained Earnings (Accumulated Deficit) | Total |
|---|----------------------------|----------------------------|-----------------|--------------------------------|--------------------------------|-------------------|---|-------------------|
| Balance at December 31, 2010 | \$ 2 | \$ 1 | \$ — | \$ — | \$ 676 | \$ — | \$ (105,756) | \$ (105,077) |
| Conversion of Class A & B common stock to common stock | (2) | (1) | 3 | — | — | — | — | — |
| Proceeds from initial public offering, net | — | — | 1 | — | 170,827 | — | — | 170,828 |
| Conversion of debt to common stock | — | — | 2 | — | 279,204 | — | — | 279,206 |
| Conversion of preferred stock to common stock | — | — | 1 | — | 81,746 | — | — | 81,747 |
| Record liability under Tax Receivable Agreement | — | — | — | — | (36,522) | — | — | (36,522) |
| Share-based compensation | — | — | — | — | 530 | — | — | 530 |
| Repurchase of common stock | — | — | — | — | (757) | (129) | — | (886) |
| Conversion of common stock to non-voting common stock | — | — | (1) | 1 | — | — | — | — |
| Proceeds from options exercised | — | — | — | — | 423 | — | — | 423 |
| Net income | — | — | — | — | — | — | 76,448 | 76,448 |
| Other | — | — | — | — | 9 | — | — | 9 |
| Balance at December 31, 2011 | — | — | 6 | 1 | 496,136 | (129) | (29,308) | 466,706 |
| Adjustment to liability recorded under Tax Receivable Agreement | — | — | — | — | 1,497 | — | — | 1,497 |
| Share-based compensation | — | — | — | — | 4,327 | — | — | 4,327 |
| Repurchase of common stock | — | — | — | — | — | (1,022) | — | (1,022) |
| Proceeds from options exercised | — | — | — | — | 469 | — | — | 469 |
| Excess tax benefits from share-based compensation | — | — | — | — | 2,098 | — | — | 2,098 |
| Net income | — | — | — | — | — | — | 108,460 | 108,460 |
| Balance at December 31, 2012 | — | — | 6 | 1 | 504,527 | (1,151) | 79,152 | 582,535 |
| Adjustment to liability recorded under Tax Receivable Agreement | — | — | — | — | 2,336 | — | — | 2,336 |
| Share-based compensation | — | — | — | — | 5,689 | — | — | 5,689 |
| Repurchase of common stock | — | — | — | — | — | (1,140) | — | (1,140) |
| Conversion of non-voting common stock to common stock | — | — | 1 | (1) | — | — | — | — |
| Proceeds from options exercised | — | — | — | — | 852 | — | — | 852 |
| Excess tax benefits from share-based compensation | — | — | — | — | 1,927 | — | — | 1,927 |
| Net income | — | — | — | — | — | — | 176,918 | 176,918 |
| Balance at December 31, 2013 | \$ — | \$ — | \$ 7 | \$ — | \$ 515,331 | \$ (2,291) | \$ 256,070 | \$ 769,117 |

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

Spirit Airlines, Inc. (Spirit or the Company) headquartered in Miramar, Florida, is an ultra low-cost, low-fare airline that provides affordable travel opportunities principally throughout the domestic United States, the Caribbean and Latin America. The Company manages operations on a system-wide basis due to the interdependence of its route structure in the various markets served. As only one service is offered (i.e., air transportation), management has concluded there is only one reportable segment.

Certain prior period amounts have been reclassified to conform to the current year's presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of less than three months at the date of acquisition to be cash equivalents. Investments included in this category primarily consist of money market funds.

Restricted Cash

Restricted cash, when reported, can consist of funds held by credit card processors as collateral for future travel paid with a credit card.

Accounts Receivable

Accounts receivable primarily consist of amounts due from credit card processors associated with the sales of tickets and amounts due from counterparties associated with fuel derivative instruments which have settled. The Company records an allowance for doubtful accounts for amounts not expected to be collected. The Company estimates the allowance based on historical write offs and chargebacks as well as aging trends. The allowance for doubtful accounts was immaterial as of December 31, 2013, 2012 and 2011.

In addition, the provision for doubtful accounts and write-offs for 2013, 2012 and 2011 were each immaterial.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of operating property and equipment is computed using the straight-line method applied to each unit of property, except on flight equipment (major rotatable parts, avionics and assemblies), which are depreciated on a group basis over the average life of the applicable equipment. Property under capital leases and related obligations are initially recorded at an amount equal to the present value of future minimum lease payments computed using the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Amortization of property under capital leases is on a straight-line basis over the lease term and is included in depreciation and amortization expense. During 2012, the Company wrote off approximately \$15.3 million in fully depreciated and out-of-service assets and recorded a corresponding entry to accumulated depreciation.

The depreciable lives used for the principal depreciable asset classifications are:

| | <u>Estimated Useful Life</u> |
|--------------------------------------|--|
| Spare rotables and flight assemblies | Lesser of the useful life of equipment or average remaining fleet life |
| Other equipment and vehicles | 5 to 7 years |
| Internal use software | 3 to 10 years |
| Capital lease | Lease term |

All aircraft and spare engines are financed through operating leases with terms of 3 to 15 years for aircraft and 7 to 12 years for spare engines. Residual values for major spare rotatable parts, avionics and assemblies are estimated to be 10%.

The following table illustrates the components of depreciation and amortization expense:

| | Year Ended December 31, | | |
|-------------------------------------|-------------------------|------------------|-----------------|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Depreciation | \$ 8,340 | \$ 6,156 | \$ 5,186 |
| Amortization of heavy maintenance | 23,607 | 9,100 | 2,574 |
| Total depreciation and amortization | <u>\$ 31,947</u> | <u>\$ 15,256</u> | <u>\$ 7,760</u> |

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products, and enhancements to existing products, that have reached the application development stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with, and devote time, to internal-use software projects. Capitalized computer software, included as a component of ground and other equipment in the accompanying balance sheets, net of accumulated depreciation, was \$8.1 million and \$7.8 million at December 31, 2013 and 2012, respectively.

Amortization of capitalized software development costs is charged to depreciation on a straight-line method basis. Amortization of capitalized software development costs was \$3.7 million, \$3.2 million and \$2.0 million for the years ended 2013, 2012 and 2011, respectively. The Company placed in service internal-use software of \$7.0 million, \$2.3 million and \$3.3 million, during the years ended 2013, 2012 and 2011, respectively.

Measurement of Asset Impairments

The Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated, undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service the asset will be used in the Company's operations, and estimated salvage values.

Capitalized Interest

Capitalized interest represents interest cost incurred during the acquisition period of an aircraft which theoretically could have been avoided had the Company not made purchase delivery deposits (PDPs) for that aircraft. These amounts are capitalized as part of the cost of the aircraft upon delivery. Capitalization of interest ceases when the asset is ready for service.

Passenger Revenue Recognition

Tickets sold are initially deferred as "air traffic liability." Passenger revenue is recognized at time of departure when transportation is provided. A nonrefundable ticket expires at the date of scheduled travel and is recognized as revenue at the date of scheduled travel.

Customers may elect to change their itinerary prior to the date of departure. A service charge is assessed and recognized on the date the change is initiated and is deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. The amount remaining after deducting the service charge is called a credit shell which expires 60 days from the date the credit shell is created and can be used towards the purchase of a new ticket and the Company's other service offerings. The amount of credits expected to expire is recognized as revenue upon issuance of the credit and is estimated based on historical experience. Estimating the amount of credits that will go unused involves some level of subjectivity and judgment.

The Company is also required to collect certain taxes and fees from customers on behalf of government agencies and airports and remit these back to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges and foreign arrival and departure taxes. These items are collected from customers at the time they purchase their tickets, but are not included in passenger revenue. The Company records a liability upon collection from the customer and relieves the liability when payments are remitted to the applicable governmental agency or airport.

Frequent Flier Program

Flown Miles. The Company records a liability for mileage credits earned by passengers under its FREE SPIRIT program, including mileage credits for members with an insufficient number of mileage credits to earn an award, based on the estimated incremental cost of providing free travel for credits that are expected to be redeemed. Incremental costs include fuel, insurance, security, ticketing and facility charges reduced by an estimate of fees required to be paid by the passenger when redeeming the award.

Affinity Card Program. Under the Company's affinity card program, funds received for the marketing of a co-branded Spirit credit card and delivery of award miles are accounted for as a multiple-deliverable arrangement. At the inception of the arrangement, the Company evaluated all deliverables in the arrangement to determine whether they represent separate units of accounting using the criteria as set forth in ASU No. 2009-13. The Company determined the arrangement had three separate units of accounting: (i) travel miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. Under ASU No. 2009-13, arrangement consideration was allocated based on relative selling price. At inception of the arrangement, the Company established the relative selling price for all deliverables that qualified for separation. The manner in which the selling price was established was based on a hierarchy of evidence that the Company considered. Total arrangement consideration was then allocated to each deliverable on the basis of the deliverable's relative selling price. In considering the hierarchy of evidence under ASU No. 2009-13, the Company first determined whether vendor specific objective evidence of selling price or third-party evidence of selling price existed. It was determined by the Company that neither vendor specific objective evidence of selling price nor third-party evidence existed due to the uniqueness of the Company's program. As such, the Company developed its best estimate of the selling price for all deliverables. For the award miles, the Company considered a number of entity-specific factors when developing the best estimate of the selling price including the number of miles needed to redeem an award, average fare of comparable segments, breakage, restrictions and other charges. For licensing of brand and access to member lists, the Company considered both market-specific factors and entity-specific factors including general profit margins realized in the marketplace/industry, brand power, market royalty rates and size of customer base. For the advertising element, the Company considered market-specific factors and entity-specific factors, including the Company's internal costs (and fluctuations of costs) of providing services, volume of marketing efforts and overall advertising plan. Consideration allocated based on the relative selling price to both brand licensing and advertising elements is recognized as revenue when earned and recorded in non-ticket revenue. Consideration allocated to award miles is deferred and recognized ratably as passenger revenue over the estimated period the transportation is expected to be provided which is estimated at 16 months. The Company used entity-specific assumptions coupled with the various judgments necessary to determine the selling price of a deliverable in accordance with the required selling price hierarchy. Changes in these assumptions could result in changes in the estimated selling prices. Determining the frequency to reassess selling price for individual deliverables requires significant judgment. As of December 31, 2013, there have been no changes in either the selling price or the method or assumptions used to determine selling price for any of the identified units of accounting that would have a significant effect on the allocation of consideration.

The following table illustrates total cash proceeds received from the sale of mileage credits and the portion of such proceeds recognized in revenue immediately as marketing component:

| Year Ended | Cash proceeds from | Portion of proceeds |
|-------------------|--|---|
| | sale of miles to non-airline third parties | recognized immediately as marketing component |
| | (in thousands) | |
| December 31, 2013 | \$ 28,496 | \$ 23,124 |
| December 31, 2012 | 24,938 | 20,998 |
| December 31, 2011 | 20,954 | 16,580 |

The total liability for future FREE SPIRIT award redemptions and unrecognized revenue from the sale of mileage credits was \$2.6 million and \$2.4 million at December 31, 2013 and 2012, respectively. These balances are recorded as a component of air traffic liability in the accompanying balance sheets.

Non-ticket Revenue Recognition

Non-ticket revenues are generated from air travel-related services for baggage, bookings through the Company's call center or third-party vendors, advance seat selection, itinerary changes and loyalty programs. Non-ticket revenues also consist of services not directly related to providing transportation such as the FREE SPIRIT affinity credit card program, \$9 Fare Club and the sale of advertising to third parties on Spirit's website and on board aircraft.

Notes to Financial Statements—(Continued)

The following table summarizes the primary components of non-ticket revenue and the revenue recognition method utilized for each service or product:

| <u>Non-ticket revenue</u> | <u>Recognition method</u> | <u>Year Ended December 31,</u> | | |
|---|---------------------------|--------------------------------|-------------------|-------------------|
| | | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| | | <u>(in thousands)</u> | | |
| Baggage | Time of departure | \$ 275,958 | \$ 217,536 | \$ 168,290 |
| Passenger usage fee | Time of departure | 188,911 | 149,577 | 71,757 |
| Advance seat selection | Time of departure | 59,241 | 48,956 | 42,112 |
| Service charges for changes and cancellations | When itinerary is changed | 32,546 | 27,762 | 25,927 |
| Other | | 111,711 | 91,765 | 73,450 |
| Non-ticket revenue | | <u>\$ 668,367</u> | <u>\$ 535,596</u> | <u>\$ 381,536</u> |

Charges for services recognized at time of departure are initially recorded as a liability until time of departure. The passenger usage fee is charged for tickets sold through the Company's primary sales distribution channels, to cover the Company's distribution costs. The primary sales distribution channels for which passenger usage fees are charged include sales through the Company's website, sales through the third-party provided call center and sales through travel agents; the Company does not charge a passenger usage fee for sales made at its airport ticket counters. Other non-ticket revenues include revenues from other air related charges as well as non-air related charges. Other air related charges include optional services and products provided to passengers such as on-board products, travel insurance and use of the Company's call center or travel agents, among others. Non-air related charges primarily consist of revenues from advertising on the Company's aircraft and website, the Company's \$9 Fare Club subscription-based membership program and the Company's FREE SPIRIT affinity credit card program.

Airframe and Engine Maintenance

The Company accounts for heavy maintenance and major overhaul and repair under the deferral method whereby the cost of heavy maintenance and major overhaul and repair is deferred and amortized until the earlier of the end of the remaining lease term or until the next scheduled heavy maintenance event.

Amortization of heavy maintenance and major overhaul costs is charged to depreciation and amortization expense and was \$23.6 million, \$9.1 million and \$2.6 million for the years ended 2013, 2012 and 2011, respectively. During the years ended 2013, 2012 and 2011, the Company deferred \$70.8 million, \$61.6 million and \$22.1 million, respectively, of costs for heavy maintenance. At December 31, 2013 and 2012, the Company had deferred heavy maintenance balance of \$165.3 million and \$94.5 million, and accumulated heavy maintenance amortization of \$40.0 million and \$14.0 million, respectively.

On October 15, 2013, the Company had an aircraft experience an engine failure shortly after takeoff. The aircraft immediately returned to the airport, and the passengers and crew safely disembarked from the aircraft. The airframe and engine incurred damage as a result of the failure. The Company anticipates it will recover insurance proceeds to cover the expenses related to this incident and therefore it has expensed the insurance deductible of approximately \$0.8 million recorded within maintenance, materials and repairs expense.

The Company outsources certain routine, non-heavy maintenance functions under contracts that require payment on a utilization basis, such as flight hours. Costs incurred for maintenance and repair under flight hour maintenance contracts, where labor and materials price risks have been transferred to the service provider, are expensed based on contractual payment terms. All other costs for routine maintenance of the airframes and engines are charged to expense as performed.

The table below summarizes the extent to which the Company's maintenance costs are rate capped due to flight hour maintenance contracts:

| | <u>Year Ended December 31,</u> | | |
|---|--------------------------------|------------------|------------------|
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| | <u>(in thousands)</u> | | |
| Flight hour-based maintenance expense | \$ 30,322 | \$ 25,748 | \$ 21,974 |
| Non-flight hour-based maintenance expense | 29,821 | 23,712 | 12,043 |
| Total maintenance, materials and repairs | <u>\$ 60,143</u> | <u>\$ 49,460</u> | <u>\$ 34,017</u> |

Leased Aircraft Return Costs

Costs associated with returning leased aircraft are accrued when it is probable that a cash payment will be made and that amount is reasonably estimable. Leased aircraft return costs are recorded as a component of aircraft rent and characterized as supplemental rent. Any accrual is based on time remaining on the lease, planned aircraft usages and the provisions included in the lease agreement, although the actual amount due to any lessor upon return will not be known with certainty until lease termination.

Aircraft Fuel

Aircraft fuel expense includes jet fuel and associated “into-plane” costs, taxes, oil and all gains and losses associated with fuel hedge contracts.

Derivative Instruments

The Company accounts for derivative financial instruments at fair value and recognizes them in the balance sheet in prepaid expenses and other current assets or other current liabilities. For derivatives designated as cash flow hedges, changes in fair value of the derivative are generally reported in other comprehensive income and are subsequently reclassified into earnings when the hedged item affects earnings. For the years ended 2013, 2012 and 2011, the Company did not hold derivative instruments that qualified as cash flow hedges for accounting purposes. As a result, changes in the fair value of such derivative contracts were recorded within aircraft fuel expense in the accompanying statements of operations. These amounts include both realized gains and losses and mark-to-market adjustments of the fair value of unsettled derivative instruments at the end of each period.

Advertising

The Company expenses advertising and the production costs of advertising as incurred. Marketing and advertising expenses were \$2.1 million, \$2.4 million and \$2.5 million for the years ended 2013, 2012 and 2011, respectively.

Income Taxes

The Company accounts for income taxes using the liability method. The Company records a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will be not realized.

Interest Expense

Related-party interest expense incurred during 2013, 2012 and 2011 was \$0.0 million, \$0.0 million and \$21.0 million, respectively, and consisted primarily of paid-in-kind interest on tranche notes due to related parties, and preferred stock dividends due to related parties. Non-related party interest expense during 2013, 2012 and 2011 was \$0.2 million, \$1.4 million and \$3.8 million, respectively.

Stock-Based Compensation

The Company recognizes cost of employee services received in exchange for awards of equity instruments based on the fair value of each instrument at the date of grant. Compensation expense is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for an award. The Company has issued and outstanding restricted stock awards, stock option awards and performance share awards. Restricted stock awards are valued at the fair value of the shares on the date of grant. To the extent a market price was not available, the fair value of stock awards was estimated using a discounted cash flow analysis based on management’s estimates of revenue, driven by assumed market growth rates and estimated costs as well as appropriate discount rates. These estimates are consistent with the plans and estimates that management uses to manage the Company’s business. The fair value of share option awards is estimated on the date of grant using the Black-Scholes valuation model. The fair value of performance share awards is estimated through the use of a Monte Carlo simulation model. See Note 8 for additional information.

Concentrations of Risk

The Company’s business has been, and may continue to be, adversely affected by increases in the price of aircraft fuel, the volatility of the price of aircraft fuel, or both. Aircraft fuel was the Company’s single largest expenditure representing approximately 40%, 41% and 42% of total operating expenses in 2013, 2012 and 2011, respectively.

The Company’s operations are largely concentrated in the southeast United States with Fort Lauderdale being the highest volume fueling point in the system. Gulf Coast Jet indexed fuel is the basis for a substantial majority of the Company’s fuel

consumption. Any disruption to the oil production or refinery capacity in the Gulf Coast, as a result of weather or any other disaster, or disruptions in supply of jet fuel, dramatic escalations in the costs of jet fuel and/or the failure of fuel providers to perform under fuel arrangements for other reasons could have a material adverse effect on the Company's financial condition and results of operations.

The Company's operations will continue to be vulnerable to weather conditions (including hurricane season or snow and severe winter weather), which could disrupt service, create air traffic control problems, decrease revenue and increase costs.

Due to the relatively small size of the fleet and high utilization rate, the unavailability of one or more aircraft and resulting reduced capacity could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company has three union-represented employee groups that together represent approximately 59% and 54% of all employees at December 31, 2013 and 2012, respectively. A strike or other significant labor dispute with the Company's unionized employees is likely to adversely affect the Company's ability to conduct business. Additional disclosures are included in Note 15.

2. Recent Accounting Developments

In December 2011, the FASB issued amendments to Accounting Standards Update No. 2011-11, *Balance Sheet (Topic 210); Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11). The amendments in this update are designed to enhance disclosures by requiring improved information about financial instruments and derivative instruments that are either (a) offset in accordance with certain right to set-off conditions prescribed by current accounting guidance or (b) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with current accounting guidance. In January 2013, the FASB issued Accounting Standards Update No. 2013-01, *Scope Clarification of Disclosures about Offsetting Assets and Liabilities (ASU 2013-01)*, to limit the scope of ASU 2011-11, and its new balance sheet offsetting disclosure requirements to derivatives (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements and securities borrowing and lending transactions. ASU 2011-11 and ASU 2013-01 became effective for the Company's annual and interim periods beginning January 1, 2013, and the required disclosures are included in Note 16 of this report.

3. Special Charges and Credits

Slot Transaction and Restructuring

In 2012, the Company sold four permanent air carrier slots at Ronald Reagan National Airport (DCA) to another airline for \$9.1 million. The Company recognized the \$9.1 million gain within special charges (credits) in the third quarter of 2012, the period in which the FAA operating restriction lapsed and written confirmation of the slot transfer was received by the buyer from the FAA.

In 2013, the Company incurred an additional \$0.1 million of cost in connection with the DCA exit and relieved \$0.2 million of previously accrued exit cost in connection with Chicago O'Hare (ORD).

Secondary Offering Costs

In the third quarter of 2013, the Company incurred costs of \$0.3 million, recorded within special charges (credits), related to an underwritten public offering of 12,070,920 shares of common stock by certain stockholders affiliated with Indigo Partners LLC (Indigo). Upon completion of this offering, investment funds affiliated with Indigo owned no shares of common stock of Spirit Airlines. The Company did not receive any proceeds from this offering.

In the third quarter of 2012, the Company incurred costs of \$0.7 million, recorded within special charges (credits), related to an underwritten public offering of 9,394,927 shares of common stock by certain stockholders affiliated with Oaktree Capital Management (Oaktree). Upon completion of this offering, investment funds affiliated with Oaktree owned no shares of common stock of Spirit Airlines. The Company did not receive any proceeds from this offering.

In January 2012, certain stockholders of the Company, including affiliates of Oaktree and Indigo Partners, LLC (Indigo) and certain members of the Company's executive team, sold an aggregate of 12,650,000 shares of common stock in an underwritten public offering. The Company incurred a total of \$1.3 million in costs between 2011 and 2012 related to this offering, of which \$0.5 million were incurred during the year ended December 31, 2012, offset by reimbursements from certain selling shareholders of \$0.6 million in accordance with the Fourth Amendment to the Second Amended and Restated Investor Rights Agreement. The Company did not receive any proceeds from this offering.

Initial Public Offering Costs

In June 2011, the Company issued and sold 15,600,000 shares of common stock in its initial public offering (IPO). The Company incurred contract termination costs and fees of \$2.3 million in connection with the IPO during the year ended December 31, 2011, which included \$1.8 million paid to Indigo to terminate its professional services agreement with the Company, and \$0.5 million paid to three individual, unaffiliated holders of the Company's subordinated notes.

4. Letters of Credit

In connection with agreements with certain airports, the Company is required to post letters of credit, which totaled \$0.2 million as of both December 31, 2013 and 2012. The issuing banks require that the Company deposit funds at those banks to cover the amounts that could be drawn under the letters of credit. These funds are generally invested in money market accounts and are classified as long-term assets within other long-term assets. Additionally, as of December 31, 2013, the Company had a \$25.1 million unsecured standby letter of credit facility, representing an off balance-sheet commitment, of which \$10.4 million had been drawn upon for issued letters of credit to airports and insurance underwriters.

5. 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 it 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.

During 2011, the Company amended its processing agreements with all of its processors. Prior to the amendments, the credit card processors required the Company to maintain cash collateral equal to approximately 100% of the Company's air traffic liability. The amendments were approved in light of the Company's improved balance sheet as a result of the IPO, the related recapitalization and the elimination of the holdback held by the credit card processors, effectively eliminating the Company's restricted cash balance, provided that the Company continues to satisfy certain liquidity and other financial covenants. Failure to meet these covenants would provide the processors the right to reinstate a holdback, resulting in a commensurate reduction of unrestricted cash. As of December 31, 2013 and 2012, the Company continued to be in compliance with its credit card processing agreements, and the processors were holding back \$0 of remittances.

The maximum potential exposure to cash holdbacks by the Company's credit card processors, based upon advance ticket sales and \$9 Fare Club memberships as of December 31, 2013 and 2012, was \$188.6 million and \$144.8 million, respectively.

6. Accrued Liabilities

Accrued liabilities included in other current liabilities as of December 31, 2013 and 2012 consist of the following:

| | As of December 31, | |
|---|--------------------|-------------------|
| | 2013 | 2012 |
| | (in thousands) | |
| Aircraft maintenance | \$ 36,165 | \$ 22,319 |
| Federal excise and other passenger taxes and fees payable | 26,979 | 23,401 |
| Salaries and wages | 26,174 | 21,057 |
| Airport expenses | 17,109 | 16,024 |
| Fuel | 13,819 | 11,219 |
| Aircraft and facility rent | 7,993 | 8,020 |
| Tax receivable agreement | 5,643 | 7,987 |
| Other | 11,380 | 11,287 |
| Other current liabilities | <u>\$ 145,262</u> | <u>\$ 121,314</u> |

7. Common Stock and Preferred Stock

The Company's amended and restated certificate of incorporation dated June 1, 2011, authorizes the Company to issue up to 240,000,000 shares of common stock, \$0.0001 par value per share, 50,000,000 shares of non-voting common stock, \$0.0001 par value per share and 10,000,000 shares of preferred stock, \$0.0001 par value per share. All of the Company's issued and

outstanding shares of common stock and preferred stock are duly authorized, validly issued, fully paid and non-assessable. The Company's shares of common stock and non-voting common stock are not redeemable and do not have preemptive rights.

Common Stock

Dividend Rights . Holders of the Company's common stock are entitled to receive dividends, if any, as may be declared from time to time by the Company's board of directors out of legally available funds ratably with shares of the Company's non-voting common stock, subject to preferences that may be applicable to any then outstanding preferred stock and limitations under Delaware law.

Voting Rights . Each holder of the Company's common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. The Company's stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors properly up for election at any given stockholders' meeting.

Liquidation . In the event of the Company's liquidation, dissolution or winding up, holders of the Company's common stock will be entitled to share ratably with shares of the Company's non-voting common stock in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences . Holders of the Company's common stock have no preemptive, conversion, subscription or other rights and there are no redemption or sinking fund provisions applicable to the Company's common stock. The rights, preferences and privileges of the holders of the Company's common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of the Company's preferred stock that the Company may designate in the future.

Non-Voting Common Stock

Dividend Rights. Holders of the Company's non-voting common stock are entitled to receive dividends, if any, as may be declared from time to time by the Company's board of directors out of legally available funds ratably with shares of the Company's common stock, subject to preferences that may be applicable to any then outstanding preferred stock and limitations under Delaware law.

Voting Rights. Shares of the Company's non-voting common stock are not entitled to vote on any matters submitted to a vote of the stockholders, including the election of directors, except to the extent required under Delaware law.

Conversion Rights . Shares of the Company's non-voting common stock will be convertible on a share-for-share basis into common stock at the election of the holder subject to the Company remaining in compliance with applicable foreign ownership limitations.

Liquidation. In the event of the Company's liquidation, dissolution or winding up, holders of the Company's non-voting common stock will be entitled to share ratably with shares of the Company's common stock in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences. Holders of the Company's non-voting common stock have no preemptive, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the Company's common stock. The rights, preferences and privileges of the holders of the Company's common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of the Company's preferred stock that the Company may designate in the future.

On December 7, 2011, the Company entered into a Stock Distribution Agreement with Indigo Miramar LLC and its members. Pursuant to the Stock Distribution Agreement 10,576,180 shares of outstanding common stock were exchanged on a share-for-share basis for shares of non-voting common stock. As of December 31, 2012, the number of outstanding non-voting common stock had decreased to 1,669,205. In February 2013, all of the remaining outstanding shares of non-voting common stock were converted to voting shares in accordance with the Stock Distribution Agreement. As of December 31, 2013, there were no shares of non-voting common stock outstanding.

Preferred Stock

The Company's board of directors has the authority, without further action by the Company's stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series,

any or all of which may be greater than the rights of common stock. The Company's issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of the Company or other corporate action. As of December 31, 2013 and 2012, there were no shares of preferred stock outstanding.

8. Stock-Based Compensation

The Company has stock plans under which directors, officers, key employees and consultants of the Company may be granted restricted stock awards, stock options and other equity-based instruments as a means of promoting the Company's long-term growth and profitability. The plans are intended to encourage participants to contribute to and participate in the success of the Company.

The Company's board of directors adopted, and the Company's stockholders approved, the Amended and Restated 2005 Incentive Stock Plan, or the 2005 Stock Plan, effective January 1, 2008. The total number of shares of common stock authorized for issue pursuant to awards granted under the 2005 Stock Plan was 2,500,000 shares. The 2005 Stock Plan provided for the grant of non-qualified stock options, stock appreciation rights, restricted stock, performance shares, phantom stock, restricted stock units and other awards that are valued in whole or in part by reference to the Company's stock.

On May 9, 2011, the Company's board of directors adopted, and the Company's stockholders approved, the 2011 Equity Incentive Award Plan, or 2011 Plan. Under the 2011 Plan, 3,000,000 new shares of common stock are reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights or SARs, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalent awards, stock payment awards and performance share awards and other stock-based awards, plus the number of shares remaining available for future awards under the Company's 2005 Stock Plan. The number of shares reserved for issuance or transfer pursuant to awards under the 2011 Plan will be increased by the number of shares represented by awards outstanding under the Company's 2005 Stock Plan that are forfeited or lapse unexercised and which, following the effective date of the 2011 Plan, are not issued under the Company's 2005 Stock Plan. No further awards will be granted under the 2005 Stock Plan, and all outstanding awards will continue to be governed by their existing terms. As of December 31, 2013 and December 31, 2012, 2,685,029 and 2,689,490 shares of the Company's common stock, respectively, remained available for future issuance under the 2011 Plan.

Stock-based compensation cost is included within salaries, wages and benefits in operating expenses in the accompanying statements of operations. Stock-based compensation cost amounted to \$5.7 million, \$4.3 million and \$0.5 million for 2013, 2012 and 2011, respectively. During 2013, 2012 and 2011, there was \$2.1 million, \$1.6 million and \$0.2 million tax benefit recognized in income related to stock-based compensation, respectively.

Restricted Stock

Restricted stock and restricted stock unit awards are valued at the fair value of the shares on the date of grant. Generally, granted shares and units vest 25% per year on each anniversary of issuance. Each restricted stock unit represents the right to receive one share of common stock upon vesting of such restricted stock unit. Compensation expense, net of forfeitures, is recognized on a straight-line basis over the requisite service period.

A summary of the status of the Company's restricted stock shares (restricted stock awards and restricted stock unit awards) as of December 31, 2013 and changes during the year ended December 31, 2013 is presented below:

| | Number of Shares | Weighted-Average Grant Date Fair Value (\$) |
|----------------------------------|------------------|---|
| Outstanding at December 31, 2012 | 449,629 | 16.94 |
| Granted | 151,202 | 27.70 |
| Vested | (168,514) | 13.19 |
| Forfeited | (96,269) | 19.28 |
| Outstanding at December 31, 2013 | <u>336,048</u> | <u>22.99</u> |

There were 151,202 and 391,418 restricted stock shares granted during the years ended December 31, 2013 and December 31, 2012, respectively. As of December 31, 2013 and December 31, 2012, there was \$6.1 million and \$6.1 million, respectively, of total unrecognized compensation cost related to nonvested restricted stock to be recognized over 2.7 years and 3.2 years, respectively.

Notes to Financial Statements—(Continued)

The weighted-average fair value of restricted stock granted during the years ended December 31, 2013 and 2012 was \$27.70 and \$20.01 , respectively. There was no restricted stock granted during the year ended December 31, 2011 . The total fair value of restricted stock shares vested during the years ended December 31, 2013 , 2012 and 2011 was \$4.3 million , \$3.9 million and \$3.2 million respectively.

Stock Options

Stock option awards are granted with an exercise price equal to the fair market value of the Company’s common stock at the date of grant, vest over four years of continuous service and have ten -year contractual terms. The fair value of each stock option award is estimated on the date of grant using the Black Scholes model. There were no options granted during 2013 or 2012. For option grants during 2011, the Company’s weighted average assumptions for expected volatility, dividends, term and risk-free interest rate were 46.25% , 0% , 6.25 years and 2.03% , respectively. Expected volatilities are based on the historical volatility of a group of peer entities within the same industry. The expected term of options is based upon the simplified method, which represents the average of the vesting term and the contractual term. The risk-free interest rate is based on U.S. Treasury yields for securities with terms approximating the expected term of the option.

Prior to the Company’s IPO, to the extent a market price was not available, the fair value of the Company’s common stock was estimated using a discounted cash flow analysis and market multiples, based on management’s estimates of revenue, driven by assumed market growth rates, and estimated costs as well as appropriate discount rates. These estimates are consistent with the plans and estimates management uses to manage the Company’s business.

A summary of share option activity under the 2011 Plan as of December 31, 2013 and changes during the year ended December 31, 2013 is presented below:

| | Number of Options | Weighted- Average Exercise Price (\$) | Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value (\$000) |
|---|----------------------|--|--|--|
| Outstanding at December 31, 2012 | 247,650 | 9.59 | 8.0 | 2,015 |
| Exercised | (92,400) | 9.22 | | |
| Forfeited or expired | (98,750) | 10.70 | | |
| Outstanding at December 31, 2013 | 56,500 | 8.26 | 6.7 | 2,099 |
| Exercisable at December 31, 2013 | 27,125 | 8.12 | 6.6 | 1,011 |
| Vested or Expected to Vest at December 31, 2013 | 56,260 | 8.25 | 6.7 | 2,090 |

There were no options granted during the years ended December 31, 2013 or 2012 . The weighted-average fair value of option awards granted during the year ended December 31, 2011 was \$5.73 . The total intrinsic value of share options exercised during the years ended December 31, 2013 , 2012 and 2011 was \$2.0 million , \$0.7 million and \$0.2 million , respectively. The total fair value of shares vested during the years ended December 31, 2013 , 2012 and 2011 was \$0.2 million , \$0.4 million and \$0.3 million , respectively.

As of December 31, 2013 and December 31, 2012 , there was \$46.7 thousand and \$650.5 thousand respectively, of total unrecognized compensation cost related to options expected to be recognized over 0.8 years and 1.99 years, respectively.

Performance Share Awards

During 2013 and 2012 , the Company granted certain senior-level executives restricted stock units that vest based on market and service conditions as part of a long-term incentive plan, which are referred to herein as performance share awards. The number of shares of common stock underlying each award is determined at the end of a three-year performance period. In order to vest, the senior level executive must still be employed by the Company, with certain contractual exclusions, at the end of the performance period. At the end of the performance period, the percentage of the stock units that will vest will be determined by ranking the Company’s total shareholder return compared to the total shareholder return of the nine peer companies identified in the plan. Based on the level of performance, between 0% and 200% of the award may vest. Within 60 days after vesting, the shares underlying the award will be issued to the participant. In the event of a change in control of the Company or the disability or death of a participant, the payout of any award is limited to a pro-rated portion of such award based upon a performance assessment prior to the change-in-control date or date of disability or death.

The market condition requirements are reflected in the grant date fair value of the award, and the compensation expense, net of forfeitures, for the award will be recognized assuming that the requisite service is rendered regardless of whether the market conditions are achieved.

Notes to Financial Statements—(Continued)

The grant date fair value of the performance share awards was determined through the use of a Monte Carlo simulation model, which utilizes multiple input variables that determine the probability of satisfying the market condition requirements applicable to each award as follows:

| | Weighted-Average at Grant Date for Year Ended December 31, 2013 | | Weighted-Average at Grant Date for Year Ended December 31, 2012 |
|----------------------------|--|---|--|
| Expected volatility factor | 0.41 | | 0.39 |
| Risk free interest rate | 0.33 | % | 0.44 |
| Expected term (in years) | 2.65 | | 2.72 |
| Expected dividend yield | — | % | — |

The volatility was based upon a weighted average of the volatility for the Company and the most recent volatility of the peer group. The peer group used to calculate volatility is consistent with the group used for the traditional employee stock options. The Company chose to use historical volatility to value these awards because historical stock prices were used to develop the correlation coefficients between the Company and each of the peer companies within the peer group in order to model stock price movements. The volatilities used were calculated as the remaining term of the performance period at the date of grant. The risk-free interest rate was based on the implied yield available on U.S. Treasury zero-coupon issues with remaining terms equivalent to the remaining performance period. The Company does not intend to pay dividends on its common stock in the foreseeable future. Accordingly, the Company used a dividend yield of zero in its model.

The following table summarizes the Company's performance share awards for the year ended December 31, 2013 :

| | Number of Awards | Weighted-Average Fair Value at Grant Date (\$) |
|----------------------------------|-------------------------|---|
| Outstanding at December 31, 2012 | 280,907 | 20.30 |
| Granted | 126,147 | 28.09 |
| Vested | — | — |
| Forfeited | (79,950) | 21.76 |
| Outstanding at December 31, 2013 | <u>327,104</u> | 22.94 |

As of December 31, 2013 and December 31, 2012 , there was \$6.5 million and \$6.9 million , respectively, of total unrecognized compensation cost related to performance share awards expected to be recognized over 1.54 years and 2.0 years, respectively.

9. Net Income per Share

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

| | Year Ended December 31, | | |
|---|--|------------|-----------|
| | 2013 | 2012 | 2011 |
| | (in thousands, except per share amounts) | | |
| Numerator: | | | |
| Net income | \$ 176,918 | \$ 108,460 | \$ 76,448 |
| Denominator: | | | |
| Weighted-average shares outstanding, basic | 72,593 | 72,386 | 53,241 |
| Effect of dilutive stock awards | 406 | 205 | 274 |
| Adjusted weighted-average shares outstanding, diluted | 72,999 | 72,591 | 53,515 |
| Net Income per Share: | | | |
| Basic earnings per common share | \$ 2.44 | \$ 1.50 | \$ 1.44 |
| Diluted earnings per common share | \$ 2.42 | \$ 1.49 | \$ 1.43 |
| Anti-dilutive weighted-average shares | 1 | 88 | 70 |

10. Debt, Related-Party Transactions and Other Obligations

In connection with the closing of the IPO, the Company consummated the transaction contemplated by the Recapitalization Agreement on June 1, 2011, which resulted in the repayment or exchange for common stock of all of the Company's notes and preferred stock. The Company's principal stockholders provided certain consulting services to the Company for a management fee of \$0.3 million in 2011. In connection with the IPO, the management fee agreement with the Company's principal stockholders was terminated. See Note 18.

As of December 31, 2013 and 2012, there was no outstanding long term debt or outstanding amounts due to related parties. During the fourth quarter of 2013, the Company executed an agreement for the lease of two quick engine change kits (QEC kit), classified as capital leases. Aggregate annual principal maturities of capital leases as of December 31, 2013, were \$1.0 million in 2014, \$1.1 million in 2015, \$1.0 million in 2016, \$0.0 million in 2017 and \$0.0 million in 2018 and \$0.0 million in 2019 and beyond. As of December 31, 2012, the Company had no outstanding amounts related to capital leases.

The Company had a line of credit for \$18.6 million and \$18.6 million related to corporate credit cards, of which the Company had drawn \$3.7 million and \$3.2 million as of December 31, 2013 and 2012, respectively, which is included in accounts payable.

As of December 31, 2013, the Company had lines of credit with counterparties for both physical fuel delivery and jet fuel derivatives in the amount of \$34.5 million. As of December 31, 2013, the Company had drawn \$13.8 million on these lines of credit, which is included in other current liabilities. As of December 31, 2012, the Company had lines of credit with counterparties for both physical fuel delivery and jet fuel derivatives in the amount \$18.0 million. As of December 31, 2012, the Company had drawn \$11.2 million on these lines of credit, which is included in other current liabilities. The Company is 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.

11. Leases and Prepaid Maintenance Deposits

The Company leases various types of equipment and property, primarily aircraft, spare engines and airport facilities under leases, which expire in various years through 2032. Lease terms are generally 3 to 15 years for aircraft and up to 25 years for other leased equipment and property.

Total rental expense for all leases charged to operations for the years ended 2013, 2012 and 2011 was \$207.4 million, \$172.4 million and \$139.1 million, respectively. Total rental expense charged to operations for aircraft and engine operating leases for the years ended December 31, 2013, 2012 and 2011 was \$169.7 million, \$143.6 million and \$116.5 million,

respectively. Supplemental rent is made up of maintenance reserves paid or to be paid to aircraft lessors in advance of the performance of major maintenance activities that are not probable of being reimbursed and probable return condition obligations. The Company expensed \$5.2 million, \$2.0 million and \$1.5 million of supplemental rent recorded within aircraft rent during 2013, 2012 and 2011, respectively.

Some of the Company's 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. Some maintenance reserve payments are fixed contractual amounts, while others are based on actual flight hours. Fixed maintenance reserve payments for these aircraft and related flight equipment, including estimated amounts for contractual price escalations, will be approximately \$7.4 million in 2014, \$7.6 million in 2015, \$8.0 million in 2016, \$7.4 million in 2017, \$5.8 million in 2018 and \$18.4 million in 2019 and beyond. These lease agreements provide that maintenance reserves are reimbursable to the Company upon completion of the maintenance event in an amount equal to the lesser of (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Substantially all of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles, and are used solely to collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. 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. The Company is in full compliance with those requirements and does not anticipate having to pay reserves related to these master leases in the future.

At lease inception and at each balance sheet date, the Company assesses whether the maintenance reserve payments required by the master lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are substantively and contractually related to the maintenance of the leased asset are accounted for as maintenance deposits to the extent they are expected to be recoverable and are reflected as prepaid maintenance deposits in the accompanying balance sheets. When it is not probable the Company will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent. As of December 31, 2013 and 2012, the Company had aircraft maintenance deposits of \$220.7 million and \$198.5 million, respectively, on its balance sheets of which \$59.2 million and \$76.1 million, respectively, are included within prepaid expenses and other current assets on its balance sheets. The Company has concluded that these prepaid maintenance deposits are probable of recovery primarily due to the rate differential between the maintenance reserve payments and the expected cost for the related next maintenance event that the reserves serve to collateralize.

The Company's master lease agreements also provide that most maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to the Company and will be retained by the lessor. Consequently, any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and therefore are accounted for as contingent rent. The Company accrues for contingent rent beginning when it becomes probable and reasonably estimable the Company will incur such nonrefundable maintenance reserve payments. The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor, and the number of flight hours the aircraft is estimated to be utilized before it is returned to the lessor. The Company expensed \$1.9 million, \$2.0 million and \$1.5 million of paid maintenance reserves as supplemental rent during 2013, 2012 and 2011, respectively. Maintenance reserves held by lessors that are refundable to the Company at the expiration of the lease are accounted for as prepaid maintenance deposits on the balance sheet when they are paid.

At December 31, 2013, the Company had its entire fleet of 54 aircraft and nine spare engines financed under operating leases with lease term expiration dates ranging from 2016 to 2025. Five of the leased aircraft have variable rent payments, which fluctuate based on changes in LIBOR (London Interbank Offered Rate). During the second quarter of 2013, the Company extended the operating leases on 14 of its Airbus A319 aircraft, which were previously set to expire in 2017 through 2019. The Company has the option to renew three leases for three-year periods with contractual notice required in the tenth year. Twenty-three of the aircraft leases and all of the engine leases were the result of sale and leaseback transactions. Deferred gains or losses from sale and leaseback transactions are amortized over the term of the lease as a reduction in rent or additional rent, respectively. Losses are deferred when the fair value of the aircraft or engine is higher than the price it was sold for, which is in substance, a prepayment of rent. A loss on disposal is recorded at the time of sale for the excess of the carrying amount over the fair value of the aircraft or engine. The costs of returning aircraft to lessors, or lease return conditions, are accounted for in a manner similar to the accounting for contingent rent. These costs are recognized over the remaining life of the lease as aircraft hours accumulate, beginning from the time when the Company determines it is probable such costs will be incurred and can generally be estimated. Such estimated costs exclude the costs of maintenance events that are covered by reserves on deposit with the relevant lessor, or routine maintenance costs that are recorded in maintenance expense.

Notes to Financial Statements—(Continued)

During 2013, the Company entered into sale and leaseback transactions with third-party aircraft lessors for the sale and leaseback of seven Airbus A320 aircraft that resulted in net deferred losses of \$3.1 million, which are included in other long-term assets within the balance sheet. Deferred losses are amortized as rent expense on a straight-line basis over the term of the respective operating leases. The Company had agreements in place prior to the delivery of these aircraft which resulted in the settlement of the purchase obligation by the lessor and the refund of \$36.7 million in pre-delivery deposits from Airbus during 2013. The refunded pre-delivery deposits have been disclosed in the statement of cash flows as investing activities within pre-delivery deposits, net of refunds. In addition, the Company entered into a sale and leaseback transaction with a third-party lessor for the sale and leaseback of one V2500 IAE International Aero Engines AG engine. Cash outflows related to the purchase of the engine have been disclosed in the statement of cash flows as investing activities within purchases of property and equipment and the cash inflows from the sale of the engine as financing activities within proceeds received on sale lease back transactions. All of the leases from these sale and leaseback transactions are accounted for as operating leases. Under the terms of the lease agreements, the Company will continue to operate and maintain the aircraft. Payments under 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. 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 fourth quarter of 2013, the Company entered into an agreement for the lease of two QEC kits, classified as capital leases. Payments under the lease agreement are fixed for the three year term of the lease.

The Company had two QEC kits classified as capital leases at December 31, 2013, compared to no capital leases at December 31, 2012. Amounts applicable to these QEC kits that are included in property and equipment were:

| (in thousands) | 2013 | | 2012 | |
|--------------------------------|------|--------------|------|----------|
| Flight equipment | \$ | 3,234 | \$ | — |
| Less: accumulated amortization | | 54 | | — |
| | \$ | <u>3,180</u> | \$ | <u>—</u> |

Future minimum lease payments under capital leases and noncancellable operating leases with initial or remaining terms in excess of one year at December 31, 2013 were as follows:

| | Capital Leases | Operating Leases | | |
|---|-----------------|----------------------------------|--------------------------|------------------------|
| | | Aircraft and Spare Engine Leases | Property Facility Leases | Total Operating Leases |
| | | (in thousands) | | |
| 2014 | \$ 1,200 | \$ 184,131 | \$ 18,535 | \$ 202,666 |
| 2015 | 1,200 | 184,694 | 16,308 | 201,002 |
| 2016 | 1,000 | 182,984 | 11,610 | 194,594 |
| 2017 | — | 163,673 | 8,795 | 172,468 |
| 2018 | — | 139,740 | 6,445 | 146,185 |
| 2019 and thereafter | — | 502,102 | 24,406 | 526,508 |
| Total minimum lease payments | <u>\$ 3,400</u> | <u>\$ 1,357,324</u> | <u>\$ 86,099</u> | <u>\$ 1,443,423</u> |
| Less amount representing interest | 366 | | | |
| Present value of minimum lease payments | <u>3,034</u> | | | |
| Less current portion | 1,400 | | | |
| Long term portion | <u>1,634</u> | | | |

12. Financial Instruments and Risk Management

As part of the Company's risk management program, the Company from time to time uses a variety of financial instruments to reduce its exposure to fluctuations in the price of jet fuel. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company is exposed to credit losses in the event of nonperformance by counterparties to these financial instruments. The Company periodically reviews and seeks to mitigate exposure to the financial deterioration and nonperformance of any

Notes to Financial Statements—(Continued)

counterparty by monitoring the absolute exposure levels, each counterparty's credit ratings and the historical performance of the counterparties relating to hedge transactions. The credit exposure related to these financial instruments is limited to the fair value of contracts in a net receivable position at the reporting date. The Company also maintains security agreements that require the Company to post collateral if the value of selected instruments falls below specified mark-to-market thresholds. As of December 31, 2013, the Company held none of these instruments and, therefore, was not required to post collateral.

The Company records financial derivative instruments at fair value, which includes an evaluation of each counterparty's credit risk. The Company's derivative contracts generally consist of United States Gulf Coast jet fuel swaps (jet fuel swaps) and United States Gulf Coast jet fuel options (jet fuel options). 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. Fair value of the instruments is determined using standard option valuation models.

The Company chose not to elect hedge accounting on any derivative instruments entered into during 2013, 2012 and 2011 and, as a result, changes in the fair value of these fuel hedge contracts are recorded each period in aircraft fuel expense.

The following table summarizes the components of aircraft fuel expense for the years ended December 31, 2013, 2012 and 2011:

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Into-plane fuel cost | \$ 542,523 | \$ 471,542 | \$ 392,278 |
| Settlement losses (gains) | 8,958 | 175 | (7,436) |
| Unrealized mark-to-market losses (gains) | 265 | 46 | 3,204 |
| Aircraft fuel | \$ 551,746 | \$ 471,763 | \$ 388,046 |

All realized gains and losses are reflected in the statements of cash flows in cash flow from operating activities.

As of December 31, 2013, the Company had no outstanding fuel hedges in place. As of December 31, 2012, the Company had fuel hedges using U.S. Gulf Coast jet fuel options as the underlying commodity. As of December 31, 2012, the Company had agreements in place to protect 7.8 million gallons or approximately 5% of its 2013 fuel consumption at a weighted-average ceiling and floor price of \$3.09 and \$2.84 per gallon, respectively.

13. Defined Contribution 401(k) Plan

The Company sponsors three defined contribution 401(k) plans, *Spirit Airlines, Inc. Employee Retirement Savings Plan* (first plan), *Spirit Airlines, Inc. Pilots' Retirement Savings Plan* (second plan) and *Spirit Airlines, Inc. Puerto Rico Retirement Savings Plan* (third plan). The first plan was adopted on February 1, 1994. Essentially, all employees that are not covered by the pilots' collective bargaining agreement, who have at least one year of service, have worked at least 1,000 hours during the year and have attained the age of 21 may participate in this plan. The Company may make a Qualified Discretionary Contribution, as defined in the plan, or provide matching contributions to this plan. Effective July 1, 2007, the Company amended this plan to change the service requirement to 60 days and provided for matching contribution to the plan at 50% of the employee's contribution up to a maximum employer contribution of 3% of the employee's annual compensation.

The second plan is for the Company's pilots, and contained the same service requirements as the first plan and was amended effective July 1, 2007, to change the service requirements to 60 days and having attained the age of 21. The Company matches 100% of the pilot's contribution, up to 8% of the individual pilot's annual compensation. Both the first and the second plans are subject to the annual IRS elective deferral limit, which was \$17,500 for 2013.

The third plan is for all Company employees residing in Puerto Rico and was adopted on April 16, 2012. It contains the same amended service requirements as the first and second plans. For pilots participating in the Puerto Rico plan, the Company matches 100% of their contribution, up to 8% of the individual pilot's annual compensation, but subject to the annual Puerto Rico pre-tax elective deferral limit, which was \$17,500 for 2013. For all other employees participating in the Puerto Rico plan, the Company provides for matching contribution to the plan at 50% of the employee's contribution up to a maximum employer contribution of 3% of the employee's annual compensation.

Matching contributions made to all plans were \$7.7 million, \$6.6 million and \$4.9 million in 2013, 2012 and 2011, respectively, and were included within salaries, wages and benefits in the accompanying statements of operations.

14. Income Taxes

Significant components of the provision for income taxes from continuing operations are as follows:

| | For the Years Ended December 31, | | |
|------------------------------------|----------------------------------|-----------|-----------|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Current: | | | |
| Federal | \$ 86,437 | \$ 32,656 | \$ 1,866 |
| State and local | 6,595 | 3,250 | 74 |
| Foreign | 413 | 963 | 263 |
| Total current expense | 93,445 | 36,869 | 2,203 |
| Deferred: | | | |
| Federal | 11,658 | 27,870 | 42,148 |
| State and local | 389 | 1,385 | 2,032 |
| Total deferred expense (benefit) | 12,047 | 29,255 | 44,180 |
| Total income tax expense (benefit) | \$ 105,492 | \$ 66,124 | \$ 46,383 |

The reconciliation of income tax expense computed at the federal statutory tax rates to income tax expense from continuing operations is as follows:

| | For the Years Ended December 31, | | |
|---|----------------------------------|-----------|-----------|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Expected provision at federal statutory tax rate | \$ 98,843 | \$ 61,104 | \$ 42,991 |
| State and foreign tax expense, net of federal benefit | 4,695 | 3,726 | 2,255 |
| Interest and dividend on preferred stock | — | — | 710 |
| Meals and entertainment | 772 | 649 | 469 |
| Fines and penalties | 134 | 84 | (36) |
| Federal credits | (58) | (182) | (103) |
| Adjustment to deferred tax assets and liabilities | (54) | (3) | (3) |
| Other | 1,160 | 746 | 100 |
| Total income tax expense (benefit) | \$ 105,492 | \$ 66,124 | \$ 46,383 |

Notes to Financial Statements—(Continued)

The Company accounts for income taxes using the asset and liability method. Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards. At December 31, 2013 and 2012, the significant components of the Company's deferred taxes consisted of the following:

| | December 31, | |
|--|--------------------|--------------------|
| | 2013 | 2012 |
| (in thousands) | | |
| Deferred tax assets: | | |
| Net operating loss | \$ 188 | \$ 83 |
| Deferred loss | 1,428 | — |
| Deferred revenue | 6,241 | 5,829 |
| Nondeductible accruals | 9,734 | 6,744 |
| Other | 2,767 | 1,073 |
| Deferred tax assets | 20,358 | 13,729 |
| Deferred tax liabilities: | | |
| Capitalized interest | 736 | 1,125 |
| Deferred gain | — | 364 |
| Fuel hedging | — | 97 |
| Accrued engine maintenance | 45,911 | 29,497 |
| Property, plant and equipment | 6,384 | 3,271 |
| Deferred tax liabilities | 53,031 | 34,354 |
| Net deferred tax assets (liabilities) | \$ (32,673) | \$ (20,625) |
| Deferred taxes included within: | | |
| Assets: | | |
| Other current assets | \$ 16,243 | \$ 12,591 |
| Liabilities: | | |
| Other long-term liabilities | \$ 48,916 | \$ 33,216 |

In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. In evaluating the Company's ability to utilize its deferred tax assets, it considered all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis. Management does not believe that the realization of deferred tax assets is in jeopardy and thus a valuation allowance for 2013 will not be necessary.

During 2013, the Company filed an amended 2009 income tax return in order to correct its net operating loss carryforward (NOL) as of December 31, 2009. See Note 18. The amendment of the 2009 tax return resulted in a decrease to the Company's NOL of \$7.9 million as of December 31, 2009. In addition, during the preparation of its 2012 tax return, the Company uncovered certain adjustments relating to the NOL carryforward balance as of December 31, 2011. These adjustments resulted in an increase to the NOL carryforward of \$3.7 million. The net decrease to the NOL carryforwards of \$4.2 million changed the NOL carryforwards as of December 31, 2011 from \$20.8 million, as previously reported in 2012 and 2011, to \$16.6 million. At December 31, 2011, the Company had available for federal income tax purposes an alternative minimum tax (AMT) credit carryforward of \$3.2 million and federal NOL carryforwards of \$16.6 million which were fully utilized against federal taxable income during 2012. As of December 31, 2013 and 2012, the Company did not have any NOLs or AMT credits to utilize against federal taxable income. As of December 31, 2013, the Company had approximately \$4.7 million of State NOLs which can be used to offset future state taxable income. State net operating losses begin to expire in 2017.

Excess tax benefits are recognized in the financial statements upon actual realization of the related tax benefit which occurred in 2012 upon utilization of the remaining NOLs and AMT credit carryforwards during the year. During 2013, the Company recognized a windfall tax benefit of \$1.9 million which was recorded as a reduction to income tax payable and a corresponding entry to additional paid in capital.

During 2013, the Company recorded a foreign tax credit of \$0.4 million against its 2013 federal income tax liability which was fully utilized during the year. Previously the Company deducted income taxes paid in foreign countries in arriving at federal taxable income.

On September 13, 2013, the United States Treasury and Internal Revenue Service issued final tangible personal property regulations that broadly apply to amounts paid to acquire, produce or improve tangible property, as well as dispositions of such property. In review of these regulations, the Company has concluded that there is no material impact on its financial position, results of operations or cash flows.

On January 25, 2012, the Company experienced a subsequent ownership change under the principles of IRC §382, as a result of the secondary offering outlined in more detail in Note 3. Although the Company was subject to the limitations of IRC §382 on the utilization of its NOL and the tax credit carryforwards in 2012, the limitation was sufficiently in excess of the tax attribute carryforwards as not to prohibit complete utilization during the year.

The Company accrues interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties are recorded in selling, general and administrative expenses.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company's tax years from 2006 through 2012 are still subject to examination in the United States due to net operating loss carryovers generated in such years. Various state and foreign jurisdiction tax years remain open to examination and the Company was under examination in certain jurisdictions during 2012, and the outcome of these audits were immaterial to the financial statements. The Company believes that the effect of any additional assessment(s) will be immaterial to its financial statements.

15. 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. On June 20, 2013, the Company entered into an amendment to the Airbus A320 Family Purchase Agreement, by and between the Company and Airbus S.A.A., dated May 5, 2004 (Airbus Amendment) for the order of an additional 20 Airbus A321 aircraft. These aircraft are in addition to the 92 aircraft not yet delivered under Spirit's existing order with Airbus. In addition, the Company is committed to take delivery of an additional five aircraft directly from a third-party lessor. During the year, the Company converted ten Airbus A320 orders to Airbus A321 orders and converted five Airbus A321 orders to Airbus A321neo orders. On October 1, 2013, the Company entered into agreements with International Aero Engines AG (IAE) and Pratt & Whitney (collectively, the IAE & P&W Agreement) for the provision and servicing of engines to power its fleet of Airbus A320 family aircraft.

As of December 31, 2013, the Company's aircraft orders consisted of the following:

| | Airbus | | | | Third-Party Lessor | Total |
|------|--------|---------|------|---------|--------------------|-------|
| | A320 | A320NEO | A321 | A321NEO | A320NEO | |
| 2014 | 11 | | | | | 11 |
| 2015 | 11 | | 2 | | 1 | 14 |
| 2016 | 5 | | 8 | | 4 | 17 |
| 2017 | 10 | | 10 | | | 20 |
| 2018 | | 6 | 5 | | | 11 |
| 2019 | | 8 | | 5 | | 13 |
| 2020 | | 13 | | | | 13 |
| 2021 | | 18 | | | | 18 |
| | 37 | 45 | 25 | 5 | 5 | 117 |

The Company also has six spare engine orders for V2500 SelectOne engines with IAE and nine spare engine orders for PurePower PW 1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2014 through 2024. Purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and pre-delivery payments, will be approximately \$559.3 million in 2014, \$619.1 million in 2015, \$633.1 million in 2016, \$804.5 million in 2017, \$543.1 million in 2018 and \$2,197.1 million in 2019 and beyond. The Company has secured financing

commitments with third parties for seven aircraft deliveries from Airbus, scheduled for delivery in 2014 and for the five aircraft to be leased directly from a third party. The Company does not have financing commitments in place for the remaining 105 Airbus firm aircraft orders scheduled for delivery between 2014 and 2021.

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.

Employees

The Company has three union-represented employee groups that together represent approximately 59% of all employees at December 31, 2013 and 54% of all employees at December 31, 2012. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of December 31, 2013.

| Employee Groups | Representative | Amendable Date | Percentage of Workforce |
|-------------------|---|----------------|-------------------------|
| Pilots | Air Line Pilots Association, International (ALPA) | August 2015 | 24% |
| Flight Attendants | Association of Flight Attendants (AFA-CWA) | August 2007 | 34% |
| Dispatchers | Transport Workers Union (TWU) | August 2018 | 1% |

In December 2013, with the help of the National Mediation Board (NMB), the Company reached a tentative agreement for a five-year contract with the Company's flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On February 7, 2014, the Company was notified that the flight attendants voted to not ratify the tentative agreement. The Company will continue to work together with the AFA and the NMB with a goal of reaching a mutually beneficial agreement.

The Company is self-insured for health care claims, subject to a stop-loss policy, for eligible participating employees and qualified dependent medical claims, subject to deductibles and limitations. The Company's liabilities for claims incurred but not reported are determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued \$2.1 million and \$1.9 million, for health care claims as of December 31, 2013, and 2012, respectively.

Other

The Company is contractually obligated to pay the following minimum guaranteed payments to the provider of its reservation system as of December 31, 2013: \$3.9 million in 2014, \$3.9 million in 2015, \$3.9 million in 2016, \$3.9 million in 2017, \$2.6 million in 2018 and \$0.0 million in 2019 and thereafter.

The Company entered into a Tax Receivable Agreement (TRA) with the Company's Pre-IPO Stockholders (as defined in the TRA) that became effective immediately prior to the consummation of the IPO. In accordance with the TRA, the Company paid \$27.2 million, including \$0.3 million of applicable interest, in the second quarter of 2012. As of December 31, 2013, the Company has \$5.6 million accrued related to the TRA and \$0.2 million of applicable interest. See Note 18.

16. Fair Value Measurements

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures are required about how fair value is determined for assets and liabilities, 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.

Notes to Financial Statements—(Continued)

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. The Company's derivative contracts generally consist of jet fuel swaps and jet fuel options. These instruments are valued using energy and commodity market data, which is derived by combining raw inputs with quantitative models and processes to generate forward curves and volatilities.

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

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

| | Fair Value Measurements as of December 31, 2013 | | | |
|---------------------------|---|-----------------|-------------|-------------|
| | Total | Level 1 | Level 2 | Level 3 |
| | (in millions) | | | |
| Cash and cash equivalents | \$ 530.6 | \$ 530.6 | \$ — | \$ — |
| Total assets | \$ 530.6 | \$ 530.6 | \$ — | \$ — |
| Total liabilities | \$ — | \$ — | \$ — | \$ — |

| | Fair Value Measurements as of December 31, 2012 | | | |
|---------------------------|---|-----------------|-------------|---------------|
| | Total | Level 1 | Level 2 | Level 3 |
| | (in millions) | | | |
| Cash and cash equivalents | \$ 416.8 | \$ 416.8 | \$ — | \$ — |
| Jet fuel options | 0.3 | — | — | 0.3 |
| Total assets | \$ 417.1 | \$ 416.8 | \$ — | \$ 0.3 |
| Total liabilities | \$ — | \$ — | \$ — | \$ — |

Cash and cash equivalents at December 31, 2013 and December 31, 2012 are comprised of liquid money market funds and cash. The Company maintains cash with various high-quality financial institutions. The company had no outstanding derivatives as of December 31, 2013. The Company had no transfers of assets or liabilities between any of the above levels during the years ended December 31, 2013 and 2012.

The Company did not elect hedge accounting on any of the derivative instruments, and as a result, changes in the fair values of these fuel hedge contracts are recorded each period in fuel expense. Fair values of the instruments are determined using standard option valuation models. The Company also considers counterparty risk and its own credit risk in its determination of all estimated fair values. The Company offsets fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement. The Company determines the fair value of jet fuel options utilizing an option pricing model based on inputs that are either readily available in public markets or can be derived from information available in publicly quoted markets. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds.

Due to the fact that certain inputs utilized to determine the fair value of jet fuel options are unobservable (principally implied volatility), the Company categorizes these derivatives as Level 3. Implied volatility of a jet fuel option is the volatility of the price of the underlying commodity that is implied by the market price of the option based on an option pricing model. Thus, it is the volatility that, when used in a particular pricing model, yields a theoretical value for the option equal to the current market price of that option. Implied volatility, a forward-looking measure, differs from historical volatility because the latter is calculated from known past returns. At each balance sheet date, the Company substantiates and adjusts unobservable inputs. The Company routinely assesses the valuation model's sensitivity to changes in implied volatility. Based on the Company's assessment of the valuation model's sensitivity to changes in implied volatility, it noted that holding other inputs

Notes to Financial Statements—(Continued)

constant, a significant increase (decrease) in implied volatility would result in a significantly higher (lower) determination of fair value measurement for the Company's aircraft fuel derivatives.

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

The following table presents the Company's activity for assets and liabilities measured at gross fair value on a recurring basis using significant unobservable inputs (Level 3):

| | Jet Fuel Options | |
|---|-------------------------|-------|
| | (in millions) | |
| Balance at January 1, 2011 | \$ | 3.5 |
| Total realized or unrealized gains (losses) included in earnings, net | | 4.2 |
| Settlements, net | | (7.4) |
| Balance at December 31, 2011 | | 0.3 |
| Total realized or unrealized gains (losses) included in earnings, net | | (0.2) |
| Settlements, net | | 0.2 |
| Balance at December 31, 2012 | | 0.3 |
| Total realized or unrealized gains (losses) included in earnings, net | | 0.1 |
| Settlements, net | | (0.4) |
| Balance at December 31, 2013 | \$ | — |

The Company records the fair value adjustment of its aircraft fuel derivatives in the accompanying statement of operations within aircraft fuel and on the balance sheet within prepaid expenses and other current assets or other current liabilities, depending on whether the net fair value of the derivatives is in an asset or liability position as of the respective date.

17. Operating Segments and Related Disclosures

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) area are summarized below:

| | 2013 | 2012 | 2011 |
|-------------------|----------------------|-------------|-------------|
| | (in millions) | | |
| DOT—domestic | \$ 1,467.5 | \$ 1,135.1 | \$ 900.1 |
| DOT—Latin America | 186.9 | 183.3 | 171.1 |
| Total | \$ 1,654.4 | \$ 1,318.4 | \$ 1,071.2 |

During 2013, 2012 and 2011, no revenue from any one foreign country represented greater than 4% of the Company's total passenger revenue. The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment. The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

18. Initial Public Offering and Tax Receivable Agreement

On June 1, 2011, the Company raised \$187.2 million of gross proceeds from an initial public offering of 15,600,000 shares of its common stock at a price of \$12.00 per share. The resulting proceeds to the Company were approximately \$176.9 million, after deducting underwriter commissions. The Company retained \$150.0 million of the net proceeds, after paying \$20.6 million of debt, \$0.5 million to pay three unaffiliated holders of its subordinated notes and \$5.9 million in direct costs of the offering. In accordance with a Recapitalization Agreement, all of the principal and accrued and unpaid interest on outstanding notes, to the extent not paid, totaling \$279.2 million, as well as all of the Class A and B preferred stock outstanding immediately prior to the offering along with accrued and unpaid dividends totaling \$81.7 million, were exchanged for 30,079,420 shares of common stock at a share price of \$12.00 per share. Each share of Class B Common Stock was exchanged

for one share of common stock. In addition, interest expense was reduced by \$0.4 million due to a write off of the unamortized portion of prepaid loan fees and deferred interest.

In connection with the IPO, the Company entered into the TRA and thereby distributed immediately prior to the completion of the IPO to the holders of common stock as of such time, or the Pre-IPO Stockholders, the right to receive an amount equal to 90% of the cash savings in federal income tax realized by it by virtue of the use of the federal net operating loss, deferred interest deductions and alternative minimum tax credits held by the Company as of March 31, 2011, which is defined as the Pre-IPO NOL. Cash tax savings generally will be computed by comparing actual federal income tax liability to the amount of such taxes that the Company would have been required to pay had such Pre-IPO NOLs (as defined in the TRA) not been available. Upon consummation of the IPO and execution of the TRA, the Company recorded a liability with an offsetting reduction to additional paid in capital. The amount and timing of payments under the TRA will depend upon a number of factors, including, but not limited to, the amount and timing of taxable income generated in the future and any future limitations that may be imposed on the Company's ability to use the Pre-IPO NOLs. The term of the TRA will continue until the first to occur (a) the full payment of all amounts required under the agreement with respect to utilization or expiration of all of the Pre-IPO NOLs, (b) the end of the taxable year including the tenth anniversary of the IPO or (c) a change in control of the Company.

In accordance with the TRA, the Company is required to submit a Tax Benefit Schedule showing the proposed TRA payout amount to the Stockholder Representatives within 45 calendar days after the Company files its tax return. Stockholder Representatives are defined as Indigo Pacific Partners, LLC and OCM FIE, LLC, representing the two largest ownership interest of pre-IPO shares. The Tax Benefit Schedule shall become final and binding on all parties unless a Stockholder Representative, within 45 calendar days after receiving such schedule, provides the Company with notice of a material objection to such schedule. If the parties, for any reason, are unable to successfully resolve the issues raised in any notice within 30 calendar days of receipt of such notice, the Company and the Stockholder Representatives have the right to employ the TRA's reconciliation procedures. If the Tax Benefit Schedule is accepted, the Company has five days after acceptance to make payments to the Pre-IPO stockholders. Pursuant to the TRA's reconciliation procedures, any disputes that cannot be settled amicably, are settled by arbitration conducted by a single arbitrator jointly selected by both parties.

During the second quarter of 2012, the Company paid \$27.2 million, or 90% of the 2011 tax savings realized from the utilization of NOLs, including \$0.3 million of applicable interest. During 2012, management adjusted for an immaterial error in the original estimate of the liability. This adjustment reduced the liability with an offset to additional paid in capital.

During 2013, the Company filed an amended 2009 income tax return in order to correct its NOL carry forward as of December 31, 2009. See Note 14. As a result, the Company's NOL carry forward as of March 31, 2011 was consequently reduced by \$7.8 million, which corresponds to a reduction in the estimated TRA benefit of \$2.4 million with an offset to additional paid in capital. On September 13, 2013, the Company filed its 2012 federal income tax return, and on October 14, 2013, the Company submitted a Tax Benefit Schedule to the Stockholder Representatives. On November 27, 2013, pursuant to the TRA, the Company received an objection notice to the Tax Benefit Schedule from the Stockholder Representatives. As of December 31, 2013, the Company estimated the TRA liability to be \$5.6 million. The Company and the Stockholder Representatives are in discussions attempting to resolve the objection related to the Tax Benefit Schedule and have not employed the TRA's reconciliation procedures.

19. Quarterly Financial Data (Unaudited)

Quarterly results of operations for the year ended December 31, 2013 are summarized below:

Three Months Ended

| | March 31 | June 30 | September 30 | December 31 |
|--|-----------------|----------------|---------------------|--------------------|
|--|-----------------|----------------|---------------------|--------------------|

(in thousands, except per share amounts)

2013

| | | | | |
|----------------------------|------------|------------|------------|------------|
| Operating revenue | \$ 370,437 | \$ 407,339 | \$ 456,625 | \$ 419,984 |
| Operating income | 49,669 | 66,758 | 97,804 | 68,061 |
| Net income | 30,554 | 42,068 | 61,103 | 43,193 |
| Basic earnings per share | 0.42 | 0.58 | 0.84 | 0.59 |
| Diluted earnings per share | 0.42 | 0.58 | 0.84 | 0.59 |

2012

| | | | | |
|----------------------------|------------|------------|------------|------------|
| Operating revenue | \$ 301,495 | \$ 346,308 | \$ 342,317 | \$ 328,268 |
| Operating income | 37,244 | 55,132 | 49,681 | 31,933 |
| Net income | 23,419 | 34,591 | 30,884 | 19,566 |
| Basic earnings per share | 0.32 | 0.48 | 0.43 | 0.27 |
| Diluted earnings per share | 0.32 | 0.48 | 0.43 | 0.27 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Spirit Airlines, Inc.

We have audited the accompanying balance sheets of Spirit Airlines, Inc. as of December 31, 2013 and 2012, and the related statements of operations, shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spirit Airlines, Inc. at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Spirit Airlines, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 20, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
February 20, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Spirit Airlines, Inc.

We have audited Spirit Airlines, Inc's internal control over financial reporting as of December 31, 2013 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework), as applicable (the COSO criteria). Spirit Airlines, Inc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Spirit Airlines, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria .

We al so have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying balance sheet of Spirit Airlines, Inc. as of December 31, 2013 and 2012, and the related statement of operations, shareholders equity (deficit), and cash flows for each of the three years in the period ended December 31, 2013 of Spirit Airlines, Inc. and our report dated February 20, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
February 20, 2014

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 December 31, 2013. 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 principal 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 December 31, 2013, 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.

Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 1992 framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Framework). Based on that evaluation, management believes that our internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by Ernst & Young LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended December 31, 2013. Ernst & Young LLP’s report on our internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

During the first quarter of 2013, we implemented SAP, a new Enterprise Resource Planning (ERP) system that replaced our financial reporting module. We have made appropriate changes to our internal controls over financial reporting to accommodate the implementation of the ERP system.

There were no other changes in our internal control over financial reporting during 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the captions, "Election of Directors," "Corporate Governance," "Committee and Meetings of the Board of Directors," "Executive Officers," "Code of Ethics" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2014 Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions, "Director Compensation" and "Executive Compensation" in our 2014 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the captions, "Security Ownership" and "Equity Compensation Plan Information" in our 2014 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the captions, "Certain Relationships and Related Transactions" and "Corporate Governance" in our 2014 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information under the captions, "Ratification of Independent Registered Public Accounting Firm" in our 2014 Proxy Statement is incorporated herein by reference.

With the exception of the information specifically incorporated by reference in Part III to this Annual Report on Form 10-K from our 2014 Proxy Statement, our 2014 Proxy Statement shall not be deemed to be filed as part of this Report.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. *Financial Statements:*

The financial statements included in Item 8. Financial Statements and Supplementary Data above are filed as part of this annual report.

2. *Financial Statement Schedules:*

There are no financial statement schedules filed as part of this annual report, since the required information is included in the Financial Statements, including the notes thereto, or the circumstances requiring inclusion of such schedules are not present.

3. *Exhibits:*

The exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index included after the signature page.

SIGNATURES

Pursuant to the requirements of Section 13 or Section 15(d) 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.

Date: February 20, 2014

SPIRIT AIRLINES, INC.

By: _____ */s/ B. Ben Baldanza*
B. Ben Baldanza
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints B. Ben Baldanza, Edward Christie and Thomas Canfield, and each of them, their true and lawful attorneys-in-fact, each with full power of substitution, for them in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|--|-------------------|
| <u>/s/ B. Ben Baldanza</u> B. Ben Baldanza | President and Chief Executive Officer (principal executive officer) | February 20, 2014 |
| <u>/s/ Edward M. Christie</u> Edward M. Christie | Chief Financial Officer (principal financial and accounting officer) | February 20, 2014 |
| <u>/s/ H. McIntyre Gardner</u> H. McIntyre Gardner | Director (Chairman of the Board) | February 20, 2014 |
| <u>/s/ Carlton D. Donaway</u> Carlton D. Donaway | Director | February 20, 2014 |
| <u>/s/ David G. Elkins</u> David G. Elkins | Director | February 20, 2014 |
| <u>/s/ Robert D. Johnson</u> Robert D. Johnson | Director | February 20, 2014 |
| <u>/s/ Barclay G. Jones</u> Barclay G. Jones | Director | February 20, 2014 |
| <u>/s/ Stuart I. Oran</u> Stuart I. Oran | Director | February 20, 2014 |
| <u>/s/ Horacio Scapparone</u> Horacio Scapparone | Director | February 20, 2014 |

EXHIBIT INDEX

| Exhibit No. | Description of Exhibit |
|-------------|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Spirit Airlines, Inc., dated as of June 1, 2011, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference. |
| 3.2 | Amended and Restated Bylaws of Spirit Airlines, Inc., dated as of June 1, 2011, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference. |
| 4.1 | Specimen Common Stock Certificate, filed as Exhibit 4.1 to the Company's Form S-1 Registration Statement (No. 333-178336), is hereby incorporated by reference. |
| 10.1+ | General Release, dated January 14, 2014, between Spirit Airlines, Inc. and Ben Baldanza. |
| 10.2+ | Amended and Restated Employment Agreement, dated as of January 8, 2014, between Spirit Airlines, Inc. and Ben Baldanza. |
| 10.3+ | Offer Letter, dated September 7, 2013, between Spirit Airlines, Inc. and John Bendoraitis. |
| 10.4† | Amended and Restated V2500 General Terms of Sale, dated as of October 1, 2013, by and between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of October 1, 2013, filed as Exhibit 10.1 to the Company's Form 10-Q/A dated February 20, 2014, is hereby incorporated by reference. |
| 10.5† | Amended and Restated Fleet Hour Agreement, dated as of October 1, 2013, by and between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of October 1, 2013, filed as Exhibit 10.2 to the Company's Form 10-Q/A dated February 20, 2014, is hereby incorporated by reference. |
| 10.6† | V2500 General Terms of Sale, dated as of October 1, 2013, by and between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of October 1, 2013 and Side Letter No. 2 dated as of October 1, 2013, filed as Exhibit 10.3 to the Company's Form 10-Q/A dated February 20, 2014, is hereby incorporated by reference. |
| 10.7† | Fleet Hour Agreement, dated as of October 1, 2013, by and between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of October 1, 2013, filed as Exhibit 10.4 to the Company's Form 10-Q/A dated February 20, 2014, is hereby incorporated by reference. |
| 10.8† | PurePower PW1100G Engine Purchase Support Agreement, dated as of October 1, 2013, by and between the Company and United Technologies Corporation, acting through its Pratt & Whitney Division, filed as Exhibit 10.5 to the Company's Form 10-Q dated October 30, 2013, is hereby incorporated by reference. |
| 10.9† | Hosted Services Agreement, dated as of February 28, 2007, between Spirit Airlines, Inc. and Navitaire Inc., as amended by Amendment No. 1 dated as of October 23, 2007, Amendment No. 2 dated as of May 15, 2008, Amendment No. 3 dated as of November 21, 2008, Amendment No. 4 dated as of August 17, 2009 and Amendment No. 5 dated November 4, 2009, filed as Exhibit 10.3 to the Company's Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference. |
| 10.10† | Signatory Agreement, dated as of May 21, 2009, between Spirit Airlines, Inc. and U.S. Bank National Association, as amended by First Amendment dated January 18, 2010, filed as Exhibit 10.4 to the Company's Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference. |
| 10.11† | Terms and Conditions for Worldwide Acceptance of the American Express Card by Airlines, dated September 4, 1998, between Spirit Airlines, Inc. and American Express Travel Related Services Company, Inc., as amended January 1, 2003 and August 28, 2003, filed as Exhibit 10.6 to the Company's Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference. |
| 10.12 | Tax Receivable Agreement, dated as of June 1, 2011 between Spirit Airlines, Inc., Indigo Pacific Partners LLC, and OCM FIE, LLC, filed as Exhibit 10.12 to the Company's Form S-1 Registration Statement (No. 333-178336), is hereby incorporated by reference. |

- 10.13† Lease, dated as of June 17, 1999, between Sunbeam Development Corporation and Spirit Airlines, Inc., as amended by Lease Modification and Contraction Agreement dated as of May 7, 2009, filed as Exhibit 10.13 to the Company's Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.14†† Lease Modification and Extension Agreement, dated as of September 26th, 2013, between Sunbeam Development Corporation and Spirit Airlines, Inc.
- 10.15†† Lease, dated as of September 26th, 2013, between Sunbeam Development Corporation and Spirit Airlines, Inc.
- 10.16 Airline-Airport Lease and Use Agreement, dated as of August 17, 1999, between Broward County and Spirit Airlines, Inc., as supplemented by Addendum dated August 17, 1999, filed as Exhibit 10.14 to the Company's Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.17† Airbus A320 Family Purchase Agreement, dated as of May 5, 2004, between AVSA, S.A.R.L. and Spirit Airlines, Inc.; as amended by Amendment No. 1 dated as of December 21, 2004, Amendment No. 2 dated as of April 15, 2005, Amendment No. 3 dated as of June 30, 2005, Amendment No. 4 dated as of October 27, 2006 (as amended by Letter Agreement No. 1, dated as of October 27, 2006, to Amendment No. 4 and Letter Agreement No. 2, dated as of October 27, 2006, to Amendment No. 4), Amendment No. 5 dated as of March 5, 2007, Amendment No. 6 dated as of March 27, 2007, Amendment No. 7 dated as of June 26, 2007 (as amended by Letter Agreement No. 1, dated as of June 26, 2007, to Amendment No. 7), Amendment No. 8 dated as of February 4, 2008, Amendment No. 9 dated as of June 24, 2008 (as amended by Letter Agreement No. 1, dated as of June 24, 2008, to Amendment No. 9) and Amendment No. 10 dated July 17, 2009 (as amended by Letter Agreement No. 1, dated as of July 17, 2009, to Amendment No. 10), and as supplemented by Letter Agreement No. 1 dated as of May 5, 2004, Letter Agreement No. 2 dated as of May 5, 2004, Letter Agreement No. 3 dated as of May 5, 2004, Letter Agreement No. 4 dated as of May 5, 2004, Letter Agreement No. 5 dated as of May 5, 2004, Letter Agreement No. 6 dated as of May 5, 2004, Letter Agreement No. 7 dated as of May 5, 2004, Letter Agreement No. 8 dated as of May 5, 2004, Letter Agreement No. 9 dated as of May 5, 2004, Letter Agreement No. 10 dated as of May 5, 2004 and Letter Agreement No. 11 dated as of May 5, 2004, all filed as Exhibit 10.15 to the Company's Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474); as further amended by Amendment No. 11 dated as of December 29, 2011 (as amended by Letter Agreement No. 1 dated as of December 29, 2011, Letter Agreement No. 2 dated as of December 29, 2011, Letter Agreement No. 3 dated as of December 29, 2011, Letter Agreement No. 4 dated as of December 29, 2011, Letter Agreement No. 5 dated as of December 29, 2011, Letter Agreement No. 6 dated as of December 29, 2011, Letter Agreement No. 7 dated as of December 29, 2011 and Letter Agreement No. 8 dated as of December 29, 2011) all filed as Exhibit 10.1 to the Company's Form 8-K dated January 5, 2012; Amendment No. 12, dated as of June 29, 2012, filed as Exhibit 10.1 to the Company's Form 10-Q dated July 26, 2013; Amendment No. 13, dated as of January 10, 2013, filed as Exhibit 10.2 to the Company's Form 10-Q dated July 26, 2013; and Amendment No. 14, dated as of June 20, 2013, filed as Exhibit 10.3 to the Company's Form 10-Q dated July 26, 2013 is hereby incorporated by reference.
- 10.18+ Spirit Airlines, Inc. Executive Severance Plan, filed as Exhibit 10.16 to the Company's Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.19+ Amended and Restated Spirit Airlines, Inc. 2005 Stock Incentive Plan and related documents, filed as Exhibit 10.17 to the Company's Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.20+ Spirit Airlines, Inc. 2011 Equity Incentive Award Plan, filed as Exhibit 10.2 to the Company's Form S-8 Registration Statement (No. 333-174812), is hereby incorporated by reference.
- 10.21+ Offer Letter, dated September 10, 2007, between Spirit Airlines, Inc. and Thomas Canfield, filed as Exhibit 10.22 to the Company's Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.22 Form of Indemnification Agreement between Spirit Airlines, Inc. and its directors and executive officers, filed as Exhibit 10.24 to the Company's Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
- 10.23+ Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the Spirit Airlines, Inc. 2011 Equity Incentive Award Plan, filed as Exhibit 10.4 to the Company's Form S-8 Registration Statement (No. 333-174812), is hereby incorporated by reference.

- 10.24† Addendum and Amendment to the Agreement Governing Acceptance of the American Express Card by Airlines, dated as of June 24, 2011, by and between Spirit Airlines, Inc. and American Express Travel Related Services Company, Inc., filed as Exhibit 10.1 to the Company's Form 10-Q dated July 28, 2011, is hereby incorporated by reference.
- 10.25† Second Amendment to Signatory Agreement, effective as of September 6, 2011, by and between the Company and U.S. Bank, National Association, filed as Exhibit 10.1 to the Company's Form 10-Q/A dated December 22, 2011, is hereby incorporated by reference.
- 10.26+ Letter Agreement, effective April 16, 2012, by and between Spirit Airlines, Inc. and Edward M. Christie, III, filed as Exhibit 10.2 to the Company's Form 10-Q dated May 1, 2012, is hereby incorporated by reference.
- 10.27+ Letter Agreement, dated January 16, 2012, by and between Spirit Airlines, Inc. and Jim Lynde
- 10.28+ Separation and Transition Agreement with Tony Lefebvre, dated April 29, 2013, filed as Exhibit 10.4 to the Company's Form 10-Q dated July 26, 2013, is hereby incorporated by reference.
- 14.1 Code of Business Conduct and Ethics, filed as Exhibit 14.1 to the Company's Form S-1 Registration Statement (No. 333-178336), is hereby incorporated by reference.
- 21.1 List of subsidiaries.
- 23.1 Consent of Ernst & Young LLP, independent registered public accounting firm.
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1** Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS*** XBRL Instance Document.
- 101.SCH*** XBRL Taxonomy Extension Schema Document.
- 101.CAL*** XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF*** XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB*** XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE*** XBRL Taxonomy Extension Presentation Linkbase Document.

† Confidential treatment granted for certain portions of this Exhibit pursuant to Rule 406 under the Securities Act or Rule 24b-2 under the Exchange Act, which portions are omitted and filed separately with the Securities and Exchange Commission.

†† Confidential treatment has been requested for certain portions of this Exhibit pursuant to Rule 406 under the Securities Act or Rule 24b-2 under the Exchange Act which portions are omitted and filed separately with the Securities and Exchange Commission.

+ Indicates a management contract or compensatory plan or arrangement.

** Exhibit 32.1 is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such exhibit be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

*** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not otherwise subject to liability under these Sections.

GENERAL RELEASE

I, B. Ben Baldanza, in consideration of and subject to the performance by Spirit Airlines, Inc., a Delaware corporation (together with its affiliates, the "Company"), of its material obligations under the Amended and Restated Employment Agreement, dated as of January 8, 2014 (the "Agreement") (including, without limitation, the grant of the 2014 Retention RSUs (as defined in the Agreement) and the increased severance payments described in the Agreement (the "Special Retention Compensation")), do hereby release and forever discharge as of the date hereof the Company and all present and former directors, officers, agents, representatives, employees, successors and assigns of the Company and its direct or indirect owners (collectively, the "Released Parties") to the extent provided below.

1. I understand that any payments or benefits paid or granted to me under the Agreement pursuant to the amendments to which this General Release is conditioned represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the Special Retention Compensation unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter or breach this General Release.

2. Except as provided in paragraph 4 below, I knowingly and voluntarily release and forever discharge the Company and the other Released Parties from any and all claims, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date of this General Release) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1866, as amended; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or the state or local counterparts of any of the foregoing; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release.

5. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement, in particular the Special Retention Compensation. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 2 hereof as of the execution of this General Release.

6. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

7. I agree that I will forfeit all amounts payable by the Company pursuant to the Agreement with respect to the amendments to which this General Release is conditioned (including, without limitation, the Special Retention Compensation) if I challenge the validity of this General Release. I also agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees, and return all payments received by me pursuant to the Agreement.

8. I agree that this General Release is confidential and agree not to disclose any information regarding the terms of this General Release, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

9. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the National Association of Securities Dealers, Inc. (NASD), any other self-regulatory organization or governmental entity.

10. I agree to reasonably cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding. I understand and agree that my cooperation may include, but not be limited to, making myself available to the Company upon

reasonable notice for interviews and factual investigations; appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Company pertinent information; and turning over to the Company all relevant documents which are or may come into my possession all at times and on schedules that are reasonably consistent with my other permitted activities and commitments. I understand that in the event the Company asks for my cooperation in accordance with this provision, the Company will reimburse me for reasonable travel expenses, including lodging and meals, upon my submission of receipts, and for my time in the event of any unusual or lengthy required period of cooperation.

11. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement, including, but not limited to, any rights which I may have as a shareholder of the Company.

12. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED; TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963; THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;
3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND HAVE DONE SO, OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;
5. I HAVE HAD AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM TO CONSIDER IT, AND ANY CHANGES MADE SINCE SUCH DATE ARE NOT MATERIAL AND WILL NOT RESTART THE REQUIRED 21-DAY PERIOD;

6. ANY CHANGES TO THE AGREEMENT SINCE THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM EITHER ARE NOT MATERIAL OR WERE MADE AT MY REQUEST;

7. I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

8. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

9. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

DATE: January 14, 2014

/s/ B. Ben Baldanza

B. Ben Baldanza

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”) is made as of January 8, 2014, by and between Spirit Airlines, Inc., a Delaware corporation (the “Company”), and B. Ben Baldanza (“Executive”).

WHEREAS, the parties previously entered into an employment agreement (the “Prior Agreement”), dated as of January 24, 2005 (the “Effective Date”);

WHEREAS, the parties wish to create certain incentives for Executive to continue employment in his position at the Company and to make certain other modifications to the terms of the Prior Agreement;

WHEREAS, the parties wish to amend and restate the Prior Agreement in its entirety as set forth herein;

WHEREAS, (i) in connection with the execution and delivery of this Agreement, the Board (defined below) shall approve the grant to Executive of a special restricted stock unit award under the 2011 Equity Plan (defined below) valued at \$3,000,000 as of the grant date, subject to the vesting and other terms and conditions set forth in the applicable award agreement delivered to Executive (the “2014 Retention RSUs”), and (ii) contemporaneously with the execution and delivery of this Agreement, and as a condition to the effectiveness of this Agreement, Executive executed and delivered a General Release effective as of the date hereof; and

WHEREAS, the Company desires to continue to employ Executive, on the terms and conditions set forth herein, and Executive desires to accept such continued employment with the Company, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive, intending to be legally bound, hereby agree as follows:

1. Employment. The Company shall employ Executive, and Executive hereby accepts employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending on the Termination Date (as defined in Section 4 hereof) (the “Employment Period”).

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as Chief Executive Officer and President of the Company and shall have the duties and responsibilities normally attributable to such positions (including, without limitation, those set forth on Schedule 1) and such other duties as may be assigned to Executive by the Board of Directors of the Company (“Board”) from time to time; provided, however, that the Board, in its sole and absolute

discretion, may at any time elect another person to serve as President, it being understood that if such election is made, the duties and responsibilities normally attributable to the position of President shall be delegated to and performed by such elected person, and such elected person shall report to, and be under the direction of, Executive in his capacity as Chief Executive Officer. Notwithstanding the foregoing or any other provision of this Agreement, in the award agreement applicable to the 2014 Retention RSUs or elsewhere to the contrary, none of the election of another person to serve as President, the resulting diminution of or change in Executive's authority, duties and responsibilities, or any succession planning by the Board and/or the Company shall be considered or constitute, for any purpose, (i) a breach of this Agreement or any rights or benefits of Executive under any agreement, plan or policy or any law or statute, (ii) a dismissal or discharge of Executive from employment without "cause" (or words of like import) under any agreement, plan or policy of or with the Company or any of its affiliates, (iii) a constructive dismissal or discharge of Executive from employment for any reason, (iv) grounds for any "good reason" resignation (or words of like import) under any agreement, plan or policy of or with the Company or any of its affiliates, or (v) grounds for Executive to assert any claim against the Company or any of its affiliates.

(b) Executive shall be responsible for establishing a set of annual performance objectives for Executive's position. These objectives will be subject to the review and approval of the Board and will be considered in determining any Bonus (as described in Section 3 (d) below) that may be awarded. Executive will conduct a self-appraisal of Executive's performance, which will be subject to a formal review with the Board on an annual basis, and an informal review with the Board on a semi-annual basis.

(c) Executive shall report to the Board and shall devote Executive's reasonable best efforts and Executive's full business time and attention (except for permitted vacation periods, periods of illness or other incapacity) to the business and affairs of the Company. Notwithstanding the foregoing, Executive may be involved in charitable and professional activities, manage his personal investments and serve on boards, provided that the foregoing, individually or in the aggregate, do not interfere with Executive's performance of his duties and responsibilities and, provided further, that in no event shall Executive serve as a director or board member of any for-profit corporation or other enterprise without, in each instance, the prior approval of the Board. Executive shall perform his duties and responsibilities hereunder from and at the Company's headquarters (which are currently located in Miramar, Florida), unless otherwise determined by the Board in its sole and absolute discretion by written resolution, it being understood and agreed that the foregoing shall not preclude Executive from traveling on Company business to the extent reasonably required to perform his duties and responsibilities.

(d) For purposes of this Agreement, (i) all references to "Company" shall include any corporation of which the securities having a majority of the voting power in electing directors are, at the time of determination, owned by the Company, directly or through one or more subsidiaries and (ii) the Compensation Committee of the Board, to the extent empowered by its charter or otherwise, shall have the authority granted to the Board hereunder.

3. Base Salary and Benefits .

(a) Base Salary . Executive's base salary shall be \$484,100 per annum (the "Base Salary"), which salary shall be payable bi-weekly in accordance with the Company's general payroll practices and shall be subject to required withholding. Executive's Base Salary will be subject to review, and may increase, on an annual basis at the discretion of the Board based on Executive's performance and other relevant considerations as determined by the Board. Notwithstanding the foregoing, Executive's Base Salary shall not be reduced without his consent.

(b) Benefit Plans . During the Employment Period, Executive shall be entitled to participate in all of the Company's employee benefit programs for which employees of the Company are generally eligible.

(c) Stock Plans . Executive shall be entitled to receive grants of restricted stock or stock options under the Company's 2005 Restricted Stock Plan, 2011 Equity Incentive Award Plan (the "2011 Equity Plan") and other stock plans that the Company may adopt from time to time (all such plans, as they may be adopted and amended from time to time being hereinafter referred to collectively as the "Stock Plans"), at a level commensurate with Executive's position in the Company. The parties acknowledge and agree that Executive shall be subject to stock ownership requirements under the Company's stock ownership guidelines for executives, as in effect from time to time; provided, neither the award of the 2014 Retention RSUs nor the shares of the Company's common stock underlying such RSUs, even if and when vested and deliverable, shall be available to satisfy such stock ownership guidelines.

(d) Performance Bonus . In addition to the Base Salary, Executive shall be eligible to receive a bonus (the "Bonus") at the end of each fiscal year during the Employment Period based upon Executive's performance and the Company's financial results, at the discretion of the Board. The Bonus will be based on a percentage of Executive's Base Salary (which percentage target is 100% and in no event shall exceed 200%) and will be prorated for any partial year during the Employment Period.

(e) Business Expenses . The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement which are consistent with the Company's policies in effect from time to time for senior executives with respect to travel, entertainment and other business expenses, subject to the Company's requirements for its executives with respect to reporting and documentation of such expenses.

(f) Travel and Vacation Benefits . Executive will receive travel benefits as afforded other senior executives of the Company. Executive will be entitled to twenty (20) paid vacation days per year.

4. Term and Termination.

(a) The term of this Agreement shall commence on the Effective Date (with the amendments made hereby taking effect as of the date hereof) and shall continue thereafter unless terminated earlier (i) by Executive's resignation, (ii) Executive's death or disability, or (iii) by the Company with or without Cause. Executive agrees that Executive shall give ninety (90) days' prior written notice of resignation to the Company. The date on which Executive's employment with the Company is terminated is referred to herein as the "Termination Date."

(b) Upon the termination of Executive's employment with the Company for any reason, Executive shall be deemed to have automatically resigned and relinquished any and all titles, positions and appointments with the Company or any of its subsidiaries or affiliates, or with respect to any employee benefit plan maintained by any of the foregoing, whether as an officer, director, employee, consultant, agent, trustee or otherwise, unless otherwise provided by the Board in its sole and absolute discretion and agreed to by Executive, and Executive agrees to execute such documents promptly as may be requested by the Company to evidence his termination from employment and such resignations and relinquishments on and as of the Termination Date.

5. Severance.

(a) Subject to Section 5(d) hereof, in the event that the Company terminates Executive's employment without Cause (as defined herein), the Company shall:

- (i) pay to Executive, in equal installments over a period of twenty-four (24) months and consistent with past payroll practices, an amount equal to two (2) times the greater of (i) Executive's then current Base Salary, or (ii) Executive's Base Salary on the date hereof (in each case without giving effect to any bonuses or fringe benefits to which Executive may be entitled);
- (ii) provide Executive with the health care benefits described in Section 10 hereof; and
- (iii) provide Executive (and Executive's spouse and dependants) a lifetime travel pass for Company's flights, enabling Executive (and Executive's spouse and dependants) to travel (free of charge) in any class of service that is available at the time of reservation;

in each case, if and only if Executive has executed and delivered to the Company, within thirty (30) days following the Termination Date, an effective and irrevocable General Release in form and substance identical in all material respects to Exhibit A attached hereto (it being understood that the first payment made following Executive's execution and delivery of such General Release will include all amounts that would have been paid following the Termination Date

had Executive executed and delivered such General Release on the Termination Date, but which were not yet paid) and, then, only if Executive has not breached any provision of Section 6, Section 7 or Section 8 hereof.

(b) In the event Executive ceases to be employed by the Company for any reason, the Company shall pay Executive his accrued but unpaid Base Salary through the Termination Date. In the event Executive ceases to be employed by the Company for any reason other than a termination by the Company for Cause, the Company shall pay Executive any Bonus in respect of any fiscal year preceding the fiscal year in which the Termination Date occurs which has not yet been paid, on the same date as annual cash bonuses for the applicable preceding fiscal year are paid to other senior executives of the Company. In the event Executive ceases to be employed by the Company for any reason other than a termination by the Company for Cause and other than a resignation by Executive for any reason, the Company shall pay Executive an amount equal to a *pro rata* portion of any Bonus in respect of the fiscal year in which such termination occurs, if and only to the extent earned, with respect to the period beginning on January 1 of the applicable year through the Termination Date, such *pro rata* annual cash bonus to be payable on the same date as annual cash bonuses for the applicable fiscal year are paid to other senior executives of the Company.

(c) Except as otherwise expressly provided herein, all of Executive's rights to salary, bonuses, fringe benefits and other compensation hereunder which accrue or become payable after the Termination Date shall cease upon such date (other than those expressly required under applicable law, such as COBRA, and accrued but unpaid vacation time, which shall be paid within thirty (30) days following the Termination Date). The Company may offset any amounts Executive owes the Company against any amounts the Company owes Executive hereunder, subject to Section 21 and except as prohibited under the terms of any applicable benefit plan, program or arrangement.

(d) It is specifically understood and agreed that the severance payments that become due to Executive under Section 5(a) hereof (if any) shall be offset (reduced), on a dollar-for-dollar basis, by the amount of any and all severance payments that may be received by Executive under the Company's Executive Severance Plan dated January 1, 2007, as amended from time to time (the "Executive Severance Plan") or any other plan, policy or program maintained by the Company from time to time. For the avoidance of doubt, the parties intend that under no circumstances shall the Company be required to make duplicate or corresponding severance payments to Executive under this Agreement and/or under any plan, policy or program maintained by the Company from time to time, including the Executive Severance Plan.

(e) For purposes of this Agreement, "Cause" shall mean (i) the commission of a felony or a crime involving moral turpitude or the commission of any other act or omission involving dishonesty or fraud with respect to the Company or any of its subsidiaries or any of their customers or suppliers, (ii) failure to perform duties of the office held by Executive as directed by the Board, following written notice of such failure by the Board to Executive, and a failure by Executive, within the ten (10) business days, to cure such failure, (iii) gross negligence, fraud or willful misconduct with respect to the Company or any of its affiliates, and/

or (iv) any breach of Section 2(c), Section 6, Section 7 and/or Section 8 of this Agreement. Further, any breach of Section 2(c) of this Agreement by Executive shall constitute “Cause” under and for purposes of each and every agreement, plan or policy of or with the Company or any of its affiliates, including, without limitation, this Agreement, the award agreement applicable to the 2014 Retention RSUs and the Executive Severance Plan.

6. Confidential Information. Executive acknowledges that the information, observations and data (including trade secrets) obtained by him while employed by the Company (including those obtained by him while employed by the Company prior to the date of this Agreement) concerning the business or affairs of the Company and its affiliates (“Confidential Information”) are the property of the Company and its affiliates. Therefore, Executive agrees that he shall not disclose to any unauthorized person or use for his own purposes any Confidential Information without the prior written consent of the Board; provided that, Executive may disclose Confidential Information, (i) to the extent that such Confidential Information has become generally known to and available for use by the public other than as a result of Executive’s acts or omissions, (ii) if advised to do so by counsel in order maintain compliance with and prevent violation of applicable law or as required as part of any judicial or administrative proceeding, but only to the extent counsel determines such disclosure is required; provided that, before any disclosure pursuant to the provisions of this clause (ii), Executive shall notify the Company of any pending disclosure and cooperate with the Company in obtaining appropriate protective measures, and (iii) to Executive’s attorneys and other professional advisors, so long as such attorneys and advisors have agreed to keep confidential the Confidential Information. Executive shall deliver to the Company at the termination of Executive’s employment with the Company, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and copies thereof) embodying or relating to the Confidential Information, Work Product (as defined below) or the business of the Company or its affiliates which he may then possess or have under his control. It is acknowledged that Executive may retain his rolodex and other address books to the extent they only contain contact information, provided that he offers the Company an opportunity to make and retain copies.

7. Inventions and Patents. Executive acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable) which relate to the Company’s or any of its affiliates’ actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by Executive while employed by the Company or any of its affiliates, including any conceived, developed, or made by Executive while employed by the Company or any of its affiliates prior to the date of this Agreement (“Work Product”) belong to the Company or such affiliate. Executive shall promptly disclose such Work Product to the Board and, at the Company’s expense, perform all actions reasonably requested by the Board (whether during or after the date on which Executive’s employment with the Company ends) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments).

8. Non-Compete, Non-Solicitation. Executive acknowledges that in the course of his employment with the Company he will become familiar with the trade secrets of the Company and its affiliates and with other Confidential Information concerning the Company and its affiliates and that his services have been and shall be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in consideration of the severance and other amounts paid and to be paid to Executive hereunder and in further consideration for the 2014 Retention RSUs, Executive agrees that:

(a) during the Noncompete Period (as defined herein), Executive shall not, within the United States or within any country in the Caribbean and Latin America where, as of the time of Executive's termination of employment, the Company operates the Business, directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in any business competing with the Business of the Company or its subsidiaries or any business in which the Company or any of its subsidiaries has entertained discussions or has requested or received information relating to the acquisition of such business by the Company or any of its subsidiaries prior to the date on which Executive's employment by the Company ends;

(b) for purposes of this Agreement, (i) "Noncompete Period" means and includes the Employment Period and a period of twelve (12) months thereafter; provided, however, that the Noncompete Period shall be extended for so long as Executive is entitled to receive severance payments under Section 5(a) hereof, and (ii) the "Business" of the Company and its subsidiaries means the provision of passenger air transportation services (whether scheduled or charter);

(c) during the Noncompete Period, Executive shall not directly or indirectly through another entity (i) induce or attempt to induce any employee of the Company or its subsidiaries to leave the employ of the Company or such subsidiary, or in any way interfere with the relationship between the Company and any subsidiary and any employee thereof, (ii) at any time hire any person who was an employee of the Company or any subsidiary within 180 days prior to the time of such hire, (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company or any subsidiary to cease doing business with the Company or such subsidiary or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any subsidiary or (iv) directly or indirectly acquire or attempt to acquire an interest in any business relating to the Business of the Company or any of its subsidiaries and with which the Company or any of its subsidiaries has entertained discussions or has requested or received information relating to the acquisition of such business by the Company or any of its subsidiaries in the two-year period immediately preceding the date on which Executive's employment by the Company ends;

(d) if, at the time of enforcement of this Section 8, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be

allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law;

(e) in the event of the breach or a threatened breach by Executive of any of the provisions of this Section 8, the Company and its affiliates, in addition and supplementary to other rights and remedies existing in their favor, shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, Executive agrees that, in the event of an alleged breach or violation by Executive of this Section 8, the Noncompete Period shall be tolled until such breach or violation has been duly cured; and

(f) the provisions of this Section 8 are in consideration of: (i) employment with the Company and (ii) the additional good and valuable consideration as set forth in this Agreement. In addition, Executive agrees and acknowledges that the restrictions contained in Section 6, Section 7 and this Section 8 do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. In addition, Executive agrees and acknowledges that the potential harm to the Company or any of its subsidiaries of the non-enforcement of Section 6, Section 7 and/or this Section 8 outweighs any potential harm to Executive of its enforcement by injunction or otherwise. In addition, Executive acknowledges that he has carefully read this Agreement and has given careful consideration to the restraints imposed upon Executive by this Agreement and is in full accord as to their necessity for the reasonable and proper protection of confidential and proprietary information of the Company and its subsidiaries now existing or to be developed in the future. Executive expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area.

9. Executive's Representations. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound, (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement, confidentiality agreement or any similar agreement with any other person or entity and (iii) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms. Executive hereby acknowledges and represents that he has consulted with independent legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

10. Post-Employment Benefits. (a) In the event Executive is terminated by the Company without Cause (as defined above) or Executive resigns from his employment with the Company, the Company shall (i) pay the premiums for Executive's COBRA coverage, and (ii) after Executive's eligibility for COBRA benefits lapses, provide Executive, at the Company's expense, with health insurance benefits reasonably consistent with the benefits Executive received prior to Executive's termination by the Company for the period from when Executive's

eligibility for COBRA benefits lapses until Executive turns 65 years of age. Executive's rights pursuant to this Section 10 shall cease and of be of no further force and effect upon Executive's acceptance of other employment which offers health insurance benefits reasonably consistent with the benefits Executive received prior to Executive's termination by or resignation from the Company.

(b) In the event Executive ceases to be employed by the Company for any reason other than death or a termination by the Company for Cause, the Company shall provide Executive (and Executive's spouse and dependent children) a lifetime travel pass for the Company's flights, enabling Executive (and his spouse and dependent children) to travel (free of charge) in any class of service that is available at the time of reservation; provided that such travel pass (the "Travel Pass") shall be subject to the following conditions:

(i) in no event shall the Travel Pass become or be effective unless (A) at the time of termination of his employment, Executive was at least 60 years of age or had served in the position of Chief Executive Officer of the Company and/or President of the Company for at least ten years, and (B) Executive has executed and delivered to the Company an effective and irrevocable General Release in form and substance identical in all material respects to Exhibit A attached hereto;

(ii) the Travel Pass shall automatically terminate on Executive's death; and

(iii) the Travel Pass shall automatically terminate if Executive, directly or indirectly, (A) owns, manages, controls, participates in, consults with, renders services for, or in any manner engages in any business competing with the business conducted by the Company or its subsidiaries at any time or (B) engages in conduct that impairs or injures the reputation of, or harms, the Company.

Nothing in this paragraph (b) is intended to limit Section 5(a)(iii) hereof.

11. Survival. The provisions of this Agreement shall survive and continue in full force in accordance with their terms notwithstanding the termination of Executive's employment with the Company.

12. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by reputable overnight courier service or mailed by first class mail, return receipt requested, to the recipient at the address below indicated:

Notices to Executive :

900 Ponce de Leon Dr.
Fort Lauderdale, FL 33316

Notices to the Company :

Spirit Airlines, Inc.
2800 Executive Way

Miramar, FL 33025
Facsimile: (954) 447-7967
Attention: Board of Directors
General Counsel

With copies to :

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Facsimile: (212) 492-0107
Attention: Robert C. Fleder, Esq.

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered, sent or mailed.

13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way (including, without limitation, any and all agreements between Executive and the Company dated prior to the date hereof).

15. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

16. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

17. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company and their respective heirs, successors and assigns, except that Executive may not assign his rights or delegate his duties or obligations hereunder without the prior written consent of the Company.

18. Choice of Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Florida.

19. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company (as approved by the Board), its successors and assignees, and Executive, and no course of conduct or course of dealing or failure or delay by any party hereto in enforcing or exercising any of the provisions of this Agreement (including, without limitation, the Company's right to terminate Executive's employment for Cause) shall affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement.

20. Arbitration. Except with respect to any dispute or claim under Section 6, Section 7 or Section 8 hereof (which may be pursued in any court of competent jurisdiction as specified below and with respect to which each party shall bear the cost of its own attorneys' fees and expenses except as otherwise required by applicable law), each party hereto agrees that the arbitration procedure set forth in Exhibit B hereto shall be the sole and exclusive method for resolving any claim or dispute ("Claim") arising out of or relating to the rights and obligations acknowledged and agreed to in this Agreement and the employment of Executive by the Company and its affiliates (including, without limitation, disputes and claims regarding employment discrimination, sexual harassment, termination and discharge), whether such Claim arose or the facts on which such Claim is based occurred prior to or after the execution and delivery of this Agreement. The parties agree that the result of any arbitration hereunder shall be final, conclusive and binding on all of the parties hereto. Nothing in this Section 20 shall prohibit a party hereto from instituting litigation to enforce any Final Determination (as defined in Exhibit B hereto). Each party hereto hereby irrevocably submits to the jurisdiction of any United States District Court or state court of competent jurisdiction sitting in Fort Lauderdale, Florida, and agrees that such court shall be the exclusive forum with respect to any dispute or claim under Section 6, Section 7 or Section 8 hereof and for the enforcement of any Final Determination. Each party hereto irrevocably consents to service of process by registered mail or personal service and waives any objection on the grounds of personal jurisdiction, venue or inconvenience of the forum. Each party hereto further agrees that each other party hereto may initiate litigation in any court of competent jurisdiction to execute any judicial judgment enforcing a Final Determination.

21. Taxes; Section 409A. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law. For purposes of this Agreement, "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (and such other Treasury or Internal Revenue Service guidance) as in effect from time to time. The parties intend that any amounts payable hereunder that could constitute "deferred compensation" within the meaning of Section 409A will be compliant with Section 409A and this Agreement shall be interpreted to either exempt payments therefrom or to be compliant therewith. Notwithstanding anything in this Agreement to the contrary, in the event that Executive is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)

(i), no payments hereunder that are “deferred compensation” subject to Section 409A shall be made to Executive prior to the date that is six (6) months after the date of Executive’s “separation from service” (as defined in Section 409A) or, if earlier, Executive’s date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A that is also a business day. For purposes of this Agreement, with respect to payments of any amounts that are considered to be “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A and shall only be paid on a “separation from service” within the meaning of Section 409A. To the extent that any reimbursements under this Agreement are taxable to Executive, any such reimbursement payment due to Executive shall be paid to Executive as promptly as practicable consistent with Company practice following Executive’s appropriate itemization and substantiation of expenses incurred, and in all events on or before the last day of Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements under this Agreement are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that Executive receives in any other taxable year. In addition, any reimbursements for COBRA coverage premiums described in this Agreement shall be paid to Executive as promptly as practicable, and in all events on or before the last day of the third taxable year of you following the taxable year of the Company in which the Termination Date occurred. For the avoidance of doubt, Executive is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for his account in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its subsidiaries shall have any obligation to indemnify or otherwise hold Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

22. Attorneys’ Fees in Connection with this Agreement. The Company shall pay all reasonable legal counsel fees and expenses incurred by Executive in connection with this amendment and restatement of the Prior Agreement and the documentation of the 2014 Retention RSUs, subject to a cap of \$10,000 in the aggregate.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SPIRIT AIRLINES, INC.

By: /s/ H. McIntyre Gardner
H. McIntyre Gardner
Chairman of the Board

/s/ B. Ben Baldanza
B. Ben Baldanza

Schedule 1Major Responsibilities

- Lead the development of the overall strategic direction and business plan of Company by orchestrating an ongoing planning process which produces a clear and compelling corporate vision and mid- and long-term business objectives.
 - Based on the broad direction provided by the strategic plan, develop and gain approval for the Company's annual business plan, operating plan, and operating budget.
 - Manage ongoing business and operating performance against the plans and budgets above, on a quarterly, monthly, weekly, and daily basis. Provide timely and accurate reporting on financial and operating results and other special projects and initiatives under his/her direction.
 - Develop and execute an organizational plan for all key functions under Executive as a function of the Company's strategic and operating plans. Ensure that major functional "holes" in the organization are addressed and that appropriate succession plans are developed and implemented.
 - Provide strong and inspired leadership to the commercial and operating employees of Company, promoting and maintaining strong employee morale. Establish high expectations for all employees with regard to performance and adherence to Company values.
 - Play the lead role in evolving the corporate culture for the Company in a manner consistent with the business focus of the Company and shareholder return expectations.
 - Oversee the day-to-day operations of the Company, ensuring adherence to high levels of safety, cost control, customer service, on-time performance, and financial performance. Display, and act on, a real and ongoing concern for the delivery of outstanding customer service and operating integrity by probing into daily operating performance and spending time "in the field."
 - Provide active leadership in the resolution of operational issues as they arise.
 - Ensure that the Company meets all government and corporate regulations and policies on an ongoing basis. Address potential deviations immediately.
 - Ensure that the Company has full emergency preparedness. Lead and manage the response process when and if emergencies occur.
 - Ensure that the Company develops and maintains, in the face of current and future competition, a compelling and differentiable customer value proposition that drives profitable traffic growth.
 - Ensure that the Company translates its customer value proposition into workable product and service attributes that can be easily and efficiently implemented in the field day-to-day.
 - Through advertising and promotion, ensure that the Company has a compelling, exciting, and effective approach to consumer marketing that communicates, and regularly refreshes its value proposition in the face of competition.
 - Working through the sales and distribution organization, drive product distribution through efficient online distribution channels at lowest possible cost.
 - Manage an effective media relations program to maximize the Company's profile in target markets. Serve as the primary external ambassador for the Company.
-

- Manage the overall relationship with the Board of Directors and the key investors in the company. Engage the Board in discussion and decision making on key strategic issues as they arise.
 - Manage relationships with senior representatives of various key constituents including employees, suppliers, various levels of government regulators, local communities, and suppliers.
-

EXHIBIT A

[TO BE DELIVERED IF, AS AND WHEN REQUIRED BY SECTION 5(a) OF THE EMPLOYMENT AGREEMENT TO WHICH THIS EXHIBIT A IS ATTACHED]

GENERAL RELEASE

I, B. Ben Baldanza, in consideration of and subject to the performance by Spirit Airlines, Inc., a Delaware corporation (together with its affiliates, the “Company”), of its material obligations under the Amended and Restated Employment Agreement, dated as of January 8, 2014 (the “Agreement”), do hereby release and forever discharge as of the date hereof the Company and all present and former directors, officers, agents, representatives, employees, successors and assigns of the Company and its direct or indirect owners (collectively, the “Released Parties”) to the extent provided below.

1. I understand that any payments or benefits paid or granted to me under Section 5(a) of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the payments and benefits specified in Section 5(a) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter or breach this General Release.

2. Except as provided in paragraph 4 below, I knowingly and voluntarily release and forever discharge the Company and the other Released Parties from any and all claims, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys’ fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date of this General Release) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation from, the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1866, as amended; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or the state or local counterparts of any of the foregoing; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys’ fees incurred in these matters) (all of the foregoing collectively referred to herein as the “Claims”).

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 2 hereof as of the execution of this General Release.

6. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

7. I agree that I will forfeit all amounts payable by the Company pursuant to the Agreement if I challenge the validity of this General Release. I also agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees, and return all payments received by me pursuant to the Agreement.

8. I agree that this General Release is confidential and agree not to disclose any information regarding the terms of this General Release, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

9. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the National Association of Securities Dealers, Inc. (NASD), any other self-regulatory organization or governmental entity.

10. I agree to reasonably cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding. I understand and agree that my cooperation may include, but not be limited to, making myself available to the Company upon reasonable notice for interviews and factual investigations; appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Company pertinent information; and turning over to the Company all relevant documents which are or may come into my possession all at times and on schedules that are reasonably consistent with my other permitted activities and commitments. I understand that in the event the Company asks for my cooperation in accordance with this provision, the Company will reimburse me for reasonable travel expenses, including lodging and meals, upon my submission of receipts, and for my time in the event of any unusual or lengthy required period of cooperation.

11. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement, including, but not limited to, any rights which I may have as a shareholder of the Company.

12. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED; TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963; THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;
3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND HAVE DONE SO, OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE HAD AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM TO CONSIDER IT, AND ANY CHANGES MADE SINCE SUCH DATE ARE NOT MATERIAL AND WILL NOT RESTART THE REQUIRED 21-DAY PERIOD;

6. ANY CHANGES TO THE AGREEMENT SINCE THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM EITHER ARE NOT MATERIAL OR WERE MADE AT MY REQUEST;

7. I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

8. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

9. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

DATE: _____, _____

B. Ben Baldanza

EXHIBIT B

ARBITRATION PROCEDURE

1. Notice of Claim. A party asserting a Claim (the “Claimant”) shall deliver written notice to each party against whom the Claim is asserted (collectively, the “Opposing Party”), with a copy to the persons required to receive copies of notices under the Agreement (the “Additional Notice Parties”), specifying the nature of the Claim and requesting a meeting to resolve same. The Additional Notice Parties shall be given reasonable notice of and invited and permitted to attend any such meeting. If no resolution is reached within 10 business days after delivery of such notice, the Claimant or the Opposing Party may, within 45 days after giving such notice, invoke the arbitration procedure provided herein by delivering to each Opposing Party and the Additional Notice Parties a Notice of Arbitration, which shall specify the Claim as to which arbitration is sought, the nature of the Claim, the basis for the Claim, and the nature and amount of any damages or other compensation or relief sought (a “Notice of Arbitration”). Each party agrees that no punitive damages may be sought or recovered in any arbitration, judicial proceeding or otherwise. Failure to file a Notice of Arbitration within 45 days shall constitute a waiver of any right to relief for the matters asserted in the notice of claim. Any Claim shall be forever barred, and no relief may be sought therefor, if written notice of such Claim is not made as provided above within one year of the date such claim accrues.

2. Selection of Arbitrator. Within 20 business days after receipt of the Notice of Arbitration, Executive and the Board shall meet and attempt to agree on an arbitrator to hear and decide the Claim. If Executive and the Board cannot agree on an arbitrator within ten business days, then they shall request the American Arbitration Association (the “AAA”) to appoint an arbitrator experienced in the area of dispute who does not have an ongoing business relationship with any of the parties to the dispute. If the arbitrator selected informs the parties he cannot hear and resolve the Claim within the time-frame specified below, Executive and the Board shall request the appointment of another arbitrator by the AAA subject to the same requirements.

3. Arbitration Procedure. The following procedures shall govern the conduct of any arbitration under this section. All procedural matters relating to the conduct of the arbitration other than those specified below shall be discussed among counsel for the parties and the arbitrator. Subject to any agreement of the parties, the arbitrator shall determine all procedural matters not specified herein.

(a) Within 30 days after the delivery of a Notice of Arbitration, each party shall afford the other, or its counsel, with reasonable access to documents relating directly to the issues raised in the Notice of Arbitration. All documents produced and all copies thereof shall be maintained as strictly confidential, shall be used for no purpose other than the arbitration hereunder, and shall be returned to the producing party upon completion of the arbitration. There shall be no other discovery except that, if a reasonable need is shown, limited depositions may be allowed in the discretion of the arbitrator, it being the expressed intention and agreement of each

party to have the arbitration proceedings conducted and resolved as expeditiously, economically and fairly as reasonably practicable, and with the maximum degree of confidentiality.

(b) All written communications regarding the proceeding sent to the arbitrator shall be sent simultaneously to each party or its counsel, with a copy to the Additional Notice Parties. Oral communications between any of the parties or their counsel and the arbitrator shall be conducted only when all parties or their counsel are present and participating in the conversation.

(c) Within 20 days after selection of the arbitrator, the Claimant shall submit to the arbitrator a copy of the Notice of Arbitration, along with a supporting memorandum and any exhibits or other documents supporting the Claim.

(d) Within 20 days after receipt of the Claimant's submission, the Opposing Party shall submit to the arbitrator a memorandum supporting its position and any exhibits or other supporting documents. If the Opposing Party fails to respond to any of the issues raised by the Claimant within 20 days of receipt of the Claimant's submission, then the arbitrator may find for the Claimant on any such issue and bar any subsequent consideration of the matter.

(e) Within 20 days after receipt of the Opposing Party's response, the Claimant may submit to the arbitrator a reply to the Opposing Party's response, or notification that no reply is forthcoming.

(f) Within 10 days after the last submission as provided above, the arbitrator shall notify the parties and the Additional Notice Parties of the date of the hearing on the issues raised by the Claim. Scheduling of the hearing shall be within the sole discretion of the arbitrator, but in no event more than 30 days after the last submission by the parties, and shall take place within 50 miles of the corporate headquarters of the Company at a place selected by the arbitrator or such other place as is mutually agreed. Both parties shall be granted substantially equal time to present evidence at the hearing. The hearing shall not exceed one business day, except for good cause shown.

(g) Within 30 days after the conclusion of the hearing, the arbitrator shall issue a written decision to be delivered to both parties and the Additional Notice Parties (the "Final Determination"). The Final Determination shall address each issue disputed by the parties, state the arbitrator's findings and reasons therefor, and state the nature and amount of any damages, compensation or other relief awarded.

(h) The award rendered by the arbitrator shall be final and non-appealable, except as otherwise provided under the Florida Uniform Arbitration Act, and judgment may be entered upon it in accordance with applicable law in such court as has jurisdiction thereof.

4. Costs of Arbitration. As part of the Final Determination, the arbitrator shall require that the costs and expenses of the arbitration, including the arbitrator's fee and both parties' attorneys' fees and expenses, be borne and paid by the party that did not, in the

arbitrator's judgment, prevail in the arbitration. In the event that any relief which is awarded is non-monetary, then such costs and expenses shall be allocated in any manner as may be determined by the arbitrators.

5. Satisfaction of Award. If any party fails to pay the amount of the award, if any, assessed against it within 30 days after the delivery to such party of the Final Determination, the unpaid amount shall bear interest from the date of such delivery at the lesser of (i) prime lending rate announced by Citibank N.A. plus three hundred basis points and (ii) the maximum rate permitted by applicable usury laws. In addition, such party shall promptly reimburse the other party for any and all costs or expenses of any nature or kind whatsoever (including attorneys' fees) reasonably incurred in seeking to collect such award or to enforce any Final Determination.

6. Confidentiality of Proceedings. The parties hereto agree that all of the arbitration proceedings provided for herein, including any notice of claim, the Notice of Arbitration, the submissions of the parties, and the Final Determination issued by the arbitrator, shall be confidential and shall not be disclosed at any time to any person other than the parties, their representatives, the arbitrator and the Additional Notice Parties; provided, however, that this provision shall not prevent the party prevailing in the arbitration from submitting the Final Determination to a court for the purpose of enforcing the award, subject to comparable confidentiality protections if the court agrees; and further provided that the foregoing shall not prohibit disclosure to the minimum extent reasonably necessary to comply with (i) applicable law (or requirement having the force of law), court order, judgment or decree, including, without limitation, disclosures which may be required pursuant to applicable securities laws, and (ii) the terms of contractual arrangements (such as financing arrangements) to which the Company or any Additional Notice Party may be subject so long as such contractual arrangements were not entered into for the primary purpose of permitting disclosure which would otherwise be prohibited hereunder.

September 7, 2013

Mr. John Bendoraitis

Dear John:

On behalf of Spirit Airlines, Inc. ("Spirit" or the "Company"), we would like to take this opportunity to confirm the terms of our offer of employment. We are enthusiastic about having you join Spirit.

Your title will be Senior Vice President and Chief Operating Officer, and you will report to B. Ben Baldanza, President and CEO. Your annualized base salary will be \$320,000. This offer is contingent upon your passing required Company and TSA background checks as well as your signing and returning this letter to us no later than September 14, 2013 and commencing employment on or prior to October 15, 2013 or a date mutually agreeable. Our Human Resources Department will be in touch with you to coordinate pre-employment arrangements.

You will be eligible to participate in the Company's Performance Incentive Plan (PIP) for 2013 pro rata based upon your start date in the year, and thereafter on the same terms as other senior officers of the Company. Your PIP target percentage will be 70% of base salary. The PIP can pay out up from 0% to 200% of target for 2013.

You will be granted an initial equity-based incentive award having a grant date face value of \$1,350,000, in the same form as for 2013 grants to other senior officers and subject to the terms and conditions of the Company's equity incentive award plan. Our equity incentive award design for senior officers provides that such amount be split 50/50 between Restricted Stock Units, vesting in equal annual installments over a four-year period, and Performance Share Units, which are settled in shares after a three-year measurement period commencing January 1, 2013. You also will be eligible to receive an annual equity incentive award in 2014, which will be on the same basis and terms as such 2014 annual awards for other senior officers (currently, a \$450,000 target value). The foregoing is intended as a general description of such awards, and is qualified in its entirety by reference to the corresponding award agreements, the Company's equity incentive award plan and, in the case of 2014 awards, a future action by our compensation committee, acting in its discretion.

In addition, within 15 days following your start date, you will receive a signing bonus of \$115,000. To assist with your relocation to South Florida, the Company is prepared to reimburse you for up to \$60,000 in relocation expenses that are documented in reasonable detail (provided that, within this allowance, individual expenses of \$500 or less, and aggregating not more than \$10,000, need not be documented). You hereby agree to repay to the Company upon demand and in full the sum of such signing bonus amount and any aggregate amount paid or reimbursed to you by the Company for relocation if you voluntarily terminate employment with the Company at any time within 12 months following your start date.

On your start date, you will be eligible for Company-sponsored employee benefits, including medical, life, dental, and vision insurance and participation in flexible benefits plan. Depending on the benefits selected, there may be an employee contribution. In addition, you and your immediate family

will be eligible for positive space airline travel privileges on Spirit. You also will receive travel privileges on other specified airlines subject to their policies and their respective agreements with the Company.

You will be eligible to participate in the Company's 401K Plan and will be provided with Company-paid long term disability insurance, according to the terms and conditions of those plans.

You will receive three weeks paid vacation per year.

This position qualifies you for participation in the Spirit Airlines Executive Severance Plan. In addition, you will be covered by the Company's D&O insurance policy.

You represent and warrant that in performing services for the Company, you will not use or disclose any confidential information of any prior employer or other person or entity. You further represent that you have not taken or brought with you any confidential, proprietary or potentially trade secret information from any prior employer or other person or entity for use at the Company, and that you are able to fully and effectively perform your job functions for the Company without resort to, or reliance on, any such confidential information of any prior employer or other person or entity.

Should you have any questions, please do not hesitate to let us know. I look forward to you joining our team as we build the best Ultra Low Cost Carrier in the Americas.

Sincerely,

SPIRIT AIRLINES, INC.

Agreed & Accepted,

/s/ B. Ben Baldanza

/s/ John Bendoraitis

Name: B. Ben Baldanza

John Bendoraitis

Title: President and CEO

Lease Modification and Extension Agreement

THIS LEASE MODIFICATION AND EXTENSION AGREEMENT, is made and entered into as of the 26th day of September, 2013, between Sunbeam Development Corporation, an Indiana corporation (hereinafter referred to as "Lessor"), and Spirit Airlines, Inc., a Delaware corporation (hereinafter referred to as "Lessee").

WHEREAS, Lessor and Lessee entered into a lease agreement (the "Lease") dated June 17, 1999 for the property known as 2800 – 2888 Executive Way, Miramar, Broward County, Florida (the "Original Premises"); and

WHEREAS, the Lessee and Lessor modified the Lease pursuant to an Addendum to the Lease dated June 18, 1999, a Second Addendum to the Lease dated October 12, 1999 and a Third Addendum to the Lease dated October 12, 1999; and

WHEREAS, Lessee and Lessor subsequently signed a Lease Expansion Agreement dated October 12, 1999 for Lessee to Lease 2954 -2990 Executive Way, Miramar, Florida (the "Expansion Premises"); and

WHEREAS, Lessee and Lessor entered into a Land Lease dated October 12, 1999; and

WHEREAS, Lessee and Lessor further modified the Lease by two letter agreements dated December 28, 1999 and April 4, 2000; and

WHEREAS, Lessee and Lessor subsequently signed a Lease Modification and Contraction Agreement dated May 7, 2009 whereby Lessee vacated 2954 – 2990 Executive Way, Miramar, Florida (the "Expansion Premises") and other modifications were made to the Lease, and the Land Lease was deemed null and void; and

WHEREAS, both parties hereby agree to extend the Lease and make other modifications to the Lease; and

WHEREAS, *****; and

NOW, THEREFORE, in consideration of the mutual benefits to the parties and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

I. Lease Modifications. To reflect the extension described in this Lease Modification and Extension Agreement, the following changes shall be made to the Lease, effective immediately unless noted otherwise below:

- a. Term. Extend the term of the Lease thru January 31, 2025. .
- b. Rent. To reflect the extension described in this Lease Modification and Extension Agreement, the rent schedule is hereby extended and revised as shown below:

Rent for months not listed above shall remain unchanged.

The term "rent" under this Lease shall include the monthly sums referenced above (including applicable sales taxes), and all other sums due under this Lease, including but not limited to those described in Paragraphs 20 and 28.

- c. Bioterrorism. To the extent applicable, Lessee shall comply with the registration requirements of the Public Health Security and Preparedness and Response Act of 2002, and shall provide Lessor with written proof of such compliance not less than annually.
- d. Move-Out Inspection. Lessee shall give written notice to Lessor not less than thirty (30) days prior to the end of the term of this Lease for the express purpose of arranging a meeting with Lessor for a joint inspection of the Premises. At such meeting, Lessee and Lessor shall make a list of all repairs that are required to be made by Lessee, if any. In the event (i) Lessee does not

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

provide such written notice or make itself available for the joint inspection, (ii) Lessee does not make the repairs noted at the joint inspection prior to the end of the term of this Lease or (iii) Lessee (its subtenants, assignees, agents, contractors or invitees) causes or permits to occur any further damage the Premises between the time of the joint inspection and the end of the term of this Lease, then Lessor shall have the right to obtain prices for the required repairs and submit a bill for same to Lessee for immediate payment by Lessee pursuant to this Paragraph. The prices for the required repairs obtained by Lessor shall be deemed conclusively correct for the purpose of determining the cost to make the repairs.

- e. Lessor's Maintenance. To clarify possible ambiguity in Lease Paragraph 25(b), Lessee and Lessor hereby agree that Lessor's maintenance obligations include exterior lighting and exterior loading areas and exclude any interior lighting or interior loading areas.
- f. Exclusives. A number of lessees and owners at Miramar Park of Commerce have exclusive use rights. Accordingly, Lessee shall not use the Premises for any of the uses described in Exhibit "1".
- g. Air Conditioning. *****.

II. AS-IS . Other than as noted in paragraph I(g) above, Lessee shall continue to lease the Premises in "as-is" condition.

III. Broker. Lessee represents and warrants that Studley, Inc. ("Lessee's Broker") is the only broker that Lessee has worked with in connection with this Lease Modification and Extension Agreement. Any commission which is now or in the future may be due and payable to Lessee's Broker with regard to this Lease Modification and Extension Agreement shall be paid by Lessor in accordance with a separate agreement between Lessor and Lessee's Broker. Lessor agrees to indemnify and hold Lessee harmless from any and all liability for the payment of such commission and any other commission claimed by a broker as a result of the actions of Lessor. Lessee agrees to indemnify and hold Lessor harmless from any and all liability for the payment of any commission claimed by a broker other than Lessee's Broker as a result of the actions of Lessee.

IV. Cross-Default. Lessee and Lessor acknowledge that Lessee has executed a separate lease agreement with Lessor for property located at 2844 – 2854 Corporate Way, Miramar, Florida dated September 26, 2013 ("MPC-20 Lease") and if Lessee is in default of any of its monetary obligations under this Lease or the MPC-20 Lease, or is in default of any material non-monetary obligation under this Lease or the MPC-20 Lease any such default in one lease shall be deemed a default of both leases.

V. Terms, Ratification, Conflict . All terms used herein and not otherwise defined shall have the meanings ascribed to said terms in the Lease, or the other documents, letters and agreements referenced in the recitals of this Lease Modification and Extension Agreement. The Lease as amended is hereby ratified and confirmed. In the event of a conflict between the terms and provisions of this Lease Modification and Extension Agreement and the terms and provisions of the Lease or the other documents, letters and agreements referenced in the recitals of this Lease Modification and Extension Agreement, the terms and provisions of this Lease Modification and Extension Agreement shall control.

VI. Other . All other terms and conditions of the Lease shall remain unchanged. The provisions of this Lease Modification and Extension Agreement shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.

<signature page follows>

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF , the parties hereto have hereunto executed this instrument for the purpose herein expressed, the day and year above written.

Signed, sealed and delivered in the presence of:

LESSOR: Sunbeam Development Corporation

/s/ Clara Pink By: /s/ Andrew L. Ansin
Witness Sign Name Andrew L. Ansin, Vice President

Clara Pink 9/26/13
Witness Print Name Date

/s/ Yvette Garcia
Witness Sign Name

Yvette Garcia
Witness Print Name

LESSEE: Spirit Airlines, Inc.

/s/ Antony Tam By: /s/ Charles A. Rue
Witness Sign Name

Antony Tam Charles Rue
Witness Print Name Print

/s/ C.W. Sandifer VP Supply Chain
Witness Sign Name Title

C.W. Sandifer September 18, 2013
Witness Print Name Date

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "1"

**Exclusives of Other Lessees and Owners
at Miramar Park of Commerce**

The Premises shall not be used by Lessee or any sublessee, assignee or other successor in interest to Lessee as a culinary school.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Spirit Airlines, Inc.
Miramar Park of Commerce
BUSINESS LEASE

THIS LEASE, entered into this 26th day of September, 2013, between Sunbeam Development Corporation, hereinafter called the Lessor, party of the first part, and Spirit Airlines, Inc., a Delaware Corporation hereinafter called the Lessee or tenant, party of the second part:

WITNESSETH, That the said Lessor does this day Lease unto said Lessee, and said Lessee does hereby hire and take as tenant 2844 – 2854 Corporate Way, Miramar, Broward County, Florida 33025 (the "Premises"), which consists of approximately 14,625 square feet as shown on Exhibit "A" attached and which is a portion of a building (the "Building" as identified on Exhibit "A"). The Premises shall be used and occupied by the Lessee for the use described in Paragraph 38 and for no other purposes or uses whatsoever without the express written consent of Lessor, said consent not to be unreasonably withheld or delayed, for the term of one hundred and thirty three (133) months beginning the 1st day of January, 2014, and ending the 31st day of January, 2025, at and for the agreed rental payable as follows:

The term "rent" under this Lease shall include the monthly sums referenced above (including applicable sales taxes), and all other sums due under this Lease, including but not limited to those described in Paragraphs 20 and 28.

Lessee hereby deposits ***** with Lessor for the following:

| | |
|--|-------|
| March 1-31, 2014 Rent: | ***** |
| Lessee's Proportionate Share of March 1-31, 2014 | |
| Estimated Expenses (per Paragraph 28): | ***** |
| Sales Tax: | ***** |
| | ***** |
| Total: | ***** |

In the event the term of this Lease begins or ends on other than the first or last day of a month, rent for such month(s) shall be prorated on a per diem basis. In the event that any monthly rental payment due hereunder is not received by Lessor by the seventh (7th) business day of any month, said payment shall bear a late charge of ***** of the monthly payment which shall be then due and payable.

All payments to be made to the Lessor on the first day of each and every month in advance without demand at the office of Sunbeam Development Corporation, 1401 79th St. Causeway in the City of Miami, Florida 33141 or at such other place and to such other person, as the Lessor may from the time to time designate in writing.

If Lessee remits payments due under this Lease via electronic transfer of funds ("ETF") to a designated Lessor account, and any such ETF is in an amount less than what is currently owed, Lessor may reject such ETF, as set forth below. Moreover, if Lessee remits payment via ETF to a designated Lessor account after receiving a letter from Lessor demanding payment of delinquent amounts or return of possession of the premises (a "Letter"), Lessor may reject such ETF, as set forth below, if it is not for the full amount demanded in the Letter or if the ETF is not received within the timeframe for payment stated in the Letter.

If Lessor rejects an ETF, it shall provide Lessee with a written notice of rejection within five (5) business days after Lessor's receipt of the ETF. Failure of Lessor to provide Lessee with timely notice of rejection of an ETF shall be deemed an acceptance of such ETF by Lessor. If Lessor rejects an ETF, Lessor shall redirect the funds back to Lessee's

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originating account (net of any wire transfer fees) without unreasonable delay. An ETF which has been properly rejected by Lessor shall be treated for all purposes as if the ETF had never been initiated.

The following express stipulations and conditions are made a part of this Lease and are hereby assented to by the Lessee:

FIRST: Assignment & Subletting. The Lessee shall not assign this Lease, nor sub-let the Premises, or any part thereof nor use the same, or any part thereof, nor permit the same, or any part thereof, to be used for any other purpose than as above stipulated nor make any alterations therein, and all additions thereto, without the written consent of the Lessor, said consent not to be unreasonably withheld or delayed. Notwithstanding any assignment of this Lease, Lessee shall remain fully responsible for its obligations under this Lease. Furthermore, Lessee acknowledges that in the event it subleases or assigns all or a portion of the Premises and the associated subtenant/assignee holds over in the Premises beyond the end of the term of this Lease, Lessee shall be responsible for paying rent, Lessee's Proportionate Share of Expenses and the holdover penalty for the entire Premises during the period of the subtenant's/assignee's holdover, regardless of whether the subtenant/assignee is subleasing (and/or occupying) all or only a portion of the Premises.

SECOND: Personal Property/Leasehold Improvements. Except for the negligence or misconduct of Lessor or its, employees, agents, or contractors, all personal property placed or moved in the Premises above described shall be at the risk of the Lessee or owner thereof, and Lessor shall not be liable for any damage to said personal property, or to the Lessee arising from the bursting or leaking of water pipes, or from any act of negligence of any co-tenant or occupants of the Building or of any other person whomsoever.

THIRD: Compliance with Laws. That the Lessee shall promptly execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of the Federal, State and City Government and of any and all their Departments and Bureaus applicable to said Premises, for the correction, prevention, and abatement of nuisances or other grievances, in, upon, or connected with said Premises during said term. Moreover, to the extent applicable, the Lessee shall comply with the registration requirements of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, and shall provide Lessor with written proof of such compliance not less than annually.

FOURTH: Casualty. a) In the event (i) the Premises shall be destroyed or so damaged or injured by fire or other casualty during the life of this Lease or (ii) the Premises shall be materially adversely affected by any repairs, additions or alterations required to be performed by Lessor under the terms of this Lease, whereby the Premises shall be consequently rendered either partially or completely untenable, then within thirty (30) days of the untenability, Lessor shall provide written notice to Lessee stating the amount of time reasonably estimated by Lessor to complete the restoration of the Premises to the condition that existed immediately prior to the untenability.

(b) In the event Lessor's notice states that the restoration cannot be completed within 180 days from the date of the untenability, Lessee shall have the option to cancel this Lease by providing written notice to Lessor within ten (10) days of receipt of Lessor's notice.

(c) In the event that in Lessor's reasonable opinion the restoration can be completed within one-hundred and eighty (180) days from the date of the untenability or Lessee does not terminate this Lease as described above, Lessor shall be obligated to complete the restoration.

(d) If the Premises are not rendered tenable within Lessor's estimated timeframe, Lessee may cancel this Lease upon written notice to Lessor. In the event of such cancellation, all Rent and Additional Rent, including Lessee's Proportionate Share of Expenses shall be paid only to the date of the casualty.

(e) All Rent and Additional Rent, including Lessee's Proportionate Share of Expenses shall be abated in proportion to the square footage of the Premises rendered untenable from the date of the untenability until the date that the Premises are rendered tenable by Lessor. Notwithstanding the foregoing, in the event fifty percent (50%) or more of the Premises is rendered untenable, Lessee at its option, may treat the entire Premises as untenable, move out completely and have a complete abatement of Rent and Additional Rent; or if Lessee continues to occupy any portion of the Premises, Lessee shall pay only its Rent and Additional Rent, including Lessee's Proportionate Share of Expenses, in proportion to the portion of the Premises that Lessee actually uses from the date of the untenability until the date that the entire Premises are rendered tenable by Lessor.

(f) Any restoration to be performed by Lessor as described above shall be started and completed as quickly as reasonably possible.

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FIFTH: Compliance. (a) The prompt payment of the Rent and Additional Rent for said Premises upon the dates named, and the faithful observance of the rules and regulations printed upon this Lease, and which are hereby made a part of this covenant, are the conditions upon which this Lease is made and accepted and any failure on the part of the Lessee to comply with the terms of said Lease, or any of said rules, shall at the option of the Lessor, be deemed a default of this Lease.

(b) Notwithstanding anything to the contrary contained hereinabove, Lessee shall not be deemed to be in default of this Lease for nonpayment of Rent or any Additional Rent due under the terms of the Lease unless same remains unpaid for seven (7) business days after written notice from Lessor.

(c) Lessee shall not be deemed in default under the Lease for failure to comply with any covenants, conditions, or other provisions of the Lease, other than payment of money, unless such condition is not cured within thirty (30) days after written notice, or such longer period of time if the default by its nature cannot be cured with such thirty (30) day period and provided Lessee has commenced the curative action within such thirty (30) day period and it is diligently pursuing the cure until completion.

SIXTH: Default. (a) If the Lessee shall be in default under this Lease, and such default is not cured within the applicable grace period, or shall abandon or vacate said Premises before the end of the term of this Lease, or shall suffer the rent to be in arrears beyond applicable notice provisions and grace periods, the Lessor may, at its option, forthwith cancel this Lease or it may enter said Premises as the agent of the Lessee, by force or otherwise (all in accordance with local law), and relet the Premises as the agent of the Lessee, at such price and upon such terms and for such duration of time as the Lessor may determine, and receive the rent therefor, applying the same to the payment of the rent due by these presents, and if the full rental herein provided shall not be realized by Lessor over and above the expenses to Lessor in such re-letting, the said Lessee shall pay any deficiency, and if more than the full rental is realized Lessor will pay over to said Lessee the excess of rent net of all costs associated with releasing the Premises. In the alternative, Lessor may elect to declare the entire rent for the balance of the Lease Term, or any part thereof, due and payable forthwith, and to bring an action for the recovery thereof. For purposes of this Lease, the term "abandon" shall be defined to mean the failure by Lessee, (i) to keep the Premises properly lit, air conditioned, dehumidified, and secured for a period of more than five (5) calendar days, and/or (ii) to properly maintain the electrical and interior plumbing systems and promptly notify Lessor of roof leaks, and/or (iii) to provide Lessor access to Premises when reasonably requested to allow inspections to insure proper functioning of the Building including but not limited to the roof, plumbing, sewer, electrical, and other systems.

(b) To the extent permitted by applicable law, Lessor and Lessee hereby mutually waive any and all rights which either may have to request a jury trial in any action, proceeding or counterclaim arising out of this lease or lessee's occupancy of or right to occupy the premises. This waiver is made freely and voluntarily, without duress and only after each of the parties hereto have had the benefit of advice from legal counsel on this subject.

(c) Lessee further agrees that in the event Lessor commences any summary proceeding for non-payment of rent or possession of the Premises, Lessee will not interpose and hereby waives all right to interpose any counterclaim of whatever nature in any such proceeding. Lessee further waives any right to remove said summary proceeding to any other court or to consolidate said summary proceeding with any other action, whether brought prior or subsequent to the summary proceeding.

(d) Any suit, claim, and/or proceeding regarding the Premises or the rights, duties, and obligations set forth in this Lease, shall be brought exclusively in the appropriate court of law situated in Broward County Florida.

SEVENTH: Attorney's Fees and Expenses. In the event Lessee defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease, Lessee agrees to pay Lessor's reasonable attorneys' fees and costs incurred by it in connection with the administration, collection and enforcement of this Lease and of Lessee's obligations hereunder. If there is any legal action or proceeding between or involving Lessor and Lessee (including a bankruptcy or similar proceeding of Lessee) to enforce any provision of this Lease or to protect or establish any right or remedy of either Lessor or Lessee hereunder, the prevailing party shall be reimbursed for reasonable attorneys' fees and expenses, including fees and expenses relating to appellate litigation, incurred by such prevailing party in such action or proceeding and in any appearance in connection therewith, and if such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorneys' fees will be determined by the court handling the proceeding and will be included in and as a part of such judgment. Lessor shall be entitled to reimbursement of its reasonable attorney's fees and costs in connection with any bankruptcy or similar proceeding involving Lessee regardless of whether Lessor is a prevailing party, including, without limitation attorneys' fees and costs related to monitoring the bankruptcy proceeding and any related proceedings or appeals, any

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contested matters relating to assumption, rejection, and/or assignment of the Lease, and proceedings relating to relief from the automatic stay.

EIGHTH: Lessee's Obligations to Pay Utilities. The Lessee agrees that it will pay all charges for gas, electricity, illumination and other utilities ("Utilities") used on said Premises, and should said charges for Utilities herein provided for at any time remain due and unpaid for the space of thirty days after the same shall have become due, the Lessor may at its option consider the said Lessee tenant at sufferance and immediately re-enter upon said Premises and the entire rent for the rental period then next ensuing shall at once be due and payable and may forthwith be collected by distress or otherwise. In addition, it shall be considered a default of this Lease in the event a lien is placed against the Building or premises as the result of the work performed by Lessee or Lessee's contractors, subcontractors or agents and such lien is not released within thirty (30) days of Lessee receiving notice of such lien.

NINTH: Lessor's Lien. The said Lessee hereby pledges and assigns to the Lessor all the furniture, fixtures, goods, and chattels of said Lessee, which shall or may be brought or put on said Premises as security for the payment of the rent herein reserved, and the Lessee agrees that the said lien may be enforced by distress foreclosure or otherwise at the election of the said Lessor, and does hereby agree to pay attorney's fees of ten percent of the amount so collected or found to be due, together with all costs and charges therefore incurred or paid by Lessor.

TENTH: <INTENTIONALLY DELETED>

ELEVENTH: Lessor's Right of Entry. The Lessor, or any of its agents, shall have the right to enter said Premises during all reasonable hours, to examine the same to make such repairs, additions or alterations as may be deemed necessary for the safety, comfort, or preservation thereof, or of said Building, or to exhibit said Premises, and to put or keep upon the doors or windows thereof a notice "FOR RENT" at any time within thirty (30) days before the expiration of this Lease. The right of entry shall likewise exist for the purpose of removing placards, signs, fixtures, alterations, or additions, which do not conform to this Lease, or to the rules and regulations of the Building. Lessor shall give Lessee reasonable advance notice of its intent to enter and inspect the Premises except in the case of an emergency and Lessor shall utilize its good faith efforts to minimize interference with the conduct of Lessee's business on the Premises. Lessor shall not enter any FAA restricted areas of the Premises, except as allowed in accordance with FAA regulations.

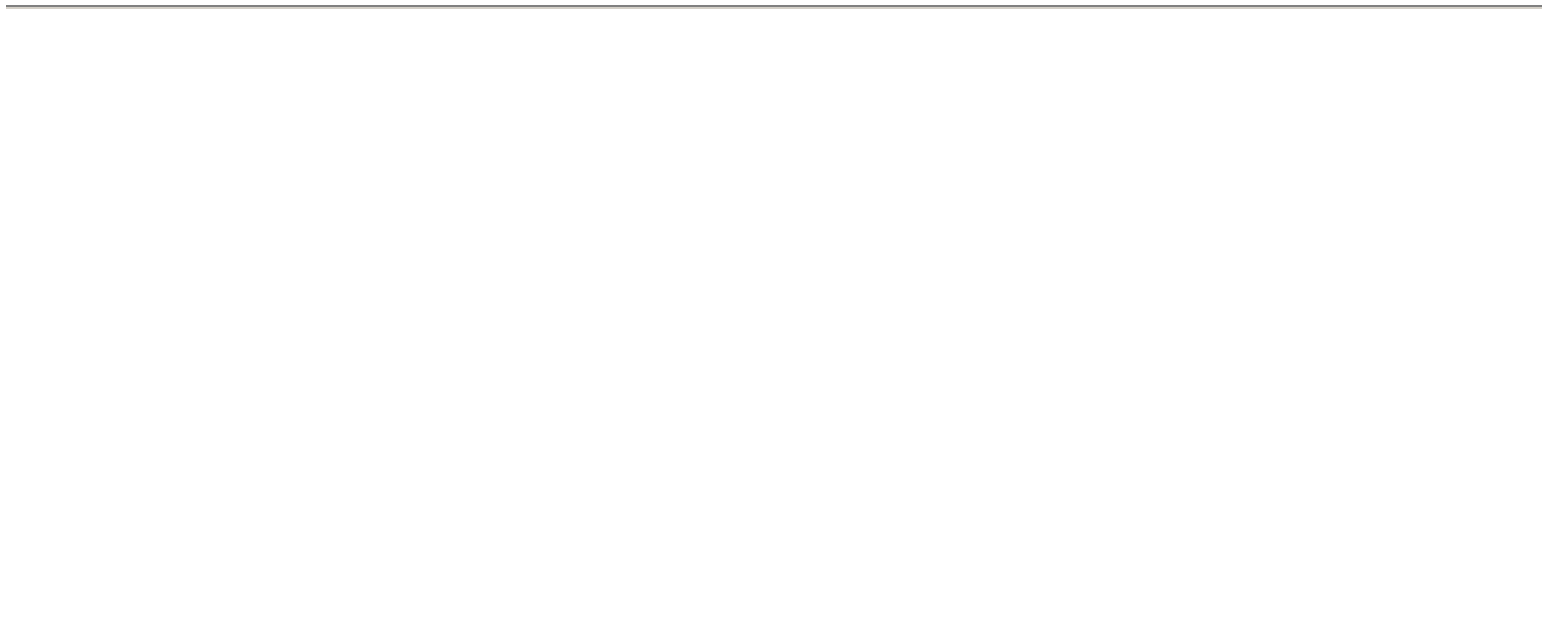
TWELFTH: Condition of Premises. (a) Subject to Paragraph 36, Lessee hereby accepts the Premises in the condition they are in at the beginning of this Lease and as shown on Exhibit "A" and agrees to maintain said Premises in the same condition, order and repair as they are at the commencement of said term, excepting only reasonable wear and tear arising from the use thereof under this Lease, and to make good to said Lessor immediately upon demand, any damage to water apparatus, or electric lights, or any fixtures, appliances or appurtenances of said Premises, or of the Building, not caused by any act or neglect of Lessor, or reimburse Lessor for the reasonable costs of any such repair or damage.

(b) Lessee shall give written notice to Lessor not less than thirty (30) days prior to the end of the term of this Lease for the express purpose of arranging a meeting with Lessor for a joint inspection of the Premises. At such meeting, Lessee and Lessor shall make a list of all repairs that are required to be made by Lessee. In the event (i) Lessee does not provide such written notice or make itself available for the joint inspection, (ii) Lessee does not make the repairs noted at the joint inspection prior to the end of the term of this Lease or (iii) Lessee (its subtenants, assignees, agents, contractors or invitees) causes or permits to occur any further damage to the Premises between the time of the joint inspection and the end of the term of this Lease, then Lessor shall have the right to obtain prices for the required repairs and submit a bill for same to Lessee for immediate payment by Lessee pursuant to this Paragraph 12(c). The prices for the required repairs obtained by Lessor shall be deemed conclusively correct for the purpose of determining the cost to make the repairs.

(c) As power interruption can cause damage to the EXIT and EMERGENCY lights and other portions of the Premises, Lessee shall continuously maintain electrical service to the Premises until the expiration of the Lease term. In addition, Lessee shall provide Lessor with written notice a minimum of five (5) business days prior to disconnecting power so Lessor will have adequate time to put the service in Lessor's name. In the event Lessee fails to maintain electrical service or provide notice to Lessor as described above, Lessee shall reimburse Lessor for the cost of repairing any damage caused by the resulting power interruption.

THIRTEENTH: Waiver and Indemnification. (a) Except for the negligence or intentional misconduct of Lessor or any person or persons in the employ or under the control of the Lessor, it is expressly agreed and understood by and between the parties to this Lease, that the Lessor shall not be liable for any damage or injury by water, which may be sustained by the said tenant or other person or for any other damage or injury resulting from the carelessness, negligence, or improper conduct on the part of any other tenant or agents, or employees, or by reason of the breakage, leakage, or obstruction of the water, sewer or soil pipes, or other leakage in or about the said Building.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.



(b) Except for Lessor's negligence or intentional acts and except as may be specifically provided elsewhere in this Lease, Lessor shall not be liable for any damage or injury to any person or property whether it be to the person or property of the Lessee, its employees, agents, invitees, licensees or guests by reason of Lessee's occupancy of the Premises or because of fire, flood, windstorm, water, acts of God or third parties or for any other reason beyond the control of Lessor.

FOURTEENTH: Bankruptcy. It shall be a default hereunder if the Lessee shall become insolvent, files or has filed against it a bankruptcy petition or otherwise becomes a debtor under the bankruptcy or insolvency law of any jurisdiction, makes an assignment for the benefit of creditors, or has a receiver appointed before the end of said term, and the Lessor is hereby irrevocably authorized at its option, to forthwith cancel this Lease or exercise any other rights or remedies provided hereunder or under applicable law. Lessor may elect to accept rent from such receiver, trustee, or other judicial officer during the term of their occupancy in their fiduciary capacity without effecting Lessor's rights as contained in this Lease, but no receiver, trustee or other judicial officer shall ever have any right, title or interest in or to the above described Premises by virtue of this Lease.

FIFTEENTH: <INTENTIONALLY DELETED>

SIXTEENTH: Binding Effect. This Lease shall bind the Lessee and its assigns or successors, and the heirs, assigns, administrators, legal representatives, executors or successors as the case may be, of the Lessee.

SEVENTEENTH: Time is of the Essence. It is understood and agreed between the parties hereto that time is of the essence of this Lease and this applies to all terms and conditions contained herein.

EIGHTEENTH: Notice. All notices shall be deemed to have been duly given upon receipt of written notice via certified mail, return receipt requested, on the date of delivery or the date delivery is refused. Notices to Lessee shall be sent to the Premises with a copy to:

Spirit Airlines, Inc.
Attn: Corporate Real Estate
2800 Executive Way
Miramar, FL 33025

With a copy to: Spirit Airlines, Inc.

Attn: Legal Department
2800 Executive Way
Miramar, FL 33025

Notices to Lessor shall be sent to the office of Lessor as defined in Witnesseth Paragraph of this Lease.

NINETEENTH: Cumulative Rights & No Forfeiture. The rights of the Lessor under the foregoing shall be cumulative, and failure on the part of the Lessor to exercise promptly any rights given hereunder shall not operate to forfeit any of the said rights.

TWENTIETH: Charges. It is further understood and agreed between the parties hereto that any charges against the Lessee by the Lessor for services or for work done on the Premises by order of the Lessee, to comply with applicable law as set forth in Paragraph Third, or otherwise accruing under this Lease shall be considered as rent due and shall be included in any lien for rent due and unpaid.

TWENTY-FIRST: Signage. (a) It is hereby understood and agreed that any signs or advertising to be used, including awnings, in connection with the Premises leased hereunder shall be first submitted to the Lessor for written approval before installation of same.

(b) Lessee may install an eighteen inch (18") high by four-foot (4') wide sign on the glass panel over its front door. Said sign shall be white vinyl and surface-applied and shall be subject to Lessor's reasonable written approval. The defined copy area is attached as Exhibit "D-1".

(c) Lessee shall also be given the opportunity to have shared signage on a monument sign existing and located to the west of the Building. Lessee's portion of the sign shall be installed by Lessor. The copy and graphics shall be in Lessee's corporate colors. A conceptual example of such signage is attached as Exhibit "D-2". Lessee shall reimburse Lessor for the actual cost for such signage at the time the parties mutually approve same.

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TWENTY-SECOND: Lessee's Insurance. All personal property placed or moved in the Premises and tenant improvements to the Premises shall be at the risk of Lessee or the owner thereof, and Lessor shall not be liable to Lessee for damages to same unless caused by or due to negligence of Lessor, Lessor's agents or employees. Lessee agrees to obtain liability insurance containing a single limit of not less than ***** for both property (including but not limited to fire hazard) and bodily injury, at its own cost, with no self-insurance retention or deductible. Lessee consents to provide Lessor with a Certificate of Insurance, as above described, naming Lessor as additional insured and favoring the Lessor with a thirty (30) day notice of cancellation via endorsement.

TWENTY-THIRD: (a) Lessee's Repairs. Except as described below, Lessee is responsible for the maintenance and repair of the Premises, including but not limited to all doors, plumbing, mechanical and electrical systems and any items which the Lessee installs or has others install. If Lessee or any agent, employee, invitee or contractor of Lessee damages any portion of the Building or Premises, including but not limited to the roof and exterior windows, the requisite repair shall be done at Lessee's sole cost. Moreover, any damage caused by Lessee, or any agent, employee, invitee or contractor of Lessee, to the roof or to the Building exterior shall be repaired by Lessor at Lessee's sole expense. In addition, Lessee shall be solely responsible for keeping the Premises secure at all times. Said responsibility to secure the Premises shall require Lessee to board up any broken windows and doors. Lessee shall, at its own cost and expense, enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor reasonably approved by Lessor, for servicing all heating and air conditioning systems and equipment serving the Premises. Such contract must become effective within thirty (30) days of the commencement of the term of this Lease.

(b) Storm Shutters. Lessor shall supply Lessee with access to storm shutters and associated hardware ("Shutters") that comply with applicable codes. Said storm shutters and associated hardware shall be stored by Lessee within the Premises and shall remain in the Premises as the property of Lessor at the expiration or earlier termination of this Lease. Lessee, at its option, may install the shutters upon issuance of a "Hurricane Watch". In the event Lessee installs the shutters, Lessee shall remove the shutters from the Building and return said shutters to the storage area designated by Lessor within five (5) business days after the Hurricane Watch is lifted. Lessee shall perform the work described above and shall repair any damage to the Building and/or shutters caused while performing such work at its sole cost and expense. Neither Lessor nor Lessee shall have any obligation under this Lease to install the shutters unless Lessor or Lessee is required to do so by code, in which case all such work shall be Lessee's sole responsibility.

(c) HVAC. *****

TWENTY-FOURTH: Broker. Lessee represents and warrants that Studley, Inc. ("Lessee's Broker") is the only broker that Lessee has worked with in connection with this Lease. Any commission which is now or in the future may be due and payable to Lessee's Broker with regard to this Lease shall be paid by Lessor in accordance with a separate agreement between Lessor and Lessee's Broker. Lessor agrees to indemnify and hold Lessee harmless from any and all liability for the payment of such commission and any other commission claimed by a broker as a result of the actions of Lessor. Lessee agrees to indemnify and hold Lessor harmless from any and all liability for the payment of any commission claimed by a broker other than Lessee's Broker as a result of the actions of Lessee.

TWENTY-FIFTH: Lessor's Maintenance. Lessor agrees to provide water and sewer service to the Building and Premises, maintain the roof, fire sprinkler system, landscaping, irrigation system, the exterior of the Building, exterior lighting, exterior loading areas, parking areas, sidewalks and driveways, electric and plumbing systems that are outside of the Premises and not part of another Lessee's premises and to keep the common areas reasonably clean of debris and to provide proper supervision and security of such areas as necessary. In addition, Lessor agrees to replace broken exterior windows and maintain the Building's exterior caulking as may be necessary to maintain water tightness. Lessee agrees to pay as additional rent Lessee's Proportionate Share of such costs, which costs include a management fee of five percent (5%) of the total rent and Expenses (as such term is described in Paragraph 28 below) due from lessees of the Building. "Lessee's Proportionate Share" shall be *****.

Notwithstanding, Lessee and Lessor hereby agree that Lessor's maintenance obligations exclude any interior lighting and interior loading areas.

TWENTY-SIXTH: Real Estate Taxes & Lessor's Insurance. Lessor shall pay all taxes, assessments and levies charged or assessed by any governmental authority, (hereinafter collectively referred to as Taxes) upon its property in the Building and Lessee's Premises and land, Buildings or Premises in or upon which the Premises are located, and shall cause all-risk insurance to be maintained thereon in amounts not to exceed the full replacement cost of the improvements constituting the Building from time to time. Lessee agrees to pay as additional rent, without relief from valuation or appraisal laws, Lessee's Proportionate Share of any such taxes, of any premiums payable in respect of such insurance coverage, and of any premiums payable in respect of public liability insurance and rental insurance maintained by or for the Lessor in respect of the land and the Building.

TWENTY-SEVENTH: Declaration of Protective Covenants and Restrictions. Lessee recognizes that the Premises are subject to that certain Declaration of Protective Covenants and Restrictions for Miramar Park of Commerce

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

and all amendments thereto. Under the Declaration, Sunbeam Properties, Inc. currently enforces the Declaration and operates and maintains the Common Area referred to therein. The Lessee agrees to pay as additional rent, on behalf of Lessor, Lessee's Proportionate Share of any and all maintenance or other assessments imposed by Sunbeam Properties, Inc. (or its successor) on the Lessor as owner of the Building as provided in the Declaration.

TWENTY-EIGHTH: Lessee's Proportionate Share of Expenses. Lessee shall pay ***** per month plus applicable sales tax as an estimate of Lessee's Proportionate Share of the expenses (the "Expenses") described in Paragraphs 25, 26 AND 27. Said payment is hereby deemed to be additional rent and is in addition to all other sums to be paid by Lessee including but not limited to the schedule of rental payments described in the Witnesseth Paragraph on page 1 of this Lease. On an annual basis, Lessor shall notify Lessee what the actual expenses were over the previous calendar year and within thirty (30) days of such notice, Lessee shall pay as additional rent (or receive a reimbursement) for the difference, if any, plus applicable sales tax, between what Lessee paid as an estimate and the actual expenses. Lessee's share for a partial calendar year at the beginning or end of the term of this Lease shall be prorated on a per diem basis. In the event that Lessor adjusts its estimate of the expenses described in Paragraphs 25, 26 and 27 to more accurately reflect the actual expenses incurred, Lessee's monthly estimated payment of its Proportionate Share of such expenses shall be appropriately adjusted.

(b) *****

(c) *****

(d) Lessee's Proportionate Share of the Expenses described in Paragraph 25 shall exclude the following:

- i. Repairs or other work occasioned by fire, windstorm or other casualty of any nature or by the exercise of the right of eminent domain. Notwithstanding, uninsured repairs and replacements to landscaping and irrigation required due to fire, windstorm or other casualty shall be included in Lessee's Proportionate Share of Expenses.
- ii. Leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with (i) leasing negotiations, or (ii) with respect to disputes, settlements, compromises, collection actions or litigation with other tenants, concessionaires, occupants, prospective tenants, or mortgages or with vendors, agents, independent contractors and others, unless such settlements or other expenses relate to work done at the common area of the Complex and is otherwise not an excluded expense pursuant to this Paragraph 28(f).
- iii. Renovating or otherwise improving or decorating, painting or redecorating interior space for tenants, concessionaires and other occupants of the Complex.
- iv. Lessor's costs of electricity and other services and materials furnished to other tenants of the Complex.
- v. Costs incurred by Lessor for construction, alteration, or remodeling of the Building, the Complex, or the Common Area or any costs in accordance with sound accounting principles consistently applied considered to be capital improvements or replacements, unless such capital improvements or replacements are done to lower operating costs, in which event such capital cost shall be amortized over the longest period allowed by Generally Accepted Accounting Principles (GAAP) to the extent of such savings.
- vi. Depreciation or amortization, bad debts, or reserves of any kind, including replacement reserves and reserves for bad debts or lost rent.
- vii. Interest, penalties, principal payments, late fees, default interest, and other costs and expenses with respect to debt or amortization payments on any mortgages on any part of the Building, and/or the Complex, rental under any ground lease or underlying leases, or payments in the nature of a return on or of equity of any kind.
- viii. Costs incurred due to a violation by Lessor or any tenant of the terms and conditions of any lease.
- ix. Fines, penalties and any other costs incurred due to any violation by Lessor or any tenant, of any governmental code, regulation, and/or rule, and/or the terms of a lease.
- x. Fees and costs paid to subsidiaries or affiliates of Lessor for services on or to the Building or the Complex in excess of market rates.
- xi. Lessor's general, corporate overhead, general administrative expenses, travel and entertaining, and administrative expenses not specifically incurred in the operation of the Building or Complex; any compensation paid to clerks, tenants or other persons in commercial concessions operated by Landlord.
- xii. Wages, salaries and other compensation (including employee benefits) of all personnel, to the extent that they are involved in leasing space in the Complex and of all management personnel who are above the grade of general manager, and of their respective

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- staff members to the extent that they are involved in activities other than the management, maintenance, operations and security.
- xiii. Rentals and other related expenses incurred in leasing air-conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature.
 - xiv. All items and services for which any occupant or tenant of the Complex directly reimburses Lessor.
 - xv. Charitable-type and political contributions of Lessor.
 - xvi. Cost and maintenance of paintings, sculptures or other art work leased and/or purchased for display in the Building or on the Complex.
 - xviii. Cost of office space occupied by Lessor, its agents, employees or independent contractors for leasing or for other purposes other than property management activities.
 - xix. Any other expense which under sound accounting principles consistently applied, would not be considered as reasonable management, security, maintenance or other operating expense.
 - xx. Any concessions including but not limited to rent abatement, construction of improvements or other use granted by Lessor in favor of any occupant or tenant of the Complex.
 - xxi. Any legal, accounting or other professional fees incurred by Lessor in connection with any mortgage indebtedness or underlying lease transactions including disputes between any persons holding such mortgage indebtedness or lease(s), refinancing costs, income or corporate taxes, capital gains taxes, inheritance taxes, taxes on rents or gross receipts (other than sales or use taxes), penalties and/or interest on late payments, consulting fees and personnel costs relating to capital expenditures, market study fees and costs, appraisals, structural repairs and replacements and any other fees, costs and expenses which are not applicable to the repair, replacement, maintenance, operation and/or security of the Complex.
 - xxii. The cost of any capital repairs, alterations, additions, changes, replacements and other capital cost items required by any law or governmental regulation imposed after the date of this Lease.

(e) Lessee shall have a right to audit Lessor's books and records with respect to Lessee's Proportionate Share of Expenses. If a discrepancy of more than ***** is discovered by Lessee, Lessor shall pay to Lessee the reasonable costs for the audit. The discrepancy, if any, shall be paid by Lessee to Lessor (or Lessor to Lessee as appropriate) within thirty days of completion of the audit.

TWENTY-NINTH: Condemnation. (a) If the whole or any substantial part of the Premises should be taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof and the taking would prevent or materially interfere with the use of the Premises for the purpose of which they are then being used, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective when the physical taking shall occur.

(b) If part of the Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated as provided in the Subparagraph above, this Lease shall not terminate but the rent payable hereunder during the unexpired portion of this Lease shall be reduced to such extent as may be fair and reasonable under all of the circumstances and Lessor shall undertake to restore the Premises to a condition suitable for the Lessee's use, as near to the condition thereof immediately prior to such taking as is a reasonably feasible under all the circumstances.

(c) In the event of any such taking or private purchase in lieu thereof, Lessor and Lessee shall each be entitled to receive and retain such separate awards and/or portion of lump sum awards as may be allocated to their respective interest in any condemnation proceedings; provided that Lessee shall not be entitled to receive any award for Lessee's loss of its Leasehold interest, the right to such award being hereby assigned by Lessee to Lessor.

THIRTIETH: Holdover. Should Lessee hold over and remain in possession of the Premises at the expiration of any term hereby created, Lessee shall, by virtue of this paragraph, become a Lessee by the month at ***** the Rent per month of the last monthly installment of Rent above provided to be paid, which said monthly tenancy shall be subject to all the conditions and covenants of this Lease as though the same had been a monthly tenancy instead of a tenancy as provided herein, and Lessee shall give to Lessor at least thirty (30) days' written notice of any intention to remove from the Premises, and shall be entitled to thirty (30) days' notice from Lessor in the event Lessor desires possession of the Premises; provided, however, that said Lessee by the month shall not be entitled to thirty (30) days' notice in the event the said Rent is not paid in advance without demand, the usual thirty (30) days' written notice being hereby expressly waived. Notwithstanding anything to the contrary contained in this Paragraph 30, Lessee has the right to holdover at the holdover rental rate described above for up to six (6) months following the expiration of the then current term.

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

THIRTY-FIRST: <INTENTIONALLY DELETED>

THIRTY-SECOND: Parking. (a) **Overall Parking:** Lessee shall be entitled to the use of a total of sixty-eight (68) parking spaces on an unassigned, non-reserved basis around the building in which the Premises are located. From time to time Lessor may designate other areas in close proximity to said building that are available for Lessee's parking. All parking spaces may only be used for parking cars, trucks and vans. The parking of all other type of vehicles will require Lessor's prior written consent. Some of this parking may be provided by Lessor in the designated truck yard (the "Truckyard" outlined on Exhibit "A") and adjacent areas. Lessee shall at no time, without Lessor's prior written consent, cause more than said number of parking spaces to be occupied at any one time by its owners, contractors, employees or invitees.

(b) **Truck Parking:** Notwithstanding anything to the contrary contained hereinabove, Lessee must cause all trucks, trailers, truck cabs and any vehicles longer than sixteen feet (16'-0") in length belonging to, picking up from or delivering to, or in any way servicing Lessee, (hereinafter collectively referred to as "Trucks") to be parked directly behind the Premises in the Truckyard. Unless Lessee makes arrangements with other lessee(s) of the Building, Lessee shall not permit any Trucks to park behind any other premises. In addition, Lessee shall conduct all of its loading and unloading operations in the Truckyard and in a manner so as not to interfere with the operations of other lessees.

THIRTY-THIRD: Hazardous Materials Standard. Lessee, its successors and assigns shall comply with the Hazardous Materials Standard for the Miramar Park of Commerce attached hereto as Exhibit "B".

THIRTY-FOURTH: Radon. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information may be obtained from your county public health unit.

THIRTY-FIFTH: Force Majeure. In any case, where either party hereto is required to do any act, except the payment of rent or other money, the term for the performance thereof shall be extended by a period equal to any delay caused by or resulting from acts of God, the elements, weather, war, civil commotion, fire or other casualty, strikes, lockouts, labor disturbances, inability to procure labor or materials, failure of power, government regulations or other causes beyond such party's reasonable control, whether such time be designated by a fixed date, a fixed time or a "reasonable time". Notwithstanding the foregoing, in the event Lessor is restoring the Premises due to damage caused by casualty (as described in Paragraph 4), the timeframes for any additional delay described in this Paragraph 35 shall not apply except if the delay is due to another casualty.

THIRTY-SIXTH: (a) Lessor's Improvements. Lessor agrees to "broom-sweep" the Premises. In addition, Lessor shall deliver said Premises with all existing systems and equipment in working order and all other portions of the Premises in their existing condition, all of which shall be conclusively presumed unless noted otherwise in writing by Lessee to Lessor within fifteen (15) days after lease commencement at which point Lessee accepts the Premises in "as-is" condition. Notwithstanding, Lessor makes no representation as to the condition of any voice and data lines or security system equipment that may or may not be present in the Premises and is not responsible for providing same in working order. Lessee accepts any voice and data lines or security system equipment in "as-is", "where-is" condition. Lessee further agrees if any renovations, changes or improvements other than the above-referenced improvements are necessary to accommodate Lessee's use, it shall be Lessee's sole responsibility to effect such improvements at Lessee's sole cost and expense. Moreover, Lessee acknowledges and agrees that Lessor makes no representations or warranties with respect to the suitability of the Premises for Lessee's particular use, except that to the best of Lessor's knowledge, Lessee's intended use, as set forth in this Lease, is permitted in the Premises. A copy of the current Certificate of Occupancy for the Premises is attached as Exhibit "E". Lessee also acknowledges that Lessor has made and shall be making no improvements within the Premises which are intended to accommodate rack storage or the use, handling, storage, distribution or transportation of hazardous materials which may be brought in, on, or around the Premises by Lessee, or its employees, agents, invitees, licensees or guests.

(b) Notwithstanding the foregoing, the parties acknowledge that as of the execution date of this Lease, the Premises is occupied by another lessee (Doctor Diabetic Supply), and contains furniture, fixtures, inventory and other items of personal property belonging to said lessee. Such furniture, fixtures, inventory and other items of personal property are subject to being removed by said lessee and may or may not be in place upon the commencement of this Lease. Exhibit "F" is attached hereto and provides a partial list of items that are subject to removal.

THIRTY-SEVENTH: Alterations. Lessee shall not make any alterations without the prior written consent of Lessor, said consent not to be unreasonably withheld or delayed. All alterations, additions, fixtures, improvements,

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and partitions erected by Lessee shall be and remain the property of lessee during the term of this Lease and shall become the property of Lessor as of the date of termination of this Lease, or upon earlier vacating of the Premises, and title shall pass to Lessor under this Lease as by a bill of sale. Provided Lessee is not in default or otherwise indebted to Lessor, all movable office furniture, shelves, bins, equipment and trade fixtures installed by Lessee may be removed by the Lessee prior to the termination of this Lease, if the Lessee so elects, and shall be removed by the date of termination of the Lease or upon earlier vacating of the Premises if required by Lessor. For purposes of this Paragraph, the term "equipment and trade fixtures" shall not include HVAC, electrical, or plumbing components (including, but not limited to, air conditioning systems or electrical transformers, panels and transfer switches) or any other similar items, which would generally be installed in or affixed permanently to the Premises or Building. Upon any such removal Lessee shall restore the Premises to its original condition, ordinary wear and tear excepted. All such removals and restorations shall be accomplished in a good workman like manner so as not to damage the primary structure, roof or structural qualities of the building and other improvements within which the Premises are situated. In no event shall Lessor be required to (i) compensate Lessee for alterations, additions, improvements or partitions erected by Lessee on or within the Premises, or (ii) compensate Lessee for shelves, bins, equipment and trade fixtures installed by Lessee on or within the Premises and which are not removed by Lessee at Lease termination or early vacation of the Premises by Lessee. Prior to commencing any work or installing any equipment in excess of ***** in, on or about the Premises, Building or Property, Lessee shall:

- (1) Notice of Commencement. File a Notice of Commencement with Broward County and provide Lessor with a copy of same;
- (2) Subcontracts. Enter into a contract with its contractor and/or other persons who will do the work and install the equipment referred to, which contract will provide, among other things, that said work shall be done and equipment installed in a good workmanlike manner in accordance with the plans and specifications previously approved and consents, authorizations, and licenses previously obtained and which contract shall provide that the contractor, subcontractor, or other person referred to above will look solely to Lessee for payment and will hold Lessor and the premises free from all liens and claims of all persons furnishing labor or materials therefor, and will also provide that similar waivers of the rights to file liens shall be obtained from any and all said contractors or materialmen. A copy of said contract, together with a duly executed waiver of the right to file liens executed by the contractor, subcontractor, or other persons referred above, shall be furnished to Lessor as a condition of Lessor approving such alterations or installations.
- (3) Indemnification. Indemnify and save Lessor harmless against any and all bills for labor performed and equipment, fixture, and materials furnished to Lessee in connection with said work as aforesaid and against any and all liens, bills or claims therefore or against the premises and from and against all loss, damages, costs, expenses, suits, claims, and demands related to such work.
- (4) Insurance. Lessee and/or all contractors which Lessee employs shall procure and maintain at Lessee's and/or Lessee's contractors' own cost and expense insurance against claims under Workman Compensation Acts with limits of ***** for Employers Liability Insurance.
- (5) Inspections. Lessor shall have the right to place its supervisory personnel or representatives on the job during the course of construction, at Lessor's expense, for the purpose of making inspections and insuring that Lessee and Lessee's contractors, suppliers, and materialman comply with these conditions.
- (6) Impact Fees. In the event Lessee's alterations to the Premises cause the City of Miramar to assess impact fees, Lessee shall be solely responsible for paying same. (In particular, Lessee acknowledges that the addition of plumbing fixtures may result in water and sewer impact fees being assessed by the City and that such fees shall be Lessee's sole responsibility to pay.

THIRTY-EIGHTH: Use and Exclusives. Lessee's use of the space shall be for general office purposes and employee training which includes, but is not limited to, the use of conference and computer facilities, employee kitchen and related facilities, and other legally permitted use consistent with the characteristics of a first-class office building in Broward County which does not conflict with the exclusive uses granted to other lessees and owners at Miramar Park of Commerce and listed in Exhibit "G" attached.

THIRTY-NINTH: Waiver of Subrogation. Lessor and Lessee hereby release the other for and from all liability for loss or damage to the Premises, Lessee's property and to any and all property of any kind owned by or in the custody, care, or control of either Lessor or Lessee caused by and of the perils or risks which can be insured by Lessor or Lessee under a fire and extended coverage insurance policy and endorsements, notwithstanding the fact that such loss or damage is caused or contributed to by any act or omission of Lessor, Lessee, their agents, servants, employees, or

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visitors, and whether or not such property of Lessor and Lessee shall be actually insured, provided that either party shall continue to be liable for any loss occasioned by Lessee's failure to obtain insurance.

FORTIETH: Current Tenant. Notwithstanding anything to the contrary contained herein, Lessee and Lessor acknowledge that a portion of the Premises is currently occupied by Doctor Diabetic Supply ("Current Tenant"). If Current Tenant fails to vacate same by January 1, 2014, thereby delaying the date that Lessor is able to deliver occupancy of the Premises to Lessee, Lessee and Lessor agree to make the appropriate adjustments to the dates and rental schedule described in this Lease. Such adjustments shall be verified in writing, however, the term of the Lease shall end on January 31, 2025.

FORTY-FIRST: Cross-Default. Lessee and Lessor acknowledge that Lessee has a separate lease agreement with Lessor for property located at 2800 – 2888 Executive Way, Miramar, Florida dated June 18, 1999 ("MPC-16 Lease") and if Lessee is in default of any of its monetary obligations under this Lease or the MPC-16 Lease, or is in default of any material non-monetary obligation under this Lease or the MPC-16 Lease any such default in one lease shall be deemed a default of both leases.

<signature page follows>

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF , the parties hereto have hereunto executed this instrument for the purpose herein expressed, the day and year above written.

Signed, sealed and delivered in the presence of:

LESSOR: Sunbeam Development Corporation

/s/ Clara Pink By: /s/ Andrew L. Ansin
Witness Sign Name Andrew L. Ansin, Vice President

Clara Pink 9/26/13
Witness Print Name Date

/s/ Yvette Garcia
Witness Sign Name

Yvette Garcia
Witness Print Name

LESSEE: Spirit Airlines, Inc.

/s/ Antony Tam By: /s/ Charles A. Rue
Witness Sign Name Sign

Antony Tam Charles A. Rue
Witness Print Name Print

/s/ C.W. Sandifer VP Supply Chain
Witness Sign Name Title

C.W. Sandifer 9/18/13
Witness Print Name Date

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "A"

Page 1: Parcel Plan of Miramar Park of Commerce identifying the location of the Building & Premises

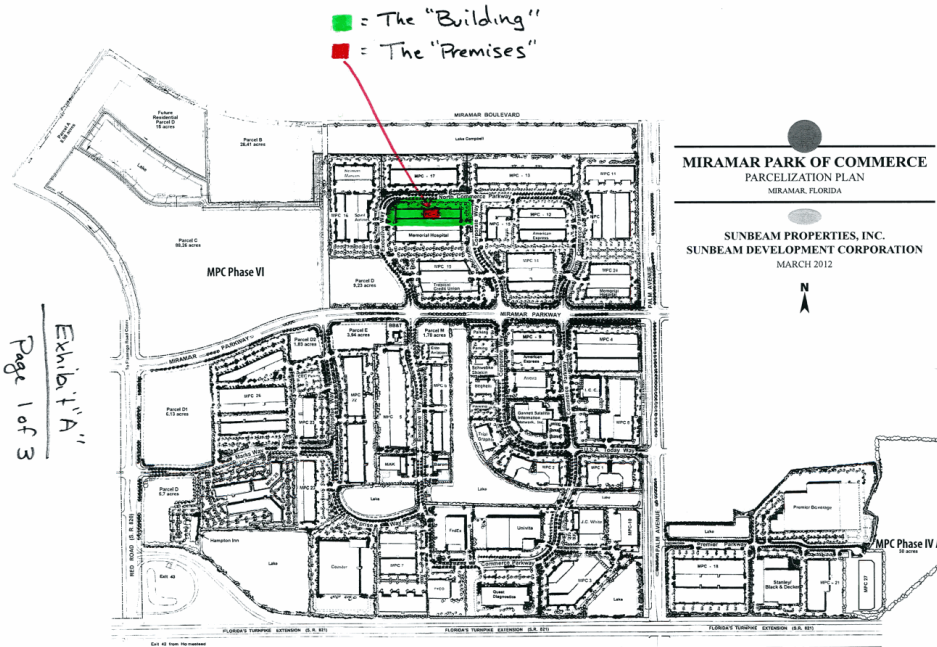


Exhibit "A"
Page 1 of 3

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Page 2: Site Plan of the Building identifying the Premises and Truckyard

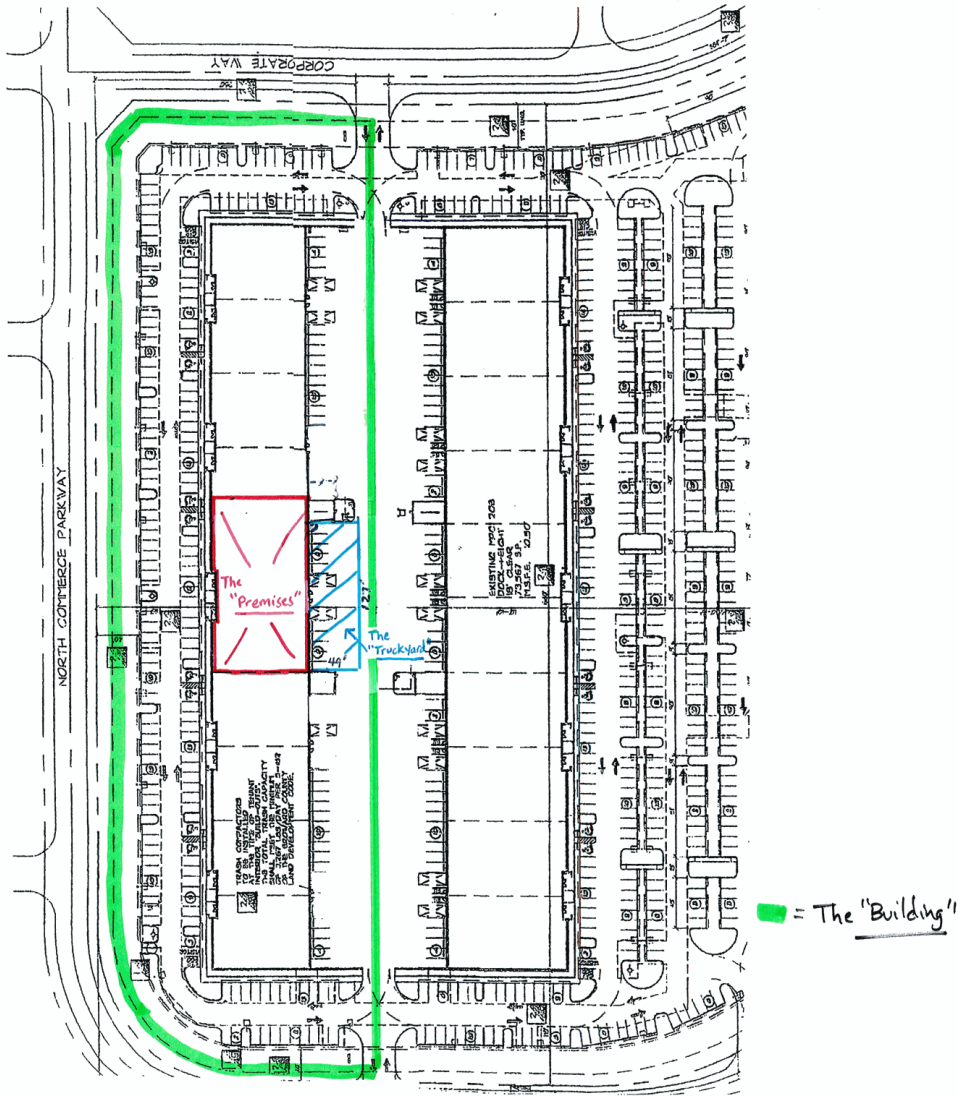
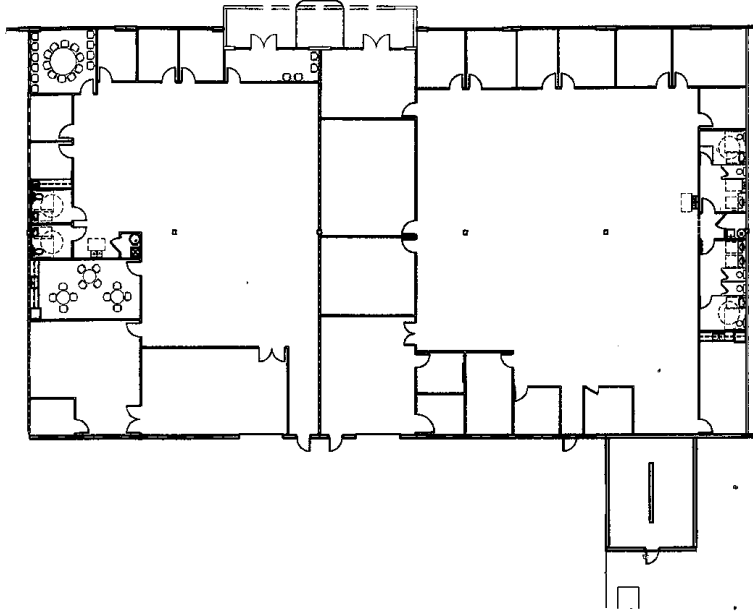


Exhibit "A"
Page 2 of 3

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.



Floor Plan of the Existing Premises

Exhibit "A"

Page 3 of 3

Exhibit "B"

Hazardous Materials Standard for the Miramar Park of Commerce

(pdf attached)

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "C"

<Intentionally Deleted>

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "D"

Page 1: Above-Door Sign Standard
(pdf attached)

Page 2: Ground-Mounted Sign Standard
(pdf attached)

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "E"

Current Certificates of Occupancy for the Premises

(pdf attached)

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "F"

personal property subject to possible removal from the Premises

- Furniture
- Cabinetry
- Phone and data wiring
- Phone Switch
- Fire Alarm System
- Security System
- Computers and other equipment that is not attached to the Premises
- Shelving
- Racks
- Scissor gates at overhead doors
- Dock lights at overhead doors
- Generator and fuel tank(s)
- UPS and other backup power systems

*****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit "G"

**Exclusives of Other Lessees and Owners
at Miramar Park of Commerce**

The Premises shall not be used by Lessee or any sublessee, assignee or other successor in interest to Lessee as a culinary school.

****Confidential portions of the material have been omitted and filed separately with the Securities and Exchange Commission.



CONFIDENTIAL – By Electronic Mail

January 16, 2012

Mr. James M. Lynde

Dear Jim:

On behalf of Spirit Airlines, Inc. ("Spirit" or the "Company"), we would like to take this opportunity to confirm the terms of our offer of employment. We are enthusiastic about having you join Spirit.

Your title will be Senior Vice President – Human Resources, and you will report to B. Ben Baldanza, President and CEO. Your annualized base salary will be \$275,000. This offer is contingent upon your passing required Company and TSA background checks as well as your signing and returning this letter to us no later than January 18, 2012, and commencing employment on or prior to January 30, 2012. Our Human Resources Department will be in touch with you to coordinate pre-employment arrangements before that date.

You will be eligible to participate in the Company's Performance Incentive Plan (PIP) with respect to 2012 on the same terms as other senior officers of the Company, provided that your participation will be on a pro-rated basis based on your start date. While the final 2012 PIP metrics have not yet been approved by the Compensation Committee of the Board, in your case the overall PIP target percentage will be 70% of base salary. All compensation will be subject to applicable required withholdings and deductions.

Management will recommend to the Committee that you be granted an initial incentive award of 80,000 units of equity compensation, in the same form as for 2012 grants to other senior officers and subject to the terms and conditions of the Company's equity incentive plan. We expect this award will be made at the next meeting of the Compensation Committee, scheduled for early February.

On your start date, you will be eligible for Company-sponsored employee benefits, including medical, life, dental, and vision insurance and participation in flexible benefits plan. Depending on the benefits selected, there may be an employee contribution. In addition, you and your immediate family will be eligible for positive space airline travel privileges on Spirit. You also will receive travel privileges on other specified airlines subject to their policies and their respective agreements with the Company.

You will be eligible to participate in the Company's 401K Plan and will be provided with Company-paid long term disability insurance, according to the terms and conditions of those plans.

You will receive three weeks paid vacation per year.

To assist with your relocation to South Florida, the Company is prepared to reimburse you for up to \$60,000 in relocation expenses that are documented in reasonable detail (provided that, within this allowance, individual expenses of \$500 or less, and aggregating not more than \$10,000, need not be documented).

This position qualifies you for participation in the Spirit Airlines Executive Severance Plan. In addition, you will be covered by the Company's D&O insurance policy.

Should you have any questions, please do not hesitate to let us know. We look forward to you joining us as we build the first Ultra Low Cost Carrier in the Americas.

Sincerely,

SPIRIT AIRLINES, INC. Agreed & Accepted,

/s/ Thomas C. Canfield /s/ James M. Lynde

Name: Thomas C. Canfield James M. Lynde
Title: SVP and General Counsel
Acting VP, Human Resources

cc: B. Ben Baldanza, President and CEO

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-182954) of Spirit Airlines, Inc. and the related Prospectus, and
- (2) Registration Statement (Form S-8 No.333-174812) pertaining to the Amended and Restated 2005 Incentive Stock Plan and the 2011 Equity Incentive Award Plan of Spirit Airlines, Inc.;

of our reports dated February 20, 2014, with respect to the financial statements of Spirit Airlines, Inc. and the effectiveness of internal control over financial reporting of Spirit Airlines, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2013.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
February 20, 2014

CERTIFICATION

I, B. Ben Baldanza, President and Chief Executive Officer of Spirit Airlines, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2013, 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.

Date: February 20, 2014

/s/ B. Ben Baldanza

B. Ben Baldanza

President and Chief Executive Officer

CERTIFICATION

I, Edward Christie, Senior Vice President and Chief Financial Officer of Spirit Airlines, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2013, 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.

Date: February 20, 2014

/s/ Edward M. Christie

Edward M. Christie
Senior Vice President and
Chief Financial Officer

Certifications 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, each undersigned officer of Spirit Airlines, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Annual Report on Form 10-K of the Company for the year ended December 31, 2013 (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 presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2014

/s/ B. Ben Balanza

B. Ben Balanza

President and Chief Executive Officer

Date: February 20, 2014

/s/ Edward M. Christie

Edward M. Christie

Senior Vice President and
Chief Financial Officer