

Section 1: 10-Q (10-Q)

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

OR

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

For the transition period from _____ to _____

Commission File Number: 001-35186

SPIRIT AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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)

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the close of business on April 19, 2018:

Class	Number of Shares
Common Stock, \$0.0001 par value	68,250,665

Table of Contents

INDEX

	<u>Page No.</u>
<u>Part I. Financial Information</u>	
Item 1. <u>Condensed Financial Statements (unaudited)</u>	<u>1</u>
<u>Condensed Statements of Operations - Three Months Ended March 31, 2018 and 2017</u>	<u>1</u>
<u>Condensed Statements of Comprehensive Income - Three Months Ended March 31, 2018 and 2017</u>	<u>2</u>
<u>Condensed Balance Sheets – March 31, 2018 and December 31, 2017</u>	<u>3</u>
<u>Condensed Statements of Cash Flows – Three Months Ended March 31, 2018 and 2017</u>	<u>4</u>
<u>Notes to Condensed Financial Statements</u>	<u>5</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
<u>Glossary of Airline Terms</u>	<u>36</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>38</u>
Item 4. <u>Controls and Procedures</u>	<u>39</u>
<u>Part II. Other Information</u>	
Item 1. <u>Legal Proceedings</u>	<u>40</u>
Item 1A. <u>Risk Factors</u>	<u>41</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>42</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>42</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>42</u>
Item 5. <u>Other Information</u>	<u>42</u>
Item 6. <u>Exhibits</u>	<u>43</u>
<u>Signature</u>	<u>44</u>

PART I. Financial Information

ITEM 1. UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	2018	2017
Operating revenues:		
Passenger	\$ 689,141	\$ 572,287
Other	14,997	17,670
Total operating revenues	704,138	589,957
Operating expenses:		
Aircraft fuel	204,646	139,782
Salaries, wages and benefits	155,096	127,138
Aircraft rent	50,191	57,070
Landing fees and other rents	49,630	40,448
Depreciation and amortization	39,373	31,509
Maintenance, materials and repairs	29,710	26,312
Distribution	30,631	25,772
Special charges	89,168	4,776
Loss on disposal of assets	848	1,105
Other operating	93,642	77,703
Total operating expenses	742,935	531,615
Operating income (loss)	(38,797)	58,342
Other (income) expense:		
Interest expense	17,849	12,473
Capitalized interest	(2,252)	(3,580)
Interest income	(4,066)	(1,313)
Other expense	133	3
Special charges, non-operating	9,201	—
Total other (income) expense	20,865	7,583
Income (loss) before income taxes	(59,662)	50,759
Provision (benefit) for income taxes	(14,740)	19,498
Net income (loss)	\$ (44,922)	\$ 31,261
Basic earnings per share	\$ (0.66)	\$ 0.45
Diluted earnings per share	\$ (0.66)	\$ 0.45

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

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

	Three Months Ended March 31,	
	2018	2017
Net income (loss)	\$ (44,922)	\$ 31,261
Unrealized gain (loss) on short-term investment securities, net of deferred taxes of (\$8) and (\$8)	(23)	(13)
Interest rate derivative loss reclassified into earnings, net of taxes of \$21 and \$31	58	53
Other comprehensive income (loss)	\$ 35	\$ 40
Comprehensive income (loss)	\$ (44,887)	\$ 31,301

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

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

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 898,457	\$ 800,849
Short-term investment securities	101,254	100,937
Accounts receivable, net	52,313	49,323
Aircraft maintenance deposits, net	95,167	175,615
Income tax receivable	69,844	69,844
Prepaid expenses and other current assets	81,806	85,542
Total current assets	1,298,841	1,282,110
Property and equipment:		
Flight equipment	2,853,431	2,291,110
Ground property and equipment	161,398	155,166
Less accumulated depreciation	(235,532)	(207,808)
	<u>2,779,297</u>	<u>2,238,468</u>
Deposits on flight equipment purchase contracts	205,040	253,687
Long-term aircraft maintenance deposits	149,751	150,617
Deferred heavy maintenance, net	138,942	99,915
Other long-term assets	82,560	121,003
Total assets	\$ 4,654,431	\$ 4,145,800
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 31,674	\$ 22,822
Air traffic liability	357,193	263,711
Current maturities of long-term debt and capital leases	280,281	115,430
Other current liabilities	378,178	262,370
Total current liabilities	1,047,326	664,333
Long-term debt, less current maturities	1,570,926	1,387,498
Deferred income taxes	292,888	308,814
Deferred gains and other long-term liabilities	23,486	22,581
Shareholders' equity:		
Common stock	7	7
Additional paid-in-capital	363,230	360,153
Treasury stock, at cost	(66,813)	(65,854)
Retained earnings	1,424,810	1,469,732
Accumulated other comprehensive loss	(1,429)	(1,464)
Total shareholders' equity	1,719,805	1,762,574
Total liabilities and shareholders' equity	\$ 4,654,431	\$ 4,145,800

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

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

	Three Months Ended March 31,	
	2018	2017
Operating activities:		
Net income	\$ (44,922)	\$ 31,261
Adjustments to reconcile net income to net cash provided by operations:		
Losses reclassified from other comprehensive income	79	84
Stock-based compensation	3,075	2,816
Allowance for doubtful accounts (recoveries)	(7)	(30)
Amortization of deferred gains and losses and debt issuance costs	1,624	3,351
Depreciation and amortization	39,373	31,509
Deferred income tax expense (benefit)	(20,266)	19,474
Loss on disposal of assets	848	1,105
Lease termination costs	—	4,776
Special charges, non-operating	9,201	—
Changes in operating assets and liabilities:		
Accounts receivable	(2,983)	(7,526)
Aircraft maintenance deposits, net	14,844	(12,774)
Prepaid income taxes	—	(846)
Long-term deposits and other assets	3,512	(13,559)
Deferred heavy maintenance	(50,712)	(9,558)
Accounts payable	6,227	18,937
Air traffic liability	93,483	104,285
Other liabilities	117,779	(382)
Other	(20)	115
Net cash provided by operating activities	171,135	173,038
Investing activities:		
Purchase of available-for-sale investment securities	(30,853)	(24,490)
Proceeds from the maturity of available-for-sale investment securities	30,504	24,219
Pre-delivery deposits for flight equipment, net of refunds	(41,580)	(44,752)
Capitalized interest	(1,500)	(1,647)
Purchase of property and equipment	(237,221)	(111,141)
Net cash used in investing activities	(280,650)	(157,811)
Financing activities:		
Proceeds from issuance of long-term debt	227,128	115,526
Proceeds from stock options exercised	2	—
Payments on debt and capital lease obligations	(18,847)	(10,235)
Repurchase of common stock	(959)	(1,034)
Debt issuance costs	(201)	(2,274)
Net cash provided by financing activities	207,123	101,983
Net (decrease) increase in cash and cash equivalents	97,608	117,210
Cash and cash equivalents at beginning of period	800,849	700,900
Cash and cash equivalents at end of period	\$ 898,457	\$ 818,110
Supplemental disclosures		
Cash payments for:		
Interest, net of capitalized interest	\$ 8,569	\$ 3,943
Income taxes paid, net of refunds	\$ 679	\$ 2,881
Non-cash transactions:		
Capital expenditures funded by capital lease borrowings	\$ (237,042)	\$ (130)

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

Notes to Condensed Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed financial statements include the accounts of Spirit Airlines, Inc. (the Company). These unaudited condensed financial statements reflect all normal recurring adjustments which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements of the Company and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on February 13, 2018.

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

The interim results reflected in the unaudited condensed financial statements are not necessarily indicative of the results that may be expected for other interim periods or for the full year.

Certain prior period amounts have been reclassified to conform to the current year's presentation and the adoption of Accounting Standards Update (ASU) No. 2014-09, (ASU 2014-09) "Revenue from Contracts with Customers".

2. Recent Accounting Developments

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, (ASU 2014-09) "Revenue from Contracts with Customers." The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company adopted this guidance on January 1, 2018 utilizing the full retrospective method of adoption allowed by the standard, in order to provide for comparative results in all periods presented. The most significant impact of this ASU is the elimination of the incremental cost method for frequent flier program accounting, which requires the Company to re-value and record a liability associated with customer flight miles earned as part of the Company's frequent flier program with a relative fair value approach. The classification and timing of recognition of certain ancillary fees is also impacted by the adoption of ASU 2014-09. While the adoption did not have a significant impact on earnings, the classification of certain revenues, such as bags, seats and other travel-related fees are now deemed part of the single performance obligation of providing passenger transportation. Refer to Note 4, Revenue Recognition for information regarding the Company's adoption of ASU 2014-09 and to Note 5, Revenue Disaggregation for the presentation of passenger revenues disaggregated by fare and non-fare.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall (Subtopic 825-10)." ASU 2016-01 makes several modifications to Subtopic 825-10 including the elimination of the available-for-sale classification of equity investments, and requires equity investments with readily determinable fair values to be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 is effective for the Company for interim and annual periods beginning January 1, 2018. The Company adopted this guidance on January 1, 2018 with no material impact on the financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This standard will generally require all leases with durations greater than twelve months to be recognized on the condensed balance sheet and is effective for the Company in the first quarter of 2019, with early adoption permitted. The Company is currently evaluating the new guidance and believes adoption of this standard will have a significant impact on its condensed balance sheets although adoption is not expected to significantly change the recognition, measurement or presentation of lease expenses within the statements of

Notes to Condensed Financial Statements—(Continued)

operations and cash flows. Refer to Note 10, Commitments and Contingencies for information regarding the Company's undiscounted future lease payments and the timing of those payments.

Accounting for Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses." The standard requires the use of an "expected loss" model on certain types of financial instruments. The standard also amends the impairment model for available-for-sale securities and requires estimated credit losses to be recorded as allowances instead of reductions to amortized cost of the securities. This standard is effective for the Company for fiscal years, and interim periods within those years, beginning January 1, 2020, with early adoption permitted. The Company is evaluating the new guidance, but does not expect it to have a material impact on its financial statements.

Statement of Cash Flows

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows." The standard is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. This standard is effective for the Company for fiscal years, and interim periods within those years, beginning January 1, 2018. The Company adopted this guidance on January 1, 2018 with no material impact on the financial statements.

Income Taxes

In March 2018, the FASB issued ASU 2018-05, Income Taxes (Topic 740) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. The standard amends Accounting Standards Codification 740, Income Taxes (ASC 740) to provide guidance on accounting for the tax effects of the Tax Cuts and Jobs Act (the Tax Act) pursuant to Staff Accounting Bulletin No. 118. The provisional income tax amounts recorded may be affected as the Company gains a more thorough understanding of the tax law, including those related to the deductibility of acquired assets, state tax treatment and amounts related to employee compensation. The Company is evaluating the new guidance, but does not expect it to have a material impact on its financial statements.

3. Special Charges

During the three months ended March 31, 2018, under the guidance of the National Mediation Board (NMB), the Company effectively negotiated and amended the collective bargaining agreement with the Air Line Pilots Association, International (ALPA). In connection with the amended agreement, the Company recorded \$89.2 million in special charges within operating expenses in the statement of operations. The total amount includes a one-time \$80.7 million ratification incentive bonus, including payroll taxes, and an \$8.5 million adjustment related to other contractual provisions. The ratification incentive bonus is expected to be paid during the second quarter of 2018.

During the three months ended March 31, 2018, the Company recorded \$9.2 million in special charges, non-operating within other (income) expense in the statement of operations. On March 28, 2018, the Company entered into an aircraft sale agreement to acquire fourteen A319-100 aircraft previously operated by the Company under operating leases. The agreement provides for the purchase by the Company of each aircraft to occur during the second quarter 2018. The aggregate gross purchase price for the 14 aircraft is \$285.0 million, and the payment of the price for each aircraft at the time of the sale will be comprised of a cash payment net of the amount of maintenance reserves and security deposits for such aircraft held by the applicable lessor pursuant to the lease for such aircraft. The contract was deemed a lease modification which resulted in a change of classification from operating leases to capital leases for the 14 aircraft. The capital lease assets have been recorded at the fair value of the aircraft. The obligation will be accreted up to the net cash payment price with interest charges recognized in special charges, non-operating in the statement of operations. The Company determined the valuation of the aircraft based on third-party appraisals considering the condition of the aircraft (a Level 3 measurement).

During the three months ended March 31, 2017, the Company purchased one engine which was previously financed under an operating lease agreement. The purchase price of the engine was \$8.1 million, comprised of a cash payment of \$3.8 million and the non-cash application of maintenance reserves and security deposits held by the previous lessor of \$4.3 million. The Company estimated the fair value of the engine to be \$3.1 million and has recorded the purchased engine at fair value within flight equipment on the condensed balance sheets. The Company determined the valuation of the engine based on a third-party appraisal considering the condition of the engine (a Level 3 measurement). The Company recognized \$4.8 million

Notes to Condensed Financial Statements—(Continued)

as a cost of terminating the lease within special charges on the condensed statement of operations, made up of the excess of the purchase price paid over the fair value of the engine, less other non-cash items of \$0.2 million.

4. Revenue Recognition

Passenger revenues

Fare revenues. Tickets sold are initially deferred as “air traffic liability.” Passenger fare revenues are recognized at time of departure when transportation is provided. All tickets sold by the Company are nonrefundable. An unused ticket expires at the date of scheduled travel and is recognized as revenue at the date of scheduled travel. Passenger revenues reported prior to the adoption of ASU 2014-09 are now reported as fare revenues within passenger revenues in the Company's disaggregated revenue table within Note 5, Revenue Disaggregation.

As of December 31, 2017 and 2016, the Company had air traffic liability (ATL) balances of \$263.7 million and \$220.2 million, respectively. During the three months ended March 31, 2018, substantially all of the ATL balance as of December 31, 2017 has been recognized. The remaining balance of the December 31, 2017 liability is expected to be recognized during 2018.

Non-fare revenues. The adoption of ASU 2014-09 impacted the classification of certain ancillary items such as bags, seats and other travel-related fees, since they are deemed part of the single performance obligation of providing passenger transportation. These ancillary items are now recognized in non-fare revenues within passenger revenues in the Company's disaggregated revenue table within Note 5, Revenue Disaggregation.

Other. Other revenue primarily consists of the marketing component of the sale of frequent flyer miles to the Company's credit card partner and commissions revenue from the sale of various items such as hotels and rental cars.

Changes and cancellations. Customers may elect to change or cancel their itinerary prior to the date of departure. For changes, a service charge is recognized at time of departure of newly scheduled travel and is deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. For cancellations, a service charge is assessed and the amount remaining after deducting the service charge is called a credit shell which generally 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. Both the service charge and credit shell amounts are recorded as deferred revenue, net of the amount expected to expire, which is recognized as revenue upon issuance of the credit shell and is estimated based on historical experience. Estimating the amount of credits that will go unused involves some level of subjectivity and judgment. However, given the relatively short period of time to expiration, this does not have a significant impact on the Company's financial statements.

Frequent Flyer Program

The Company's frequent flyer program generates customer loyalty by rewarding customers with mileage credits to travel on Spirit. When traveling, customers earn redeemable mileage credits for each mile flown on Spirit. Customers can also earn mileage credits through participating companies such as the co-branded Spirit credit card. Mileage credits are redeemable by customers in future periods for air travel on Spirit.

To reflect the mileage credits earned, the program includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) mileage credits earned with travel and (2) mileage credits sold to co-branded credit card partner.

The adoption of the ASU eliminated the incremental cost method for frequent flier program accounting, which required the Company to re-value and record a liability associated with customer flight miles earned with travel as part of the Company's frequent flier program with a relative fair value. Upon adoption of the ASU on January 1, 2018, the Company recorded an increase to its air traffic liability of \$12.4 million.

Passenger ticket sales earning mileage credits. Passenger ticket sales earning mileage credits provide customers with (1) mileage credits earned and (2) air transportation. The Company values each performance obligation on a standalone basis. To value the mileage credits earned, the Company considers the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as equivalent ticket value (ETV).

The Company defers revenue for the mileage credits when earned and recognize loyalty travel awards in passenger revenue as the miles are redeemed and services are provided. The Company records the air transportation portion of the passenger ticket sales in air traffic liability and recognizes passenger revenue when transportation is provided or if the ticket goes unused.

Notes to Condensed Financial Statements—(Continued)

Sale of mileage credits. Customers may earn mileage credits based on their spending with the Company's co-branded credit card company with which the Company has an agreement to sell mileage credits. The contract to sell mileage credits under this agreement has multiple performance obligations. During the three months ended March 31, 2018 and 2017, total cash sales from this agreement was \$10.0 million and \$11.7 million, respectively, which are allocated to travel and other performance obligations, as discussed below.

The Company's co-brand credit card agreement provides for joint marketing where cardholders earn mileage credits for making purchases using co-branded cards. During 2015, the Company extended its agreement with the administer of the FREE SPIRIT affinity credit card program to extend through 2022. The Company accounts for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered. The value is allocated based on the relative selling prices of those products and services, which generally consists of (i) travel miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. The Company determined the best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) ETV for the award travel obligation, (3) licensing of brand and access to member lists and (4) advertising and marketing efforts.

The Company defers the amount for award travel obligation as part of loyalty deferred revenue within air traffic liability on the balance sheet and recognizes loyalty travel awards in passenger revenue as the mileage credits are used for travel. Revenue allocated to the remaining performance obligations, primarily marketing components, is recorded in other revenue over time as miles are delivered.

Mileage breakage. For mileage credits that the Company estimate are not likely to be redeemed ("breakage"), the Company recognize the associated value proportionally during the period in which the remaining mileage credits are expected to be redeemed. Management uses statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years.

Current activity of frequent flyer program. Mileage credits are combined in one homogeneous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the frequent flyer deferred revenue balance at the beginning of the period as well as miles that were issued during the period.

Notes to Condensed Financial Statements—(Continued)

The following tables show adjustments made due to the adoption of Accounting Standards Update (ASU) No. 2014-09, (ASU 2014-09) "Revenue from Contracts with Customers" on the December 31, 2017 and 2016 statements of operations, respectively. Previously reported results were derived from audited financial statements included in Company's Annual Report on Form 10-K for the fiscal years ended December 31, 2017 and December 31, 2016, as applicable.

	Year ended December 31, 2017		
	(in thousands, except share and per share data)		
	As Reported	Topic 606 Adjustment	As Adjusted
Operating revenues:			
Passenger	\$ 1,366,034	\$ 1,206,853	\$ 2,572,887
Other	1,281,632	(1,210,967)	70,665
Total operating revenues	2,647,666	(4,114)	2,643,552
Operating expenses:			
Aircraft fuel	615,581	—	615,581
Salaries, wages and benefits	527,959	—	527,959
Aircraft rent	205,852	—	205,852
Landing fees and other rents	180,655	—	180,655
Depreciation and amortization	140,152	—	140,152
Maintenance, materials and repairs	110,439	—	110,439
Distribution	113,620	(148)	113,472
Special charges	12,629	—	12,629
Loss on disposal of assets	4,168	—	4,168
Other operating	347,820	—	347,820
Total operating expenses	2,258,875	(148)	2,258,727
Operating income	388,791	(3,966)	384,825
Other (income) expense:			
Interest expense	57,302	—	57,302
Capitalized interest	(13,793)	—	(13,793)
Interest income	(8,736)	—	(8,736)
Other expense	366	—	366
Total other (income) expense	35,139	—	35,139
Income before income taxes	353,652	(3,966)	349,686
Provision (benefit) for income taxes	(66,954)	1,118	(65,836)
Net income	\$ 420,606	\$ (5,084)	\$ 415,522
Basic earnings per share	\$ 6.08	\$ (0.07)	\$ 6.00
Diluted earnings per share	\$ 6.06	\$ (0.07)	\$ 5.99

Notes to Condensed Financial Statements—(Continued)

	Year ended December 31, 2016		
	(in thousands, except share and per share data)		
	As Reported	Topic 606 Adjustment	As Adjusted
Operating revenues:			
Passenger	\$ 1,200,621	\$ 1,057,180	\$ 2,257,801
Other	1,121,335	(1,059,115)	62,220
Total operating revenues	2,321,956	(1,935)	2,320,021
Operating expenses:			
Salaries, wages and benefits	472,471	—	472,471
Aircraft fuel	447,553	—	447,553
Aircraft rent	201,675	—	201,675
Landing fees and other rents	151,679	—	151,679
Depreciation and amortization	101,136	—	101,136
Maintenance, materials and repairs	98,587	—	98,587
Distribution	96,627	268	96,895
Special charges	37,189	—	37,189
Loss on disposal of assets	4,187	—	4,187
Other operating	267,191	—	267,191
Total operating expenses	1,878,295	268	1,878,563
Operating income	443,661	(2,203)	441,458
Other (income) expense:			
Interest expense	41,654	—	41,654
Capitalized interest	(12,705)	—	(12,705)
Interest income	(5,276)	—	(5,276)
Other expense	528	—	528
Total other (income) expense	24,201	—	24,201
Income before income taxes	419,460	(2,203)	417,257
Provision (benefit) for income taxes	154,581	(807)	153,774
Net income	\$ 264,879	\$ (1,396)	\$ 263,483
Basic earnings per share	\$ 3.77	\$ (0.02)	\$ 3.75
Diluted earnings per share	\$ 3.76	\$ (0.02)	\$ 3.74

Notes to Condensed Financial Statements—(Continued)

The following table shows adjusted balances after the adoption of ASU 2014-09, "Revenue from Contracts with Customers" on the quarterly statements of operations for each quarter of 2017.

	For the Quarter ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
(in thousands, except share and per share data)				
Operating revenues:				
Passenger	\$ 572,287	\$ 680,880	\$ 669,072	\$ 650,647
Other	17,670	19,305	18,155	15,535
Total operating revenues	589,957	700,185	687,227	666,182
Operating expenses:				
Aircraft fuel	139,782	142,294	158,300	175,205
Salaries, wages and benefits	127,138	129,892	134,114	136,815
Aircraft rent	57,070	52,566	53,396	42,820
Landing fees and other rents	40,448	45,592	48,498	46,117
Depreciation and amortization	31,509	35,331	36,840	36,472
Maintenance, materials and repairs	26,312	28,985	26,176	28,966
Distribution	25,772	29,835	29,695	28,170
Special charges	4,776	—	7,853	—
Loss on disposal of assets	1,105	1,493	516	1,054
Other operating	77,703	102,885	87,965	79,267
Total operating expenses	531,615	568,873	583,353	574,886
Operating income	58,342	131,312	103,874	91,296
Other (income) expense:				
Interest expense	12,473	13,746	15,018	16,065
Capitalized interest	(3,580)	(3,342)	(3,203)	(3,668)
Interest income	(1,313)	(1,828)	(2,605)	(2,990)
Other expense	3	104	114	145
Total other (income) expense	7,583	8,680	9,324	9,552
Income before income taxes	50,759	122,632	94,550	81,744
Provision (benefit) for income taxes	19,498	45,391	34,506	(165,231)
Net income	\$ 31,261	\$ 77,241	\$ 60,044	\$ 246,975
Basic earnings per share	\$ 0.45	\$ 1.11	\$ 0.87	\$ 3.59
Diluted earnings per share	\$ 0.45	\$ 1.11	\$ 0.86	\$ 3.58

Notes to Condensed Financial Statements—(Continued)

The following table shows quarterly adjustments made due to the adoption of ASU 2014-09, "Revenue from Contracts with Customers" on the statements of operations for 2017.

	Full Year 2017 As Reported	Adjustments, for the Quarter ended				Full Year 2017 Adjusted
		March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	
(in thousands, except share and per share data)						
Operating revenues:						
Passenger	\$ 1,366,034	\$ 272,525	\$ 308,959	\$ 312,865	\$ 312,504	\$ 2,572,887
Other	1,281,632	(274,314)	(310,455)	(312,869)	(313,329)	70,665
Total operating revenues	2,647,666	(1,789)	(1,496)	(4)	(825)	2,643,552
Operating expenses:						
Aircraft fuel	615,581	—	—	—	—	615,581
Salaries, wages and benefits	527,959	—	—	—	—	527,959
Aircraft rent	205,852	—	—	—	—	205,852
Landing fees and other rents	180,655	—	—	—	—	180,655
Depreciation and amortization	140,152	—	—	—	—	140,152
Maintenance, materials and repairs	110,439	—	—	—	—	110,439
Distribution	113,620	(726)	(73)	226	425	113,472
Special charges	12,629	—	—	—	—	12,629
Loss on disposal of assets	4,168	—	—	—	—	4,168
Other operating	347,820	—	—	—	—	347,820
Total operating expenses	2,258,875	(726)	(73)	226	425	2,258,727
Operating income	388,791	(1,063)	(1,423)	(230)	(1,250)	384,825
Other (income) expense:						
Interest expense	57,302	—	—	—	—	57,302
Capitalized interest	(13,793)	—	—	—	—	(13,793)
Interest income	(8,736)	—	—	—	—	(8,736)
Other expense	366	—	—	—	—	366
Total other (income) expense	35,139	—	—	—	—	35,139
Income before income taxes	353,652	(1,063)	(1,423)	(230)	(1,250)	349,686
Provision (benefit) for income taxes	(66,954)	(389)	(522)	(84)	2,113	(65,836)
Net income	\$ 420,606	\$ (674)	\$ (901)	\$ (146)	\$ (3,363)	\$ 415,522
Basic earnings per share	\$ 6.08	\$ (0.01)	\$ (0.01)	\$ —	\$ (0.05)	\$ 6.00
Diluted earnings per share	\$ 6.06	\$ (0.01)	\$ (0.01)	\$ —	\$ (0.05)	\$ 5.99

Notes to Condensed Financial Statements—(Continued)

The following tables show adjustments made due to the adoption of Accounting Standards Update (ASU) No. 2014-09, (ASU 2014-09) "Revenue from Contracts with Customers" on the December 31, 2017 and 2016 balance sheets, respectively. Previously reported results were derived from audited financial statements included in Company's Annual Report on Form 10-K for the fiscal years ended December 31, 2017 and December 31, 2016, as applicable.

	Year ended December 31, 2017		
	(in thousands)		
	As Reported	Topic 606 Adjustment	As Adjusted
Assets			
Current assets:			
Cash and cash equivalents	\$ 800,849	\$ —	\$ 800,849
Short-term investment securities	100,937	—	100,937
Accounts receivable, net	49,323	—	49,323
Aircraft maintenance deposits, net	175,615	—	175,615
Income tax receivable	69,844	—	69,844
Prepaid expenses and other current assets	83,692	1,850	85,542
Total current assets	1,280,260	1,850	1,282,110
Property and equipment:			
Flight equipment	2,291,110	—	2,291,110
Ground property and equipment	155,166	—	155,166
Less accumulated depreciation	(207,808)	—	(207,808)
	2,238,468	—	2,238,468
Deposits on flight equipment purchase contracts	253,687	—	253,687
Long-term aircraft maintenance deposits	150,617	—	150,617
Deferred heavy maintenance, net	99,915	—	99,915
Other long-term assets	121,003	—	121,003
Total assets	\$ 4,143,950	\$ 1,850	\$ 4,145,800
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	\$ 22,822	\$ —	\$ 22,822
Air traffic liability	246,404	17,307	263,711
Current maturities of long-term debt	115,430	—	115,430
Other current liabilities	262,370	—	262,370
Total current liabilities	647,026	17,307	664,333
Long-term debt, less current maturities	1,387,498	—	1,387,498
Deferred income taxes	313,140	(4,326)	308,814
Deferred gains and other long-term liabilities	19,205	3,376	22,581
Shareholders' equity:			
Common stock: Common stock, \$0.0001 par value, 240,000,000 shares authorized at December 31, 2017; 69,770,795 issued and 68,196,964 outstanding as of December 31, 2017	7	—	7
Additional paid-in-capital	360,153	—	360,153
Treasury stock, at cost: 1,573,831 shares as of December 31, 2017	(65,854)	—	(65,854)
Retained earnings	1,484,239	(14,507)	1,469,732
Accumulated other comprehensive loss	(1,464)	—	(1,464)
Total shareholders' equity	1,777,081	(14,507)	1,762,574
Total liabilities and shareholders' equity	\$ 4,143,950	\$ 1,850	\$ 4,145,800

Notes to Condensed Financial Statements—(Continued)

	Year ended December 31, 2016		
	(in thousands)		
	As Reported	Topic 606 Adjustment	As Adjusted
Assets			
Current assets:			
Cash and cash equivalents	\$ 700,900	\$ —	\$ 700,900
Short-term investment securities	100,155	—	100,155
Accounts receivable, net	41,136	—	41,136
Aircraft maintenance deposits, net	87,035	—	87,035
Income tax receivable	—	—	—
Prepaid expenses and other current assets	46,619	1,702	48,321
Total current assets	975,845	1,702	977,547
Property and equipment:			
Flight equipment	1,461,525	—	1,461,525
Ground property and equipment	126,206	—	126,206
Less accumulated depreciation	(122,509)	—	(122,509)
	1,465,222	—	1,465,222
Deposits on flight equipment purchase contracts	325,688	—	325,688
Long-term aircraft maintenance deposits	199,415	—	199,415
Deferred heavy maintenance, net	75,534	—	75,534
Other long-term assets	110,223	—	110,223
Total assets	\$ 3,151,927	\$ 1,702	\$ 3,153,629
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable	\$ 15,193	\$ —	\$ 15,193
Air traffic liability	206,392	13,792	220,184
Current maturities of long-term debt	84,354	—	84,354
Other current liabilities	226,011	—	226,011
Total current liabilities	531,950	13,792	545,742
Long-term debt, less current maturities	897,359	—	897,359
Deferred income taxes	308,143	(5,443)	302,700
Deferred gains and other long-term liabilities	19,868	2,776	22,644
Shareholders' equity:			
Common stock: Common stock, \$0.0001 par value, 240,000,000 shares authorized at December 31, 2016; 73,549,872 issued and 69,326,202 outstanding as of December 31, 2016	7	—	7
Additional paid-in-capital	551,004	—	551,004
Treasury stock, at cost: 4,223,670 shares as of December 31, 2016	(218,692)	—	(218,692)
Retained earnings	1,063,633	(9,423)	1,054,210
Accumulated other comprehensive loss	(1,345)	—	(1,345)
Total shareholders' equity	1,394,607	(9,423)	1,385,184
Total liabilities and shareholders' equity	\$ 3,151,927	\$ 1,702	\$ 3,153,629

Notes to Condensed Financial Statements—(Continued)

5. Revenue Disaggregation

Operating revenues is comprised of passenger revenues, which includes fare and non-fare revenues, and other revenues. The following table shows disaggregated operating revenues for the first quarter of 2018 and each quarter of 2017.

	For the Quarter ended				
	March 31, 2018	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(in thousands)				
Operating revenues:					
Fare	\$ 342,695	\$ 299,035	\$ 371,443	\$ 355,593	\$ 337,324
Non-fare	346,446	273,252	309,437	313,479	313,323
Total passenger revenues	689,141	572,287	680,880	669,072	650,647
Other revenues	14,997	17,670	19,305	18,155	15,535
Total operating revenues	704,138	589,957	700,185	687,227	666,182

The following table shows disaggregated operating revenues for years ended December 31, 2017 and 2016.

	Year ended December 31,					
	2017			2016		
	(in thousands)					
	As Reported	Topic 606 Adjustment	As Adjusted	As Reported	Topic 606 Adjustment	As Adjusted
Operating revenues:						
Fare	\$ 1,366,034	\$ (2,639)	\$ 1,363,395	\$ 1,200,621	\$ (2,514)	\$ 1,198,107
Non-fare	—	1,209,492	1,209,492	—	1,059,694	1,059,694
Total passenger revenues	1,366,034	1,206,853	2,572,887	1,200,621	1,057,180	2,257,801
Other revenues	1,281,632	(1,210,967)	70,665	1,121,335	(1,059,115)	62,220
Total operating revenues	2,647,666	(4,114)	2,643,552	2,321,956	(1,935)	2,320,021

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:

	For the Quarter ended March 31,	
	2018	2017
	(in millions)	
DOT—Domestic	\$ 647.8	\$ 543.9
DOT—Latin America	56.3	46.0
Total	\$ 704.1	\$ 589.9

6. Earnings per Share

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

	Three Months Ended March 31,	
	2018	2017
	(in thousands, except per share amounts)	
Numerator		
Net income	\$ (44,922)	\$ 31,261
Denominator		
Weighted-average shares outstanding, basic	68,222	69,348
Effect of dilutive stock awards	—	244
Adjusted weighted-average shares outstanding, diluted	68,222	69,592
Net income per share		
Basic earnings per common share	\$ (0.66)	\$ 0.45
Diluted earnings per common share	\$ (0.66)	\$ 0.45
Anti-dilutive weighted-average shares	324	88

7. Short-term Investment Securities

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

As of March 31, 2018 and December 31, 2017, the Company had \$101.3 million and \$100.9 million in short-term available-for-sale investment securities, respectively. During the three months ended March 31, 2018, these investments earned interest income at a weighted-average fixed rate of approximately 1.5%. For the three months ended March 31, 2018 and 2017, an unrealized loss of \$23 thousand and an unrealized loss of \$13 thousand, net of deferred taxes of \$8 thousand and \$8 thousand, respectively, was recorded within accumulated other comprehensive income (AOCI) related to these investment securities. The Company has not recognized any realized gains or losses related to these securities as the Company has not transacted any sale of these securities. As of March 31, 2018 and December 31, 2017, \$128 thousand and \$105 thousand, net of tax, respectively, remained in AOCI, related to these instruments.

8. Accrued Liabilities

Other current liabilities as of March 31, 2018 and December 31, 2017 consist of the following:

	March 31, 2018	December 31, 2017
	(in thousands)	
Salaries and wages	\$ 145,995	\$ 54,338
Federal excise and other passenger taxes and fees payable	55,723	42,036
Airport obligations	54,685	56,299
Aircraft maintenance	47,221	33,033
Interest payable	20,035	11,384
Fuel	19,971	25,171
Aircraft and facility lease obligations	11,864	16,992
Other	22,684	23,117
Other current liabilities	\$ 378,178	\$ 262,370

9. 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 and interest rates. 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 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. The Company records financial derivative instruments at fair value, which includes an evaluation of each counterparty's credit risk. As of March 31, 2018, the Company did not hold any derivatives with requirements to post collateral.

Fuel Derivative Instruments

From time to time, the Company may enter into fuel derivative contracts in order to mitigate the risk of future volatility in fuel prices. The Company's fuel derivative contracts, if any, 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 accounts for any fuel derivative contracts at fair value and recognizes them in the balance sheet in prepaid expenses and other current assets or other current liabilities. The Company did not enter into any fuel derivative instruments during the three months ended March 31, 2018 and 2017 and did not have any outstanding fuel derivatives as of March 31, 2018 and December 31, 2017. Historically, the Company has not elected hedge accounting on any fuel derivative instruments entered into and, as a result, changes in the fair value of fuel derivative contracts, if any, were recorded in aircraft fuel expense.

Interest Rate Swaps

During 2015, the Company settled six forward interest rate swaps that were designed to fix the benchmark interest rate component of the interest payments on the debt related to three Airbus A321 aircraft, which the Company took delivery of during the third quarter of 2015. These instruments limited the Company's exposure to changes in the benchmark interest rate in the period from the trade date through the date of maturity. The interest rate swaps were designated as cash flow hedges. The Company accounts for interest rate swaps at fair value and recognizes them in the balance sheet in prepaid expenses and other current assets or other current liabilities with changes in fair value recorded within accumulated other comprehensive income (AOCI). As of March 31, 2018 and December 31, 2017, the Company did not have any outstanding interest rate swaps.

Realized gains and losses from cash flow hedges are recorded in the statement of cash flows as a component of cash flows from operating activities. Subsequent to the issuance of each debt instrument, amounts remaining in AOCI are amortized over the life of the fixed-rate debt instrument. During the three months ended March 31, 2018 and 2017, there were no unrealized gains or losses recorded within AOCI related to these instruments as they settled in 2015. For the three months ended March 31, 2018 and 2017, the Company reclassified interest rate swap losses of \$58 thousand and \$53 thousand, net of tax of \$21 thousand and \$31 thousand, respectively, into earnings. As of March 31, 2018 and December 31, 2017, \$1.3 million and \$1.4 million, net of tax, respectively, remained in AOCI, related to these instruments.

10. Commitments and Contingencies

Aircraft-Related Commitments and Financing Arrangements

The Company's contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers. During the first quarter of 2018, the Company negotiated revisions to its A320 aircraft order. The Company originally had 14 A320neo aircraft scheduled for delivery in 2019. Pursuant to the revision, 5 of the 14 scheduled A320neo aircraft were converted to A320ceo aircraft and are scheduled to be delivered in 2018 and 2019. As of March 31, 2018, the Company's aircraft orders consisted of the following:

Notes to Condensed Financial Statements—(Continued)

	Airbus		Total
	A320ceo	A320neo	
2018	8		8
2019	2	9	11
2020		16	16
2021		18	18
	10	43	53

On March 28 2018, the Company entered into an aircraft sale agreement to purchase 14 A319s, which were previously financed under operating lease agreements. The purchase of all 14 aircraft are scheduled throughout the second quarter of 2018, for an aggregate gross purchase price of \$285.0 million, which will be comprised of cash payments, net of the application of cash maintenance and security deposits held by the previous lessor. The contract was deemed a lease modification which resulted in a change of classification from operating leases to capital leases for the 14 aircraft. As a result, the Company recorded a short term capital lease asset of \$236.7 million within flight equipment and a short-term capital lease obligation of \$143.8 million, net of the related maintenance reserves and security deposits, within current maturities of long-term debt and capital leases on the balance sheet as of March 31, 2018. These short-term balances will settle in the second quarter of 2018 with the purchase of the aircraft. The capital lease assets and obligations have been recorded at the fair value of the aircraft. The obligation will be accreted up to the net cash payment price with interest charges recognized in special charges, non-operating in the statement of operations.

During the first quarter of 2018, the Company entered into an agreement to purchase six new engines. As of March 31, 2018, the Company had purchased two of the six new engines, unencumbered. The Company also has three spare engine orders for V2500 SelectTwo engines with International Aero Engines (IAE) and nine spare engine orders for PurePower PW1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2018 through 2023. Purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and pre-delivery payments, are expected to be \$445.7 million for the remainder of 2018, \$600.7 million in 2019, \$821.3 million in 2020, \$785.1 million in 2021, \$16.8 million in 2022, and \$7.9 million in 2023 and beyond. As of March 31, 2018, the Company had secured debt financing commitments of \$129.5 million for 4 aircraft, scheduled for delivery in the remainder of 2018, and did not have financing commitments in place for the remaining 49 Airbus aircraft currently on firm order, which are scheduled for delivery in 2018 through 2021.

Interest commitments related to the secured debt financing of 52 delivered aircraft as of March 31, 2018 are \$56.5 million for the remainder of 2018, \$63.7 million in 2019, \$57.9 million in 2020, \$52.3 million in 2021, \$46.7 million in 2022, and \$163.3 million in 2023 and beyond. For principal commitments related to these financed aircraft, refer to Note 12, Debt and Other Obligations. As of March 31, 2018, principal and interest commitments related to the Company's future secured debt financing of four undelivered aircraft under the Series 2017-1 EETC are approximately \$3.3 million for the remainder of 2018, \$16.1 million in 2019, \$14.7 million in 2020, \$11.7 million in 2021, \$11.2 million in 2022, and \$108.7 million in 2023 and beyond.

As of March 31, 2018, the Company had a fleet consisting of 118 A320 family aircraft. As of March 31, 2018, the Company had 58 aircraft financed under operating leases with lease term expirations between 2020 and 2029 and owned 60 aircraft, of which 8 were purchased off lease and are currently unencumbered. In addition, as of March 31, 2018, the Company had 12 spare engines financed under operating leases with lease term expiration dates ranging from 2019 to 2027, and owned 5 spare engines of which 1 was purchased off lease and all 5 are currently unencumbered. One of the Company's leased aircraft has variable rent payments, which fluctuate based on changes in LIBOR (London Interbank Offered Rate). The Company entered into sale leaseback transactions with third-party aircraft lessors for the majority of these aircraft and engine leases. Deferred losses resulting from these sale leaseback transactions are included in other long-term assets on the accompanying balance sheet. Deferred losses are recognized as an increase to rent expense on a straight-line basis over the term of the respective operating leases. Deferred gains are included in deferred gains and other long-term liabilities on the accompanying balance sheet. Deferred gains are recognized as a decrease to rent expense on a straight-line basis over the term of the respective operating leases.

Under the terms of the lease agreements, the Company will continue to operate and maintain the aircraft. Payments under the majority of the lease agreements are fixed for the term of the lease. The lease agreements contain standard termination events, including termination upon a breach of the Company's obligations to make rental payments and upon any other material breach of the Company's obligations under the leases, and standard maintenance and return condition provisions. These return

Notes to Condensed Financial Statements—(Continued)

provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as supplemental rent expense when it is probable that such amounts will be incurred. 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.

In July 2015, the Company executed an upgrade service agreement with Airbus Americas Customer Services Inc. (Airbus) to reconfigure the seating and increase capacity in 40 of the Company's A320neos from 178 to 182 seats (reconfiguration). The reconfiguration of the aircraft commenced in the first quarter of 2016 and is expected to be completed in the second quarter of 2018. As of March 31, 2018, the Company had no further commitments. The amounts related to the reconfiguration are capitalized within flight equipment on the balance sheet.

Future minimum lease payments under capital leases and noncancellable operating leases at March 31, 2018 were as follows:

	<u>Capital Leases</u>	<u>Aircraft and Spare Engine Leases</u>	<u>Property Facility Leases</u>	<u>Total Operating and Capital Lease Obligations</u>
	(in thousands)			
2018	\$ 208,246	\$ 153,151	\$ 37,824	\$ 399,221
2019	625	190,172	40,964	231,761
2020	249	181,116	27,149	208,514
2021	28	170,845	16,729	187,602
2022	—	150,414	18,780	169,194
2023 and thereafter	—	419,925	181,444	601,369
Total minimum lease payments	\$ 209,148	\$ 1,265,623	\$ 322,890	\$ 1,797,661
Less amount representing interest	64,043			
Present value of minimum lease payments	\$ 145,105			
Less current portion	144,392			
Long-term portion	\$ 713			

The majority of the Company's capital lease obligations relate to aircraft capital leases that will settle in 2018. The remaining amounts primarily relate to the lease of computer equipment used by the Company's flight crew. Payments related to the lease of computer equipment are fixed for the 3-year term of the lease.

Aircraft rent expense consists of monthly lease rents for aircraft and spare engines under the terms of the Company's aircraft and spare engine lease agreements recognized on a straight-line basis. Aircraft rent expense also includes supplemental rent. Supplemental rent is made up of maintenance reserves paid or expected to be paid to aircraft lessors in advance of the performance of major maintenance activities that are not probable of being reimbursed, and probable and estimable return condition obligations. The Company expects supplemental rent to increase as individual aircraft lease agreements approach their respective termination dates and the Company begins to accrue the estimated cost of return conditions for the corresponding aircraft.

Some of the Company's aircraft and engine master lease agreements provide that the Company pays maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles, while some maintenance reserve payments are fixed, time-based contractual amounts. Fixed maintenance reserve payments for these aircraft and related flight equipment, including estimated amounts for contractual price escalations, are expected to be \$6.6 million for the remainder of 2018, \$5.9 million in 2019, \$5.6 million in 2020, \$5.7 million in 2021, \$4.9 million in 2022, and \$12.9 million in 2023 and beyond. These lease agreements generally provide that maintenance reserves are reimbursable to the Company upon completion of the maintenance event. Some of the master lease agreements do not require that the Company pay maintenance reserves so long as the Company's cash balance does not fall below a certain level. As of March 31, 2018, 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.

Notes to Condensed Financial Statements—(Continued)

The Company is contractually obligated to pay the following minimum guaranteed payments for its reservation system, new airport kiosks and other miscellaneous subscriptions and services as of March 31, 2018: \$7.7 million for the remainder of 2018, \$12.2 million in 2019, \$12.3 million in 2020, \$9.5 million in 2021, \$9.7 million in 2022, and \$64.6 million thereafter. During the first quarter of 2018, the Company entered into a contract renewal with its reservation system provider which expires in 2028.

Litigation

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

Credit Card Processing Arrangements

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

The Company's credit card processors do not require the Company to maintain cash collateral provided that the Company satisfies certain liquidity and other financial covenants. Failure to meet these covenants would provide the processors the right to place a holdback resulting in a commensurate reduction of unrestricted cash. As of March 31, 2018 and December 31, 2017, the Company was in compliance with such liquidity and other financial covenants in its credit card processing agreements and the processors were holding back no remittances.

The maximum potential exposure to cash holdbacks by the Company's credit card processors, based upon advance ticket sales and \$9 Fare Club memberships as of March 31, 2018 and December 31, 2017, was \$406.0 million and \$286.3 million, respectively.

Employees

The Company has four union-represented employee groups that together represented approximately 75% of all employees at March 31, 2018. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of March 31, 2018.

Employee Groups	Representative	Amendable Date	Percentage of Workforce
Pilots	Air Line Pilots Association, International (ALPA)	February 2023	27%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2021	44%
Dispatchers	Professional Airline Flight Control Association (PAFCA)	August 2018	1%
Ramp Service Agents	International Association of Machinists and Aerospace Workers (IAMAW)	June 2020	3%

In August 2015, the Company's collective bargaining agreement with its pilots, represented by ALPA, became amendable. In June 2016, ALPA requested the services of the National Mediation Board (NMB) to facilitate negotiations for an amended agreement and the Company joined ALPA in the request. In January 2018, under the guidance of the NMB assigned mediators, the parties reached a tentative agreement. In February 2018, the pilot group voted to approve the new five-year agreement with the Company. The new agreement includes a one-time ratification incentive and other negotiated contractual provisions of which were recorded within special charges in the condensed statement of operations for the three months ended March 31, 2018. For additional information, refer to Note 3, Special Charges.

In December 2017, the Professional Airline Flight Control Association ("PAFCA") filed an application with the NMB seeking to represent the Company's dispatchers, who were previously represented by the Transport Workers Union (TWU). In January 2018, the NMB determined that a representation election would be held. The voting period for the representation election took place through February 20, 2018 and the dispatchers elected to be represented by the PAFCA.

Notes to Condensed Financial Statements—(Continued)

The Company is self-insured for health care claims, up to a stop loss amount 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 \$5.0 million and \$3.9 million in health care claims as of March 31, 2018 and December 31, 2017, respectively.

11. Fair Value Measurements

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

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

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

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

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

Fuel Derivative Instruments

From time to time, the Company may enter into fuel derivative contracts in order to mitigate the risk of future volatility in fuel prices. The Company's fuel 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 fuel derivative instruments, if any. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The Company does not elect hedge accounting on its fuel derivative instruments, if any. As a result, the Company records the fair value adjustment of any 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. Fair values of any fuel derivative 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 any derivative instruments executed with the same counterparty under a master netting arrangement. The Company determines fair value of any 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.

The fair value of the Company's jet fuel swaps, if any, are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets; therefore, the Company categorizes these instruments as Level 2. 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 concluded that holding other inputs constant, a significant increase (decrease) in implied volatility would result in a significantly higher

Notes to Condensed Financial Statements—(Continued)

(lower) determination of fair value measurement for the Company's aircraft fuel derivatives. As of March 31, 2018 and December 31, 2017, the Company had no outstanding jet fuel derivatives.

Long-Term Debt

The estimated fair value of the Company's non-publicly held debt agreements has been determined to be Level 3 as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes a discounted cash flow method to estimate the fair value of the Level 3 long-term debt. The estimated fair value of the Company's publicly held debt agreements has been determined to be Level 2 as the Company utilizes quoted market prices to estimate the fair value of its public long-term debt.

The carrying amounts and estimated fair values of the Company's long-term debt at March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018		December 31, 2017		Fair Value Level Hierarchy
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	
(in millions)					
Senior term loans	\$ 409.1	\$ 414.0	\$ 417.9	\$ 435.3	Level 3
Junior term loans	37.3	37.8	39.3	40.4	Level 3
Fixed-rate loans	510.1	502.9	518.0	528.6	Level 3
2015-1 EETC Class A	408.6	409.8	408.6	420.9	Level 2
2015-1 EETC Class B	92.0	92.7	92.0	94.2	Level 2
2017-1 EETC Class AA	171.0	166.4	37.5	37.4	Level 2
2017-1 EETC Class A	57.0	55.2	12.5	12.6	Level 2
2017-1 EETC Class B	63.0	61.4	13.8	13.8	Level 2
Total long-term debt	\$ 1,748.1	\$ 1,740.2	\$ 1,539.6	\$ 1,583.2	

Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2018 and December 31, 2017 are comprised of liquid money market funds and cash, and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions.

Short-term Investment Securities

Short-term investment securities at March 31, 2018 and December 31, 2017 are comprised of available-for-sale asset-backed securities with contractual maturities of twelve months or less and are categorized as Level 1 instruments, as the Company uses quoted market prices in active markets when determining the fair value of these securities. For additional information, refer to Note 7, Short-term Investment Securities.

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

	Fair Value Measurements as of March 31, 2018			
	Total	Level 1	Level 2	Level 3
(in millions)				
Cash and cash equivalents	\$ 898.5	\$ 898.5	\$ —	\$ —
Short-term investment securities	101.3	101.3	—	—
Total assets	\$ 999.8	\$ 999.8	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —

Notes to Condensed Financial Statements—(Continued)

	Fair Value Measurements as of December 31, 2017			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Cash and cash equivalents	\$ 800.8	\$ 800.8	\$ —	\$ —
Short-term investment securities	100.9	100.9	—	—
Total assets	\$ 901.7	\$ 901.7	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —

The Company had no transfers of assets or liabilities between any of the above levels during the periods ended March 31, 2018 and December 31, 2017.

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

12. Debt and Other Obligations

As of March 31, 2018, the Company held non-public and public debt instruments. During the three months ended March 31, 2018, the Company acquired additional debt through the 2017-1 EETCs described below.

2017-1 EETCs

In November 2017, the Company created three separate pass-through trusts, which issued \$420.5 million aggregate face amount of Series 2017-1 Class AA, Class A and Class B EETCs in connection with the financing of seven new Airbus A320 aircraft and five new Airbus A321 aircraft. Each class of certificates represents a fractional undivided interest in the respective pass-through trusts and is not an obligation of the Company. The proceeds from the issuance of these certificates are initially held in escrow by a depository and, upon satisfaction of certain terms and conditions, are released and used to purchase equipment notes which are issued by the Company and secured by the Company's aircraft. Interest on the issued and outstanding equipment notes are payable semiannually on February 15 and August 15 of each year, commencing on August 15, 2018, and principal on such equipment notes is scheduled for payment on February 15 and August 15 of certain years. Principal payments commence on August 15, 2018 in the case of five new Airbus A321 scheduled for delivery from February 2018 to March 2018 and three Airbus A320 scheduled for delivery from December 2017 to January 2018 and on February 15, 2019 for four Airbus A320 aircraft scheduled for delivery from April 2018 to October 2018. Issued and outstanding Series AA and Series A equipment notes mature in February 2030 and Series B equipment notes mature in February 2026. Issued and outstanding Series AA, Series A and Series B equipment notes accrue interest at a rate of 3.375%, 3.650% and 3.800%, respectively. As of March 31, 2018, \$291.0 million of the proceeds from the sale of the Series 2017-1 EETCs had been used to purchase equipment notes in connection with the financing of three Airbus A321 aircraft and five Airbus A320 aircraft. The remaining \$129.5 million of escrowed proceeds held by the pass-through trusts will be used to purchase equipment notes as the remaining 4 new aircraft are delivered. Equipment notes that are issued are reported as debt on the Company's condensed balance sheets.

The Company evaluated whether the pass-through trusts formed are variable interest entities (VIEs) required to be consolidated by the Company under applicable accounting guidance. The Company determined that the pass-through trusts are VIEs and that it does not have a variable interest in the pass-through trusts. Based on this analysis, the Company determined that it is not required to consolidate these pass-through trusts.

Long-term debt is comprised of the following:

Notes to Condensed Financial Statements—(Continued)

	As of		Three Months Ended March 31,	
	March 31, 2018	December 31, 2017	2018	2017
	(in millions)		(weighted-average interest rates)	
Fixed-rate senior term loans due through 2027	\$ 409.1	\$ 417.9	4.10%	4.10%
Fixed-rate junior term loans due through 2022	37.3	39.3	6.90%	6.90%
Fixed-rate loans due through 2029	510.1	518.0	3.83%	3.88%
Fixed-rate class A 2015-1 EETC due through 2028	408.6	408.6	4.10%	4.10%
Fixed-rate class B 2015-1 EETC due through 2024	92.0	92.0	4.45%	4.45%
Fixed-rate class AA 2017-1 EETC due through 2030	171.0	37.5	3.38%	N/A
Fixed-rate class A 2017-1 EETC due through 2030	57.0	12.5	3.65%	N/A
Fixed-rate class B 2017-1 EETC due through 2026	63.0	13.8	3.80%	N/A
Long-term debt	1,748.1	1,539.6		
Less current maturities	136.5	115.4		
Less unamortized discounts	40.7	36.7		
Total	\$ 1,570.9	\$ 1,387.5		

During the three months ended March 31, 2018 and March 31, 2017, the Company made scheduled principal payments of \$18.7 million and \$10.2 million on its outstanding debt obligations, respectively.

At March 31, 2018, long-term debt principal payments for the next five years and thereafter are as follows:

	March 31, 2018
	(in millions)
2018	\$ 112.9
2019	138.2
2020	135.9
2021	133.6
2022	130.6
2023 and beyond	1,096.9
Total debt principal payments	\$ 1,748.1

Interest Expense

Interest expense related to long-term debt consisted of the following:

	Three Months Ended March 31,	
	2018	2017
	(in thousands)	
Senior term loans	\$ 4,317	\$ 4,672
Junior term loans	667	803
Fixed-rate loans	4,911	159
Class A 2015-1 EETC	4,142	4,308
Class B 2015-1 EETC	1,012	1,185
Class AA 2017-1 EETC	682	—
Class A 2017-1 EETC	246	—
Class B 2017-1 EETC	283	—
Commitment fees	52	30
Amortization of debt discounts	1,491	1,231
Total	\$ 17,803	\$ 12,388

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are subject to the “safe harbor” created by those sections. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. All statements other than statements of historical factors are “forward-looking statements” for purposes of these provisions. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” and similar expressions intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” in this report and in Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Spirit Airlines is an ultra low-cost, low-fare airline headquartered in Miramar, Florida that offers affordable travel to price-conscious customers. Our all-Airbus A320neo Fleet™, the youngest fleet of any major U.S. airline, currently operates more than 500 daily flights to 65 destinations in the United States, Caribbean and Latin America. Our stock trades under the symbol "SAVE" on the New York Stock Exchange (NYSE).

Our ultra low-cost carrier, or ULCC, business model allows us to compete principally by offering customers our Bare Fares™, which are unbundled base fares that remove components traditionally included in the price of an airline ticket. We then give customers Frill Control™, which provides customers the freedom to save by paying only for the options they choose, such as bags and advance seat assignments. We record revenue related to these options as non-fare passenger revenue, which is recorded within passenger revenues in our statement of operations.

We 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 address an underserved market, which helps us to increase passenger volume, load factors and non-ticket revenue on the flights we operate. We also have high-density seating configurations on our aircraft and a simplified onboard product designed to lower costs, which is part of our Plane Simple™ strategy. High 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. 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 pricing concept to effectively maintain higher 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, which does not allow 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 optional products or services.

We allow our customers to see all available options and their respective prices prior to purchasing a ticket, and this full transparency illustrates that our total price, including options selected, is lower than other airlines on average. Through branded campaigns, we educate the public on how our unbundled pricing model works, showing them how it gives them choice on how they spend their money and saves them money compared to other airlines.

Comparative Operating Statistics:

The following tables set forth our operating statistics for the three-month period ended March 31, 2018 and 2017:

	Three Months Ended March 31,		Percent Change
	2018	2017	
Operating Statistics (unaudited) (A):			
Average aircraft	114.1	97.2	17.4 %
Aircraft at end of period	118	100	18.0 %
Average daily aircraft utilization (hours)	12.0	11.9	0.8 %
Average stage length (miles)	1,025	985	4.1 %
Block hours	122,954	104,035	18.2 %
Departures	44,982	39,330	14.4 %
Passenger flight segments (PFSs) (thousands)	6,537	5,570	17.4 %
Revenue passenger miles (RPMs) (thousands)	6,813,519	5,613,422	21.4 %
Available seat miles (ASMs) (thousands)	8,408,764	6,875,899	22.3 %
Load factor (%)	81.0%	81.6%	(0.6) pts
Average fare revenue per passenger flight segment (\$)	52.42	53.69	(2.4)%
Average non-ticket revenue per passenger flight segment (\$)	55.29	52.23	5.9 %
Total revenue per passenger flight segment (\$)	107.71	105.92	1.7 %
Average yield (cents)	10.33	10.51	(1.7)%
TRASM (cents)	8.37	8.58	(2.4)%
CASM (cents)	8.84	7.73	14.4 %
Adjusted CASM (cents)	7.76	7.65	1.4 %
Adjusted CASM ex-fuel (cents)	5.33	5.61	(5.0)%
Fuel gallons consumed (thousands)	95,003	79,064	20.2 %
Average economic fuel cost per gallon (\$)	2.15	1.77	21.5 %

(A) See "Glossary of Airline Terms" elsewhere in this quarterly report for definitions used in this table. Certain prior period statistics reflect adjustments after the adoption of ASU 2014-09, "Revenue from Contracts with Customers".

Executive Summary

For the first quarter of 2018, we achieved a (5.5)% operating margin, a decrease of 15.4 points compared to the prior year period. We incurred a pre-tax loss of \$59.7 million and a net loss of \$44.9 million on operating revenues of \$704.1 million. For the first quarter of 2017, we generated pre-tax income of \$50.8 million and net income of \$31.3 million on operating revenues of \$590.0 million.

Our adjusted CASM ex-fuel for the first quarter of 2018 was 5.33 cents, a 5.0% decrease year over year. The decrease on a per-ASM basis was primarily due to decreases in aircraft rent and maintenance, materials and repairs expense.

As of March 31, 2018, we had 118 Airbus A320-family aircraft in our fleet comprised of 31 A319s, 52 A320s, and 30 A321s, and 5 A320neos. With the scheduled delivery of 8 aircraft during the remainder of 2018, we expect to end 2018 with 126 aircraft in our fleet.

Since the delivery of our initial five A320neo aircraft in the fourth quarter of 2016, we have experienced introductory issues with the new-generation PW1100G-JM engines, which has resulted in diminished service availability of such aircraft. As a result of the reliability problems associated with the introduction of the new engines, during the second quarter of 2017, we executed a support agreement with manufacturer Pratt & Whitney in order to obtain support and relief related to these operational disruptions. During the first quarter of 2018, the support agreement was extended through February 2018. The support agreement provided for compensation for grounded aircraft, if any, and for back-up spare engines. We continuously work with Pratt & Whitney to secure support and relief in connection with possible engine related operation disruptions.

Comparison of three months ended March 31, 2018 to three months ended March 31, 2017

Operating Revenues

Operating revenues increased \$114.2 million, or 19.4%, to \$704.1 million for the first quarter of 2018, as compared to the first quarter of 2017, due primarily to an increase in traffic of 21.4%, offset by a decrease in passenger yields of 1.7% .

Total revenue per available seat mile (TRASM) for the first quarter of 2018 was 8.37 cents, a decrease of 2.4%, as compared to the first quarter of 2017. This decrease was primarily driven by lower passenger yields, year over year, resulting from competitive pricing pressure in many of our markets. In addition, load factor decreased by 0.6 points, year over year.

Total revenue per passenger flight segment increased 1.7%, year over year, driven by an increase of 5.9% in non-ticket revenue per passenger flight segment offset by a decrease of 2.4% in fare revenue per passenger flight segment. The decrease in fare revenue per passenger flight segment was primarily driven by a 1.7% decrease in average yield, period over period, due to a more aggressive pricing environment as compared to the prior year. The increase in non-ticket revenue per passenger flight segment was primarily attributable to higher bag revenue, passenger usage fee, and seat revenue per flight segment, as compared to the prior year.

Operating Expenses

Operating expenses increased \$211.3 million, or 39.8%, to \$742.9 million for the first quarter of 2018 compared to \$531.6 million for the first quarter of 2017, primarily due to the approval of the new pilot agreement in February 2018, which included a one-time ratification incentive. For additional information, refer to "Notes to the Financial Statements—3. Special Charges." The increase in operating expenses is also attributable to an increase in operations as reflected by a 22.3% capacity growth and a 21.4% increase in traffic. Furthermore, operating expenses increased as a result of a 20.2% increase in fuel gallons consumed and a 21.5% increase in average economic fuel cost per gallon which drove higher aircraft fuel expense year over year.

Aircraft fuel expense includes into-plane fuel expense (defined below) and realized and unrealized gains and losses associated with our fuel derivative contracts, if any. Into-plane fuel expense is defined as the price that we generally pay at the airport, including taxes and fees. Into-plane fuel prices are affected by the global oil market, refining costs, taxes and fees, which can vary by region in the United States and other countries where we operate. Into-plane fuel expense approximates cash paid to the supplier and does not reflect the effect of any fuel derivatives. From time to time, we may enter into fuel derivative contracts to protect the refining price risk between the price of crude oil and the price of refined jet fuel. We had no activity related to fuel derivative instruments during the three months ended March 31, 2018 and 2017. Historically, management has chosen not to elect hedge accounting on any fuel derivative instruments and, as a result, changes in the fair value of fuel derivative contracts have been recorded each period in aircraft fuel expense.

Aircraft fuel expense increased in the first quarter of 2018 by \$64.9 million, or 46.4%, compared to \$139.8 million in the first quarter of 2017, due to a 21.5% increase in average economic fuel cost per gallon and a 20.2% increase in fuel gallons consumed.

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

	Three Months Ended March 31,		Percent Change
	2018	2017	
	(in thousands, except per gallon amounts)		
Fuel gallons consumed	95,003	79,064	20.2%
Into-plane fuel cost per gallon	2.15	1.77	21.5%
Into-plane fuel expense	\$ 204,646	\$ 139,782	46.4%
Realized losses (gains) related to fuel derivative contracts, net	—	—	NM
Unrealized losses (gains) related to fuel derivative contracts, net	—	—	NM
Aircraft fuel expense (per statement of operations)	\$ 204,646	\$ 139,782	46.4%

Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption and is impacted by both the price of crude oil as well as increases or decreases in refining margins associated with the conversion of crude oil to jet fuel. The into-plane fuel cost per gallon increase of 21.5% was primarily a result of an increase in jet fuel prices.

We track economic fuel expense, which we believe is the best measure of the effect fuel prices are currently having on our business, because it most closely approximates the net cash outflow associated with purchasing fuel used for our operations during the period. We define economic fuel expense as into-plane fuel expense and realized gains or losses on fuel derivative contracts. The key difference between aircraft fuel expense as recorded in our statement of operations and economic fuel expense is unrealized mark-to-market changes in the value of aircraft fuel derivatives outstanding. Many industry analysts evaluate airline results using economic fuel expense and it is used in our internal management reporting.

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

	Three Months Ended March 31,		Percent Change
	2018	2017	
	(in thousands, except per gallon amounts)		
Into-plane fuel expense	\$ 204,646	\$ 139,782	46.4%
Realized losses (gains) related to fuel derivative contracts, net	—	—	NM
Economic fuel expense	\$ 204,646	\$ 139,782	46.4%
Fuel gallons consumed	95,003	79,064	20.2%
Economic fuel cost per gallon	\$ 2.15	\$ 1.77	21.5%

During the three months ended March 31, 2018 and 2017, we had no activity related to fuel derivatives and thus had no realized or unrealized losses (gains) related to fuel derivative contracts.

We measure our operating cost performance on a per-ASM basis, since one ASM is the unit of production of an airline's capacity. The following table presents our cost per-ASM, or unit cost, for the three months ended March 31, 2018 and 2017, followed by explanations of the material changes on a dollar basis and/or unit cost basis:

	Three Months Ended March 31,		Dollar Change	Percent Change	Cost per ASM		Per- ASM Change	Percent Change
	2018	2017			2018	2017		
	(in thousands)				(in cents)			
Aircraft fuel	\$ 204,646	\$ 139,782	\$ 64,864	46.4 %	2.43	2.03	0.40	19.7 %
Salaries, wages, and benefits	155,096	127,138	\$ 27,958	22.0 %	1.84	1.85	(0.01)	(0.5)%
Aircraft rent	50,191	57,070	(6,879)	(12.1)%	0.60	0.83	(0.23)	(27.7)%
Landing fees and other rents	49,630	40,448	9,182	22.7 %	0.59	0.59	—	— %
Depreciation and amortization	39,373	31,509	7,864	25.0 %	0.47	0.46	0.01	2.2 %
Maintenance, materials and repairs	29,710	26,312	3,398	12.9 %	0.35	0.38	(0.03)	(7.9)%
Distribution	30,631	25,772	4,859	18.9 %	0.36	0.37	(0.01)	(2.7)%
Special charges	89,168	4,776	84,392	NM	1.06	0.07	0.99	NM
Loss on disposal of assets	848	1,105	(257)	NM	0.01	0.02	(0.01)	NM
Other operating	93,642	77,703	15,939	20.5 %	1.11	1.13	(0.02)	(1.8)%
Total operating expenses	\$ 742,935	\$ 531,615	\$211,320	39.8 %	8.84	7.73	1.11	14.4 %
Adjusted CASM (1)					7.76	7.65	0.11	1.4 %
Adjusted CASM ex-fuel (2)					5.33	5.61	(0.28)	(5.0)%

(1) Reconciliation of CASM to Adjusted CASM:

	Three Months Ended March 31,			
	2018		2017	
	(in millions)	Per ASM	(in millions)	Per ASM
CASM (cents)		8.84		7.73
Unrealized losses (gains) related to fuel derivative contracts, net	\$ —	—	\$ —	—
Loss on disposal of assets	0.8	0.01	1.1	0.02
Special charges	89.2	1.06	4.8	0.07
Adjusted CASM (cents)		7.76		7.65

(2) Excludes aircraft fuel expense, loss on disposal of assets and special charges.

Our adjusted CASM ex-fuel for the first quarter of 2018 was down 5.0% as compared to the first quarter of 2017. The decrease on a per-ASM basis was primarily due to decreases in aircraft rent and maintenance, materials and repairs expense.

Labor costs for the first quarter of 2018 increased \$28.0 million, or 22.0%, as compared to the first quarter of 2017, primarily driven by a 27.2% increase in our pilot and flight attendant workforce resulting from an increase to our aircraft fleet of 18 additional aircraft since the first quarter of 2017. In addition, effective March 1, 2018, our pilots received a rate increase in connection with the new pilot agreement approved in February 2018. On a per-ASM basis, labor costs remained relatively stable period over period.

Aircraft rent expense for the first quarter of 2018 decreased by \$6.9 million, or 12.1%, as compared to the first quarter of 2017. This decrease in aircraft rent expense was primarily driven by the estimated return costs recorded during the first quarter of 2017. Costs associated with return conditions of leased aircraft are recorded as supplemental rent within aircraft rent expense on our statement of operations. Since the end of the first quarter of 2017, we returned the two aircraft, which were formerly financed under operating lease agreements. On a per-ASM basis, aircraft rent expense decreased primarily due to a change in the composition of our aircraft fleet between leased aircraft (for which rent expense is recorded under aircraft rent) and purchased aircraft (for which depreciation expense is recorded under depreciation and amortization). Since the prior year period, we have taken delivery of 20 purchased aircraft, which increased capacity but had no effect on aircraft rent expense, as these assets were purchased and are being depreciated over their useful life.

Landing fees and other rents for the first quarter of 2018 increased \$9.2 million, or 22.7%, as compared to the first quarter of 2017, primarily due to a 14.4% increase in departures. In addition, landing fees and other rents increased due to an increase in facility rent resulting from the addition of new stations and rate increases at some of our existing stations. On a per-ASM basis, landing fees remained relatively stable period over period.

Depreciation and amortization for the first quarter 2018 increased by \$7.9 million, or 25.0%, as compared to the prior year period. The increase was primarily due to increased depreciation expense resulting from the purchase of 21 aircraft made since the first quarter of 2017.

We account for heavy maintenance under the deferral method. Under the deferral method, the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense in the statement of operations until the earlier of the next heavy maintenance event or end of the lease term. The amortization of heavy maintenance costs was \$11.7 million and \$13.2 million for the first quarters of 2018 and 2017, respectively. As our fleet continues to grow and age, we expect that the amount of deferred heavy maintenance events will increase and will result in an increase in the amortization of those costs. If heavy maintenance events were amortized within maintenance, materials and repairs expense in the statement of operations, our maintenance, materials and repairs expense would have been \$41.4 million and \$39.5 million for the first quarters of 2018 and 2017, respectively.

Maintenance, materials and repairs expense for the first quarter of 2018 increased by \$3.4 million, or 12.9%, as compared to the first quarter of 2017. The increase in maintenance costs on a dollar basis was due to routine and ongoing maintenance on a growing fleet. On a per-unit basis, maintenance costs decreased as the timing and mix of maintenance events resulted in fewer expensed maintenance events. We expect maintenance expense to increase as our fleet continues to grow and age, resulting in the need for additional or more frequent repairs over time.

Distribution costs increased by \$4.9 million, or 18.9%, in the first quarter of 2018 as compared to the first quarter of 2017. The increase on a dollar basis was primarily due to increased sales volume. On a per-ASM basis, distribution costs remained relatively stable.

Other operating expense for the first quarter of 2018 increased by \$15.9 million, or 20.5%, as compared to the first quarter of 2017 primarily due to an increase in overall operations, higher ground handling rates, deicing expense due to timing of weather events and increased software costs. As compared to the prior year period, we increased departures by 14.4% and had 17.4% more passenger flight segments, which drove increases in variable operating expenses. Other operating expense per ASM decreased primarily due to higher passenger re-accommodation expense, as compared to the prior year period.

Special charges for the first quarter of 2018 consisted of \$89.2 million recognized in connection with the new pilot agreement approved in February 2018. The total amount includes a one-time \$80.7 million ratification incentive bonus, including payroll taxes, and a \$8.5 million adjustment related to other contractual provisions. For further discussion, refer to "Notes to Condensed Financial Statements—3. Special Charges."

Other Income (Expenses)

Our interest expense and corresponding capitalized interest for the three months ended March 31, 2018 and 2017 primarily represents interest related to the financing of purchased aircraft. As of March 31, 2018 and 2017, we had 52 and 32 aircraft financed through secured long-term debt arrangements, respectively. Please see "Notes to Condensed Financial Statements—12. Debt and Other Obligations" for further discussion.

Our special charges, non-operating for the three months ended March 31, 2018, represents interest related to the aircraft sale agreement to acquire fourteen A319-100 aircraft previously operated under operating leases. The contract was deemed a lease modification which resulted in a change of classification from operating leases to capital leases. Please see "Notes to Condensed Financial Statements—3. Special Charges" for further discussion.

Our interest income for the three months ended March 31, 2018 primarily represents interest income earned on cash, cash equivalents and funds required to be held in escrow in accordance with the terms of our EETC. Interest income for the three months ended March 31, 2017 primarily represents interest income earned on cash, cash equivalents and short-term investments.

Income Taxes

Our effective tax rate for the first quarter of 2018 was 24.7% compared to 38.4% for the first quarter of 2017. The decrease in tax rate is attributed to a reduction in the federal statutory tax rate from 35% to 21%, as a result of the enactment of the Tax Cuts and Jobs Act. While we expect our tax rate to be fairly consistent in the near term, it will tend to vary depending

on recurring items such as the amount of income we earn in each state and the state tax rate applicable to such income. Discrete items particular to a given year may also affect our effective tax rates.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash provided by operations and capital from debt financing. Primary uses of liquidity are for working capital needs, capital expenditures, aircraft and engine pre-delivery deposit payments (PDPs), debt obligations and maintenance reserves. Our total cash at March 31, 2018 was \$898.5 million, an increase of \$97.6 million from December 31, 2017. In addition to cash and cash equivalents, as of March 31, 2018, we had \$101.3 million in short-term investment securities.

Currently, one of our largest capital expenditure needs is funding the acquisition costs of our aircraft. Aircraft are acquired through debt financing, cash purchases, direct leases or sale leaseback transactions. During the three months ended March 31, 2018, we purchased 6 aircraft through

debt financing transactions and made \$28.7 million in debt payments (principal, interest and fees) on our outstanding debt obligations. The debt entered into in the current year had maturity dates ranging from 2026 to 2030 and interest rates ranging from 3.375% to 3.800%. In addition, during the three months ended March 31, 2018, we purchased three engines through cash purchases.

Under our agreement with Airbus for aircraft, and International Aero Engines AG (IAE) and Pratt & Whitney for engines, we are required to pay PDPs relating to future deliveries at various times prior to each delivery date. During the three months ended March 31, 2018, we paid \$41.6 million in PDPs, net of refunds, and \$1.5 million of capitalized interest for future deliveries of aircraft and spare engines. As of March 31, 2018, we had \$205.0 million of PDPs, including capitalized interest, on our balance sheet.

As of March 31, 2018, we had secured financing for 4 aircraft, scheduled for delivery in the remainder of 2018, and did not have financing commitments in place for the remaining 49 Airbus firm aircraft orders, scheduled for delivery between 2018 through 2021. Future aircraft deliveries may be paid in cash, leased or otherwise financed based on market conditions, our prevailing level of liquidity, and capital market availability. In March 28 2018, we entered into an aircraft sale agreement to purchase 14 A319s, which were previously financed under operating lease agreements. The purchase of all 14 aircraft are scheduled throughout the second quarter of 2018, for an aggregate purchase price of \$285.0 million, which will be comprised of cash payments, net of the application of cash maintenance and security deposits held by the previous lessor. The contract was deemed a lease modification which resulted in a change of classification from operating leases to capital leases for the 14 aircraft.

In addition to funding the acquisition of our future fleet, we are required to make maintenance reserve payments for some of the aircraft in our current fleet. Maintenance reserves are paid to aircraft lessors and are held as collateral in advance of our performance of major maintenance activities. During the three months ended March 31, 2018, we recorded an increase of \$14.8 million in maintenance reserves, net of reimbursements, and as of March 31, 2018, we had \$244.9 million (\$95.2 million in aircraft maintenance deposits and \$149.8 million in long-term aircraft maintenance deposits) on our balance sheet.

On October 25, 2017, our Board of Directors authorized a new repurchase program of up to \$100 million in aggregate value of shares of our Common Stock, par value \$0.0001 per share, from time to time in open market or privately negotiated transactions. The authorization will expire on October 25, 2018. The timing and amount of any stock repurchases are subject to prevailing market conditions and other considerations. As of March 31, 2018, we had repurchased 1.2 million shares for \$44.9 million under our stock repurchase program.

Net Cash Flows Provided By Operating Activities. Operating activities in the three months ended March 31, 2018 provided \$171.1 million in cash compared to \$173.0 million provided in the three months ended March 31, 2017. The decrease is primarily due to the special charges associated with the amended pilot agreement, approved in February 2018 (for additional information, refer to "Notes to the Financial Statements—3. Special Charges") and a decrease in deferred income tax expense, and deferred heavy maintenance. These decreases were offset by increases in special charges, non-operating, aircraft maintenance deposits, net, and other liabilities.

Net Cash Flows Used In Investing Activities. In the three months ended March 31, 2018, investing activities used \$280.7 million, compared to \$157.8 million used in the prior year period. The increase was mainly driven by the purchase of property and equipment, year over year, resulting from increased purchases of aircraft and engines.

Net Cash Flows Provided By Financing Activities. During the three months ended March 31, 2018, financing activities provided \$207.1 million in cash compared to \$102.0 million provided in the three months ended March 31, 2017. We received

\$227.1 million in connection with the debt financing of six aircraft delivered during the three months ended March 31, 2018 and paid \$18.8 million in debt and capital lease obligations.

Commitments and Contractual Obligations

We have contractual obligations and commitments primarily with regard to future purchases of aircraft and engines, payment of debt, and lease arrangements. The following table discloses aggregate information about our contractual obligations as of March 31, 2018 and the periods in which payments are due (in millions):

	2018	2019 - 2020	2021 - 2022	2023 and beyond	Total
Long-term debt (1)	\$ 113	\$ 274	\$ 264	\$ 1,097	\$ 1,748
Interest commitments (2)	57	122	99	163	441
Capital and operating lease obligations (3)	399	440	357	601	1,797
Flight equipment purchase obligations	446	1,422	802	8	2,678
Other (4)	8	25	19	65	117
Total future payments on contractual obligations	<u>\$ 1,023</u>	<u>\$ 2,283</u>	<u>\$ 1,541</u>	<u>\$ 1,934</u>	<u>\$ 6,781</u>

(1) Includes principal only associated with senior and junior term loans, Class A and Class B Series 2015-1 EETCs, and Class AA, Class A and Class B Series 2017-1 EETCs. Refer to "Notes to the Financial Statements - 12. Debt and Other Obligations."

(2) Related to senior and junior term loans, fixed-rate loans, and Class A and Class B Series 2015-1 EETCs, and Class AA, Class A and Class B Series 2017-1 EETCs.

(3) Primarily related to capital leases recorded as a result of the contract to purchase 14 aircraft. Refer to "Notes to the Financial Statements - 10. Commitments and Contingencies."

(4) Primarily related to our reservation system and other miscellaneous subscriptions and services. Refer to "Notes to the Financial Statements - 10. Commitments and Contingencies."

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 utilization. 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 \$6.6 million for the remainder of 2018, \$5.9 million in 2019, \$5.6 million in 2020, \$5.7 million in 2021, \$4.9 million in 2022, and \$12.9 million in 2023 and beyond.

As of March 31, 2018, principal and interest commitments related to our future secured debt financing for 4 undelivered aircraft to be delivered are \$3.3 million for the remainder of 2018, \$16.1 million in 2019, \$14.7 million in 2020, \$11.7 million in 2021, \$11.2 million in 2022, and \$108.7 million in 2023 and beyond.

Off-Balance Sheet Arrangements

We have significant obligations for aircraft and spare engines as 44 of our 118 aircraft and 12 of our 17 spare engines are financed under operating leases and therefore are not reflected on our balance sheets. These leases expire between 2019 and 2029. Aircraft rent payments were \$70.1 million and \$56.9 million for the three months ended March 31, 2018 and 2017, respectively. Our aircraft lease payments for 43 of our aircraft are fixed-rate obligations. One 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 manufacturers. During the three months ended March 31, 2018, we negotiated revisions to our A320 aircraft order. We originally had 14 A320neo aircraft scheduled for delivery in 2019. Pursuant to the revision, 5 of the 14 scheduled A320neo aircraft were converted to A320ceo aircraft are scheduled to be delivered in 2018 and 2019. As of March 31, 2018, our firm aircraft orders consisted of the following:

	Airbus		Total
	A320ceo	A320neo	
2018	8		8
2019	2	9	11
2020		16	16
2021		18	18
	10	43	53

On March 28 2018, we entered into an aircraft sale agreement to purchase 14 A319s, which were previously financed under operating lease agreements. The purchase of all 14 aircraft are scheduled throughout the second quarter of 2018, for an aggregate gross purchase price of \$285.0 million, which will be comprised of cash payments, net of the application of cash maintenance and security deposits held by the previous lessor. The contract was deemed a lease modification which resulted in a change of classification from operating leases to capital leases for the 14 aircraft. As a result, we recorded a short-term capital lease asset of \$236.7 million within flight equipment and a short-term capital lease obligation of \$143.8 million, net of the related maintenance and security deposits, within current maturities of long-term debt and capital leases on the balance sheet as of March 31, 2018. These short-term balances will settle in the second quarter of 2018 with the purchase of the aircraft. The capital lease assets and obligations have been recorded at the fair value of the aircraft. The obligation will accrete up to the net cash payment price with interest charges recognized in special charges, non-operating in the statement of operations.

During the first quarter of 2018, we entered into an agreement to purchase six new engines. As of March 31, 2018, we had purchased two of the six new engines, unencumbered. We also have three spare engine orders for V2500 SelectTwo engines with IAE and nine spare engine orders for PurePower PW 1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2018 through 2023. Committed expenditures for these aircraft and spare engines, including estimated amounts for contractual price escalations and aircraft PDPs, are expected to be \$445.7 million for the remainder of 2018, \$600.7 million in 2019, \$821.3 million in 2020, \$785.1 million in 2021, \$16.8 million in 2022 and \$7.9 million in 2023 and beyond.

As of March 31, 2018, we had lines of credit related to corporate credit cards of \$33.6 million from which we had drawn \$2.0 million.

As of March 31, 2018, we had lines of credit with counterparties for both physical fuel delivery and derivatives in the amount of \$51.5 million. As of March 31, 2018, we had drawn \$18.6 million on these lines of credit for physical fuel delivery. We are required to post collateral for any excess above the lines of credit if the derivatives are in a net liability position and make periodic payments in order to maintain an adequate undrawn portion for physical fuel delivery. As of March 31, 2018, we did not hold any derivatives.

As of March 31, 2018, we have \$8.8 million in uncollateralized surety bonds and a \$35.0 million unsecured standby letter of credit facility, representing an off balance-sheet commitment, of which \$16.9 million had been drawn upon for issued letters of credit.

Critical Accounting Policies and Estimates

Except as set forth below, for information regarding our Critical Accounting Policies and Estimates, see the "Critical Accounting Policies and Estimates" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K.

Passenger revenues

Fare revenues. Tickets sold are initially deferred as "air traffic liability." Passenger fare revenues are recognized at time of departure when transportation is provided. All tickets sold are nonrefundable. An unused ticket expires at the date of scheduled travel and is recognized as revenue at the date of scheduled travel. Passenger revenues reported prior to the adoption of ASU 2014-09 are now reported as fare revenues within passenger revenues in our disaggregated revenue table within Note 5, Revenue Disaggregation.

As of December 31, 2017 and 2016, we had air traffic liability balances of \$263.7 million and \$220.2 million, respectively. During the three months ended March 31, 2018, substantially all of the ATL balance as of December 31, 2017 has been recognized. The remaining balance of the December 31, 2017 liability is expected to be recognized during 2018.

Non-fare revenues. The adoption of the ASU impacted the classification of certain ancillary items such as bags, seats and other travel-related fees, since they are deemed part of the single performance obligation of providing passenger transportation. These ancillary items are now recognized in non-fare revenues within passenger revenues in our disaggregated revenue table within Note 5, Revenue Disaggregation.

Other. Other revenue primarily consists of the marketing component of the sale of frequent flyer miles to our credit card partner and commissions revenue from the sale of various items such as hotels and rental cars.

Changes and cancellations. Customers may elect to change or cancel their itinerary prior to the date of departure. For changes, a service charge is recognized at time of departure of newly scheduled travel and is deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. For cancellations, a service charge is assessed and the amount remaining after deducting the service charge is called a credit shell which generally expires 60 days from the date the credit shell is created and can be used towards the purchase of a new ticket and other service offerings. Both the service charge and credit shell amounts are recorded as deferred revenue, net of the amount expected to expire, which is recognized as revenue upon issuance of the credit shell and is estimated based on historical experience. Estimating the amount of credits that will go unused involves some level of subjectivity and judgment. However, given the relatively short period of time to expiration, this does not have a significant impact on our financial statements.

Frequent Flyer Program

Our frequent flyer program generates customer loyalty by rewarding customers with mileage credits to travel on Spirit. When traveling, customers earn redeemable mileage credits for each mile flown on Spirit. Customers can also earn mileage credits through participating companies such as our co-branded Spirit credit card. Mileage credits are redeemable by customers in future periods for air travel on Spirit.

To reflect the mileage credits earned, the program includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) mileage credits earned with travel and (2) mileage credits sold to co-branded credit card partner.

The adoption of the ASU eliminated the incremental cost method for frequent flier program accounting, which required us to re-value and record a liability associated with customer flight miles earned with travel as part of our frequent flier program with a relative fair value. Upon adoption of the ASU on January 1, 2018, we recorded an increase to air traffic liability of \$12.4 million.

Passenger ticket sales earning mileage credits. Passenger ticket sales earning mileage credits provide customers with (1) mileage credits earned and (2) air transportation. We value each performance obligation on a standalone basis. To value the mileage credits earned, we consider the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as equivalent ticket value ("ETV").

We defer revenue for the mileage credits when earned and recognize loyalty travel awards in passenger revenue as the miles are redeemed and services are provided. We record the air transportation portion of the passenger ticket sales in air traffic liability and recognize passenger revenue when we provide transportation or if the ticket goes unused.

Sale of mileage credits. Customers may earn mileage credits based on their spending with our co-branded credit card company with which we have an agreement to sell mileage credits. Our contract to sell mileage credits under this agreement has multiple performance obligations. During the three months ended March 31, 2018 and 2017, total cash sales from this agreement was \$10.0 million and \$11.7 million, respectively, which are allocated to travel and other performance obligations, as discussed below.

Our co-brand credit card agreement provides for joint marketing where cardholders earn mileage credits for making purchases using co-branded cards. During 2015, we extended our agreement with the administer of the FREE SPIRIT affinity credit card program to extend through 2022. We account for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered. We allocate the value based on the relative selling prices of those products and services, which generally consists of (i) travel miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. We determined our best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) ETV for the award travel obligation, (3) licensing of brand and access to member lists and (4) advertising and marketing efforts.

We defer the amount for award travel obligation as part of loyalty deferred revenue within air traffic liability on the balance sheet and recognize loyalty travel awards in passenger revenue as the mileage credits are used for travel. Revenue allocated to the remaining performance obligations, primarily marketing components, is recorded in other revenue over time as miles are delivered.

Mileage breakage. For mileage credits that we estimate are not likely to be redeemed ("breakage"), we recognize the associated value proportionally during the period in which the remaining mileage credits are expected to be redeemed. Management uses statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have an impact on our revenue in the year in which the change occurs and in future years.

Current activity of frequent flyer program. Mileage credits are combined in one homogeneous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the frequent flyer deferred revenue balance at the beginning of the period as well as miles that were issued during the period.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

“Adjusted CASM” means operating expenses, excluding unrealized gains or losses related to fuel derivative contracts, out of period fuel federal excise tax, loss on disposal of assets, special charges and supplemental rent adjustment for liabilities accrued in prior years that are no longer probable, divided by ASMs.

“Adjusted CASM ex-fuel” means operating expenses excluding aircraft fuel expense, loss on disposal of assets, special charges and supplemental rent adjustment for liabilities accrued in prior years that are no longer probable, divided by ASMs.

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

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

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

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

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

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

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

“Average economic fuel cost per gallon” means total aircraft fuel expense, excluding unrealized gains or losses related to fuel derivative contracts and out of period fuel federal excise tax, 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.

“EETC” means enhanced equipment trust certificate.

“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).

“IAMAW” means the International Association of Machinists and Aerospace Workers.

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

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

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

“Non-ticket revenue” means the sum of non-fare passenger revenues and other revenues.

“NMB” means the National Mediation Board.

“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.

“PAFCA” means the Professional Airline Flight Control Association.

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

“RLA” means the United States Railway Labor Act.

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

“TWU” means the Transport Workers Union of America.

“TSA” means the United States Transportation Security Administration.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk-Sensitive Instruments and Positions

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

Aircraft Fuel. Our results of operations can vary materially due to changes in the price and availability of aircraft fuel. Aircraft fuel expense for the three months ended March 31, 2018 and 2017 represented approximately 27.5% and 26.3% of our operating expenses, respectively. Volatility in aircraft fuel prices or a shortage of supply could have a material adverse effect on our operations and operating results. We source a significant portion of our fuel from refining resources located in the southeast United States, particularly facilities adjacent to the Gulf of Mexico. Gulf Coast fuel is subject to volatility and supply disruptions, particularly during hurricane season when refinery shutdowns have occurred, or when the threat of weather related disruptions has caused Gulf Coast fuel prices to spike above other regional sources. Both jet fuel swaps and jet fuel options are used at times to protect the refining price risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption. Based on our annual fuel consumption over the last twelve months, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased into-plane aircraft fuel expense by approximately \$68 million.

As of March 31, 2018 and December 31, 2017, we did not have any outstanding jet fuel derivatives. We measure our financial derivative instruments at fair value. Fair value of the instruments is determined using standard option valuation models. Changes in the related commodity derivative instrument cash flows may change by more or less than the amount based upon further fluctuations in future 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.

Interest Rates. We have market risk associated with our short-term investment securities, which had a fair market value of \$101.3 million and \$100.9 million, as of March 31, 2018 and December 31, 2017, respectively. We also have market risk associated with changing interest rates due to LIBOR-based lease rates on one of our aircraft. A hypothetical 10% change in interest rates would affect total aircraft rent expense by less than \$0.1 million per annum.

Fixed-Rate Debt. As of March 31, 2018, we had \$1,748.1 million outstanding in fixed-rate debt related to the purchase of 22 Airbus A320 aircraft and 30 Airbus A321 aircraft which had a fair value of \$1,740.2 million. As of December 31, 2017, we had \$1,539.6 million outstanding in fixed-rate debt related to the purchase of 21 Airbus A320 aircraft and 25 Airbus A321 aircraft, which had a fair value of \$1,583.2 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018. 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 the 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 March 31, 2018, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission on February 13, 2018, other than modifications to the following risk factor. Investors are urged to review these risk factors carefully.

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 and Pratt & Whitney. If any of Airbus, IAE, or Pratt & Whitney become unable to perform its contractual obligations, or if we are unable to acquire or lease aircraft or engines from these or 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, particularly in connection with new-generation introductory technology. Our business would be significantly harmed if a design defect or mechanical problem with any of the types of aircraft, engines or components currently on order or that we operate were discovered that would halt or delay our aircraft delivery stream or that would ground any of our aircraft while the defect or problem was corrected, assuming it could be corrected at all. For example, during the fourth quarter of 2016, and continuing through the first quarter of 2018, introductory issues with the new-generation PW1100G-JM engines, designed and manufactured by Pratt & Whitney, resulted in the intermittent grounding of certain of our A320neo aircraft. As of February 2018, however, all five of our A320neo aircraft are fully operational. We continuously work with Pratt & Whitney to secure support and relief in connection with possible engine related operation disruptions. Due in part to issues involving the new engine, we have renegotiated certain aspects of our aircraft delivery schedule. We originally had four A320neos scheduled for delivery in 2018 of which two were converted to A320ceo aircraft, and delivered in 2017, and the remaining two were deferred until 2019. In January 2018, we also amended our 2019 order to convert five of our 2019 A320neo aircraft to A320ceo aircraft. We cannot be certain that the new generation PW1100G-JM issues will be corrected or if the defect will require the grounding of any of our A320neos. These types of events, if appropriate design or mechanical modifications cannot be adequately implemented, could materially adversely affect our business, results of operations and financial condition. Moreover, the use of our aircraft could be suspended or restricted by regulatory authorities in the event of 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, engines or components 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, engines or components. Carriers that operate a more diversified fleet are better positioned than we are to manage such events.

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

The following table reflects our repurchases of our common stock during the first quarter of 2018. All stock repurchases during this period were made from employees who received restricted stock awards. All employee stock repurchases were made at the election of each employee pursuant to an offer to repurchase by us. In each case, the shares repurchased constituted the portion of vested shares necessary to satisfy tax withholding requirements.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs
January 1-31, 2018	4,852	\$ 40.21	—	\$ 55,076,306
February 1-28, 2018	6,628	\$ 38.90	—	\$ 55,076,306
March 1-31, 2018	12,086	\$ 41.87	—	\$ 55,076,306
Total	23,566	\$ 40.69	—	

On October 25, 2017, our Board of Directors authorized a new repurchase program of up to \$100 million in aggregate value of shares of our Common Stock, par value \$0.0001 per share, from time to time in open market or privately negotiated transactions. The authorization will expire on October 25, 2018. The timing and amount of any stock repurchases are subject to prevailing market conditions and other considerations.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibits
10.1	<u>Aircraft Sale Agreement, dated as of March 28, 2018, among Spirit Airlines, Inc. as Buyer and Wilmington Trust Company (acting not in its individual capacity, but solely as owner trustee under each Trust Agreement) as Sellers and AerCap Global Aviation Trust as Owner Participant; Aircraft Make and Model: 14 used Airbus model A319-100; Aircraft Manufacturer's Serial Numbers: 2433, 2470, 2473, 2485, 2490, 2673, 2679, 2704, 2711, 2978, 3007, 3017, 3026 and 3165; Make and Model of Engines: International Aero Engines AG (IAE) model V2524-A5.</u>
10.2+	<u>Letter Agreement, effective January 1, 2018, by and between Spirit Airlines, Inc. and Edward M. Christie III.</u>
10.3	<u>Amendment No. 26 to Navitaire Hosted Services Agreement, effective as of February 1, 2018, by and between Navitaire LLC and Spirit Airlines, Inc.</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

+ Indicates a management contract or compensatory plan or arrangement.

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

AERCAP GLOBAL AVIATION TRUST

as Owner Participant

Aircraft Make and Model: 14 Used Airbus model A319-100

Aircraft Manufacturer's Serial Numbers: 2433, 2470, 2473, 2485, 2490, 2673, 2679, 2704, 2711, 2978, 3007, 3017, 3026 and 3165
Make and Model of Engines: International Aero Engines AG (IAE) model V2524-A5

TABLE OF CONTENTS

<u>DATE OF SALE</u> ⁶	<u>ARTICLE 1: DEFINITIONS</u> ³
<u>OTHER PAYMENTS</u> ⁷	<u>ARTICLE 2: PLACE AND</u>
<u>AIRCRAFT</u> ⁸	<u>ARTICLE 3: SALE PRICE AND</u>
<u>AND OTHER DOCUMENTARY REQUIREMENTS</u> ¹⁰	<u>ARTICLE 4: CONDITION OF</u>
<u>ASSIGNMENT OF RIGHTS AND WARRANTIES</u> ¹¹	<u>ARTICLE 5: BILL OF SALE</u>
<u>TAXES</u> ¹²	<u>ARTICLE 6: SELLER</u>
<u>INDEMNITY</u> ¹³	<u>ARTICLE 7: EXPENSES AND</u>
<u>PARTICIPANT GUARANTY</u> ¹⁵	<u>ARTICLE 8: BUYER</u>
<u>REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER</u> ¹⁷	<u>ARTICLE 9: OWNER</u>
<u>REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER</u> ¹⁹	<u>ARTICLE 10: INSURANCE</u> ¹⁶
<u>REPRESENTATIONS, WARRANTIES AND COVENANTS OF OWNER PARTICIPANT</u> ¹⁹	<u>ARTICLE 11:</u>
<u>LAW AND JURISDICTION</u> ²¹	<u>ARTICLE 12:</u>
<u>ARTICLE 16: MISCELLANEOUS</u> 22	<u>ARTICLE 13:</u>
<u>DESCRIPTION</u> ³¹	<u>ARTICLE 14: NOTICES</u> ²⁰
<u>PURCHASE PRICE</u> ³⁵	<u>ARTICLE 15: GOVERNING</u>
<u>AGREEMENTS</u> ³⁸	<u>EXHIBIT A: AIRCRAFT</u>
	<u>EXHIBIT A-1: BASE</u>
	<u>EXHIBIT B: LEASES</u> ³⁶
	<u>EXHIBIT C: TRUST</u>
	<u>EXHIBIT D: AIRCRAFT</u>

[CONDITION](#)⁴⁰

[CERTIFICATE](#)⁴¹

[OF SALE](#)⁴³

[TERMINATION AGREEMENT](#)⁴⁴

[LEASE TERMINATION](#)⁴⁶

[EXHIBIT E: ACCEPTANCE](#)

[EXHIBIT F: WARRANTY BILL](#)

[EXHIBIT G: FORM OF LEASE](#)

[EXHIBIT H: FORM OF FAA](#)

AIRCRAFT SALE AGREEMENT

THIS AIRCRAFT SALE AGREEMENT (this "**Agreement**") is made and entered into as of March 28, 2018 among:

- (1) **SPIRIT AIRLINES, INC.** a Delaware corporation whose address and principal place of business is at 2800 Executive Way, Miramar, Florida 33025, United States of America ("**Buyer**") and
- (2) **WILMINGTON TRUST COMPANY**, a Delaware trust company, whose address and principal place of business is at 1100 North Market Street, Wilmington, Delaware 19890-1605, U.S.A. acting not in its individual capacity but solely as owner trustee under each Trust Agreement (each, a "**Seller**" and collectively, "**Sellers**"); and
- (3) **AERCAP GLOBAL AVIATION TRUST**, a Delaware statutory trust with an address at 4450 Atlantic Avenue, Westpark, Shannon, Co. Clare, Ireland ("**Owner Participant**").

The subject matter of this Agreement is fourteen used aircraft and the engines relating thereto, as further described herein, which Sellers desire to sell to Buyer and Buyer is willing to purchase from Sellers.

In consideration of and subject to the mutual covenants, terms and conditions contained in this Agreement, Sellers hereby agree to sell to Buyer and Buyer hereby agrees to purchase from Sellers each Aircraft, and Sellers, Owner Participant and Buyer further agree as follows:

ARTICLE 1: DEFINITIONS

Except where the context otherwise requires, the following words have the following meanings for all purposes of this Agreement. The definitions are equally applicable to the singular and plural forms of the words. Any agreement defined below includes each amendment, modification, supplement and waiver thereto in effect from time to time. All capitalized terms used but not otherwise defined herein have the meaning set forth in the Lease.

General Definitions.

"**Acceptance Certificate**" means, in relation to an Aircraft, an acceptance certificate in the form set forth in Exhibit E.

"**Aircraft**" means each Airframe, together with the Engines, the Parts and the Aircraft Documentation relating thereto, collectively, all as described in the relevant Lease and as presently leased to Lessee by relevant Lessor.

"**Aircraft Activity**" means, in relation to an Aircraft, the ownership, possession, use, import, export, registration, re-registration, deregistration, non-registration, manufacture, performance, transportation, management, location, movement, acquisition, disposal, transfer, exchange, control, design, condition, defect, testing, inspection, acceptance, delivery, redelivery, leasing, subleasing, wetleasing, pooling, interchange, maintenance, repair, loss, damage, emissions, refurbishment, insurance, reinsurance, service, modification, overhaul, replacement, alteration, storage, removal or operation of such Aircraft or the Airframe, any Engine or any Part thereof (whether in the air or on the ground or otherwise).

"**Aircraft Documentation**" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease, to the extent title thereto is vested in Lessor under such Lease, in accordance with the terms of such Lease.

"**Airframe**" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease.

"Apportioned Purchase Price" means, in relation to an Aircraft, exclusive of Taxes:

- (i) the Base Purchase Price for such Aircraft; *plus*
- (ii) interest on the Base Purchase Price for such Aircraft at an annual fixed rate of [###], calculated on an actual 365 days basis for each day from and including the Economic Closing Date up to and excluding the Sale Date for such Aircraft; *minus*
- (iii) all Base Rent (as defined in the relevant Lease) received by the relevant Seller (as Lessor) under the relevant Lease allocable to the period commencing on the Economic Closing Date and continuing thereafter; *minus*
- (iv) any cash Security Deposit (as defined in the relevant Lease) received by such Seller and not applied by such Seller in accordance with such Lease; *minus*
- (v) all Reserves (as defined in the relevant Lease) and any other supplemental Rent (as defined in the relevant Lease) received by such Seller and not disbursed to Buyer (as Lessee) or any third party in accordance with such Lease.

"Aviation Authority" means the FAA or any Government Entity which under the Laws of the U.S.A. from time to time has control over civil aviation or the registration, airworthiness or operation of aircraft in the U.S.A.

"Base Purchase Price" means, in relation to an Aircraft, the purchase price set forth for such Aircraft as set forth on Exhibit A-1, exclusive of Taxes.

"Bill of Sale" means, in relation to an Aircraft, a bill of sale in form and substance as provided in Exhibit F.

"Business Day" means a day, other than a Saturday or Sunday, on which the banks in the cities where Buyer's and Sellers' respective banks are located, are open for the transaction of business.

"Default Interest Rate" means [###] above the Dollar LIBOR note in effect on the applicable due date.

"Dollars" and **"US\$"** means the lawful currency of the United States of America.

"Economic Closing Date" means January 1, 2018.

"Engine" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease or any other engine which Seller and Buyer agree in writing will be substituted therefor and all Parts installed in or on any of such engine at Sale of such Aircraft (or substituted, renewed or replacement Parts in accordance with the relevant Lease or this Agreement).

"FAA Bill of Sale" means, in relation to an Aircraft, a bill of sale in the form of FAA form 8050-2.

"FAA Counsel" means Daugherty, Fowler, Peregrin, Haught & Jenson.

"FAA Lease Termination" means, in relation to an Aircraft, the FAA release and termination in the form set forth on Exhibit H.

"Final Sale Date" means August 31, 2018 or such other date as Owner Participant and Buyer may agree in writing.

"Government Entity" means any (a) national, state, provincial, municipal or local government, (b) board, commission, authority, department, division, instrumentality, court, agency or political subdivision thereof or (c) association, organization or institution of which any of the entities listed in (a) or (b) is a member or to whose jurisdiction any such entity is subject.

"Governing Jurisdiction" means the courts of the State of New York in the County of New York or any Federal court of the United States of America sitting in such County.

"Governing Law" means the laws of the State of New York, United States of America without regard to conflict of law principles other than Section 5-1401 of the New York General Obligations Law.

"International Registry" and **"international interest"** have meanings given to such expressions in The Convention on International Interests in Mobile Equipment, concluded in Cape Town, South Africa on November 16, 2001.

"Law" means any (a) law, statute, decree, constitution, regulation, judgment, injunction, order or directive of any Government Entity, (b) treaty, pact, compact or other agreement to which any Government Entity is a signatory or party, (c) judicial or administrative interpretation or application of any of the foregoing or (d) any binding judicial precedent having the force of law.

"Lease" means, in relation to an Aircraft, the lease agreement for such Aircraft between the relevant Seller (as Lessor thereunder) and Buyer (as Lessee thereunder) as more particularly described in Exhibit B.

"Lease Termination Agreement" means, in respect of an Aircraft, a lease termination agreement in the form set forth in Exhibit G.

"Lessee" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease.

"Lessor" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease.

"Loss" means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, disbursements and expenses (including legal fees, costs and related expenses) of every kind and nature.

"Manufacturer" means Airbus SAS.

"Part" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease, to the extent title thereto is vested in Lessor in accordance with the terms of the relevant Lease.

"Person" means any individual, firm, partnership, joint venture, trust, corporation, company, Government Entity, committee, department, authority or any body or entity, incorporated or unincorporated, whether having distinct legal personality or not.

"Sale" means, in relation to an Aircraft, the tender for sale of such Aircraft by the relevant Seller to Buyer and Buyer's purchase of such Aircraft from such Seller in accordance with this Agreement.

"Sale Date" in relation to an Aircraft, means the date on which the Sale takes place.

"Sale Location" means, in relation to an Aircraft, Fort Lauderdale, Florida, U.S.A. or such other place as may be agreed in writing by Buyer and the relevant Seller.

"Scheduled Sale Date" means, in relation to an Aircraft, the date within the Scheduled Sale Month mutually agreed by Buyer and Owner Participant or such other date which Buyer and Owner Participant may agree as being the date on which the Sale is expected to occur.

"Scheduled Sale Month" means, in relation to an Aircraft, the month set forth on Exhibit A-1.

"Security Interest" means any encumbrance or security interest, however and wherever created or arising including (without prejudice to the generality of the foregoing) any right of ownership, security, mortgage, pledge, charge, encumbrance, lease, lien, international interest, statutory or other right in rem, hypothecation, title retention, attachment, levy, claim or right of possession, seizure or detention.

"Sellers' Bank" means the Sellers' bank account specified in Article 3.2 or such other bank account as the Sellers may from time to time designate by written notice to Buyer.

"Seller Indemnitee" means, in relation to an Aircraft, each of the relevant Seller, Owner Participant, International Lease Finance Corporation and AerCap Ireland Capital Designated Activity Company and each of their respective officers, directors, employees, agents and shareholders.

"State of Registration" means U.S.A.

"Taxes" has the meaning given to such expression in Article 7.2.

"Tax Indemnitee" means, in relation to an Aircraft, the relevant Seller, Owner Participant and AerCap Ireland Capital Designated Activity Company.

"this Agreement" means this Aircraft Sale Agreement, together with all Exhibits hereto.

"Total Loss" in relation to an Aircraft, has the meaning given to such expression in the relevant Lease.

"Trust Agreement" means, in relation to an Aircraft, the trust agreement between Owner Participant and the relevant Seller, as more particularly described in Exhibit C.

"Warranted Security Interests" means at the time of the Sale, in relation to an Aircraft, any Security Interests created by or through the relevant Seller or Owner Participant.

ARTICLE 2: PLACE AND DATE OF SALE

2

2.1 **Location of Sale.**

In respect of an Aircraft, the relevant Seller will tender such Aircraft for sale to Buyer at the relevant Sale Location.

2.2 **Scheduled Sale Date.**

In respect of an Aircraft, as of the date hereof, the sale of such Aircraft by the relevant Seller to Buyer is scheduled to occur on the relevant Scheduled Sale Date.

2.3 **Total Loss prior to Sale.**

In respect of an Aircraft, if a Total Loss of the Aircraft or Airframe with respect to such Aircraft has occurred, this Agreement will terminate in respect of such Aircraft, and none of the parties will have any further liability to the other parties under this Agreement in respect of such Aircraft.

2.4 **Cancellation for Delay.**

In respect of an Aircraft, if the Sale of such Aircraft has not occurred by the Final Sale Date, then each of the parties may (provided that such party is not in breach of this Agreement) terminate this Agreement in respect of such Aircraft, by giving the other parties written notice within 10 Business Days after the Final Sale Date and this Agreement will terminate with respect to such Aircraft on the date of receipt of such notice. In the event of such termination, none of the parties will have any further liability to the other in respect of such Aircraft pursuant to this Agreement. If none of the parties gives notice of termination within such 10 Business Days, all of the parties lose all rights to terminate under this Article 2.4 in respect of such Aircraft unless otherwise agreed in writing by the parties.

2.5 **Cancellation for Anticipatory Delay.**

Promptly after a party becomes aware that in such party's reasonable opinion a delay (other than a delay caused by or arising from any action or inaction of such party) will cause the Sale of an Aircraft to be delayed beyond the Final Sale Date, such party will notify the other and the parties shall (during the 5 Business Day period following such notice) discuss in good faith a revised Final Sale Date for such Aircraft. If a new Final Sale Date is not agreed and confirmed in writing within such 5 Business Day period, then by written notice to the parties given within 10 Business Days after receipt of such notice, each of the parties may (provided that such party is not in breach of this Agreement) by written notice to the other parties to this Agreement, terminate this Agreement in respect of such Aircraft and this Agreement will terminate on the date of receipt of such notice. In the event of such termination, none of the parties will have any further liability to the other in respect of such Aircraft pursuant to this Agreement. If none of the parties gives notice of termination within such 10 Business Days, all of the parties lose all right to terminate under Articles 2.4 and 2.5 unless otherwise agreed in writing by the parties.

2.6 **Risk of Loss.**

In respect of an Aircraft, on and from the Sale of such Aircraft, all risk of loss and damage to such Aircraft will pass from relevant Seller to Buyer.

ARTICLE 3: SALE PRICE AND OTHER PAYMENTS

3

3.1 **Sale Price.**

In respect of an Aircraft, on the relevant Scheduled Sale Date, provided the conditions precedent set forth in Article 5.1 have been satisfied (or waived by Buyer) in respect of such Aircraft, Buyer will pay to the relevant Seller the Apportioned Sale Price for such Aircraft and cause the other conditions precedent in respect of such Aircraft set forth in Article 5.2 to be satisfied, whereupon the relevant Seller will execute and deliver the Bill of Sale for such Aircraft to Buyer.

3.2 **Sellers' Bank Account.**

In respect of an Aircraft, the Apportioned Purchase Price for such Aircraft and all other amounts payable by Buyer to the relevant Seller in respect of such Aircraft under this Agreement will be paid by wire transfer of immediately available Dollar funds to Sellers' bank account at:

Account Name:	[###]
Account Number:	[###]
Swift Code:	[###]
ABA/Fedwire:	[###]
Bank Name:	[###]
Bank Address:	[###]

When it is stated in this Agreement that any payment is due or must be paid or made by Buyer by a specific date, then such payment actually must be received by Sellers' Bank on or before such specific date, even if, in order for such payment to be received by Sellers' Bank by such specific date, Buyer must initiate the wire transfer prior to such specific date.

3.3 **Payments.**

All payments to be made by Buyer under this Agreement (1) will be made without set off or counterclaim whatsoever and (2) will be made in full without any deduction or withholding in respect of Taxes unless the deduction or withholding is required by Law, in which event Buyer will: (a) ensure that the deduction or withholding does not exceed the minimum amount legally required; (b) forthwith pay to Seller such additional amount so that the net amount received by Seller will equal the full amount which would have been received by Seller had no such deduction or withholding been made; (c) pay to the relevant taxation authority or other Government Entity within the period for payment permitted by Law the full amount of the deduction or withholding (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to this Article 3.3); and (d) furnish to Seller, within the period for payment permitted by the relevant Law, an official receipt of the relevant taxation authority or other Government Entity in respect of all amounts so deducted or withheld or, if such receipts are not customarily issued by such authority or other Government Entity in respect of payment of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding in form and substance reasonably satisfactory to Seller; provided that, for the avoidance of doubt, Buyer shall not be required to pay any additional amount pursuant to Article 3.3(b) unless the applicable deduction or withholding is a Tax as defined in Article 7.2.

3.4 **Interest.**

Any amount due or payable by Buyer under this Agreement will, if not paid when due, bear interest at the Default Interest Rate from the date such amount is due until the date of actual payment. Such interest will accrue on a day-to-day basis. All amounts of interest payable under this Article 3.4 will be calculated on the basis of the actual number of days elapsed (from the applicable due date until and including the date of payment in full by Buyer) and a 360 day year.

ARTICLE 4: CONDITION OF AIRCRAFT

4

4.1 **Buyer Inspection of Aircraft at Sale.**

In respect of an Aircraft, Buyer acknowledges that, as between Buyer and relevant Seller, in accepting such Aircraft, Buyer is relying on its own inspection and knowledge of such Aircraft in determining whether such Aircraft meets the requirements of this Agreement.

4.2 **Intentionally Omitted.**

4.3 **Disclaimer.**

IN RESPECT OF AN AIRCRAFT, WITHOUT LIMITING THE RELEVANT SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE 12.1.5 SUCH AIRCRAFT AND EACH PART THEREOF IS SOLD IN "AS IS, WHERE IS" CONDITION WITH ALL FAULTS, WITHOUT ANY REPRESENTATION, WARRANTY OR GUARANTEE OF ANY KIND BEING MADE OR GIVEN BY THE RELEVANT SELLER, ITS SERVANTS OR AGENTS, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE.

4.3.1 IN RESPECT OF AN AIRCRAFT, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE RELEVANT SELLER SPECIFICALLY DISCLAIMS, AND EXCLUDES HEREFROM (a) ANY WARRANTY AS TO THE AIRWORTHINESS, VALUE, DESIGN, QUALITY, MANUFACTURE, OPERATION, OR CONDITION OF SUCH AIRCRAFT; (b) ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE; (c) ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF FREEDOM FROM ANY RIGHTFUL CLAIM BY WAY OF INFRINGEMENT OR THE LIKE; (d) ANY IMPLIED REPRESENTATION OR

WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE; (e) ANY EXPRESS OR IMPLIED WARRANTY REGARDING THE CONDITION OF SUCH AIRCRAFT; AND (f) ANY OBLIGATION OR LIABILITY OF THE RELEVANT SELLER ARISING IN CONTRACT OR IN TORT (INCLUDING STRICT LIABILITY OR SUCH AS MAY ARISE BY REASON OF SELLER'S NEGLIGENCE) ACTUAL OR IMPUTED, OR IN STRICT LIABILITY, INCLUDING ANY OBLIGATION OR LIABILITY FOR LOSS OF USE, REVENUE OR PROFIT WITH RESPECT TO SUCH AIRCRAFT OR FOR ANY LIABILITY OF BUYER TO ANY THIRD PARTY OR ANY OTHER DIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGE WHATSOEVER.

4.3.2 IN RESPECT OF AN AIRCRAFT, DELIVERY BY BUYER TO THE RELEVANT SELLER OF THE ACCEPTANCE CERTIFICATE IN RELATION TO SUCH AIRCRAFT WILL BE CONCLUSIVE PROOF AS BETWEEN SUCH SELLER AND BUYER THAT BUYER'S TECHNICAL EXPERTS HAVE EXAMINED AND INVESTIGATED SUCH AIRCRAFT AND EACH PART THEREOF AND THAT SUCH AIRCRAFT AND EACH PART THEREOF IS AIRWORTHY AND IN GOOD WORKING ORDER AND REPAIR, WITHOUT DEFECT (WHETHER OR NOT DISCOVERABLE ON THE SALE DATE) AND IN EVERY WAY SATISFACTORY TO BUYER.

4.4 **Deficiencies and Delays.**

In respect of an Aircraft, Buyer agrees that, from and after the time of Sale of such Aircraft, the relevant Seller will not be liable for any Loss caused directly or indirectly by such Aircraft or any part thereof, by any inadequacy of such Aircraft for any purpose or any deficiency or defect therein, by the use or performance of such Aircraft, by any maintenance or repairs to such Aircraft, by any interruption or loss of service or use of such Aircraft or by any loss of business or other consequential damage or any other damage whatsoever. Nothing in Article 4.3.1 or this Article 4.4 will limit a relevant Seller or Owner Participant's express obligations or express warranties and representations as set forth in this Agreement or in any relevant Bill of Sale, or, subject to Article 16.15, liability as a result of a breach of such obligations or representations and warranties.

ARTICLE 5: BILL OF SALE AND OTHER DOCUMENTARY REQUIREMENTS

5

5.1 Conditions to Buyer's Obligations.

In respect of each Aircraft, the following are conditions precedent to Buyer's obligation to purchase such Aircraft from the relevant Seller (which may be waived in full or in part by Buyer at its sole discretion):

- 5.1.1 The Lease Termination Agreement and FAA Lease Termination for such Aircraft shall have been executed and delivered by the relevant Lessor to FAA Counsel in escrow for the benefit of Lessee;
- 5.1.2 On the Scheduled Sale Date for such Aircraft (or, if later, such other date on which Seller tenders the Aircraft to Buyer), such Aircraft conforms to the description set forth in Exhibits A and D and shall be located at the Sale Location or in a mutually acceptable location for the purposes of minimising and eliminating Taxes;
- 5.1.3 Owner Participant will have delivered to Buyer certified copies of resolutions of the Board of Directors or management board of Owner Participant or other written evidence of appropriate corporate action duly certifying and authorizing the sale of the Aircraft hereunder and the execution, delivery and performance of this Agreement, together with an incumbency certificate as to the Person or Persons authorized to execute and deliver documents on behalf of Owner Participant hereunder;
- 5.1.4 The relevant Seller will have delivered to Buyer certified copies of resolutions of the Board of Directors of such Seller or other written evidence of appropriate corporate action duly certifying and authorizing the sale of such Aircraft hereunder and the execution, delivery and performance of this Agreement, together with an incumbency certificate as to the Person or Persons authorized to execute and deliver documents on behalf of the relevant Seller hereunder;
- 5.1.5 Owner Participant will not be in breach of its obligations under this Agreement;
- 5.1.6 The relevant Seller will not be in breach of its obligations under this Agreement;
- 5.1.7 The relevant Seller will have executed and delivered the Bill of Sale for such Aircraft and the FAA Bill of Sale for such Aircraft to FAA Counsel in escrow for the benefit of Lessee; and
- 5.1.8 The relevant Seller will have delivered to Lessee a duly completed and executed IRS Form W-9 and any other appropriate forms or documentation and Owner Participant will have delivered a duly completed and executed IRS Form W-8 and any other appropriate forms or documentation, in each case establishing a complete exemption for any withholding that would otherwise be imposed on any payments made hereunder.

5.2 Conditions to Seller's Obligations.

In respect of each Aircraft, the following are conditions precedent to the relevant Seller's obligation to sell such Aircraft to Buyer (which may be waived in full or in part by such Seller at its sole discretion):

- 5.2.1 The Lease Termination Agreement and FAA Lease Termination for such Aircraft shall have been executed and delivered by Lessee to FAA Counsel in escrow for the benefit of the relevant Lessor;

- 5.2.2 No Event of Default will have occurred and be continuing under the relevant Lease;
- 5.2.3 The relevant Lessor will have received all amounts due and owing from Lessee to such Lessor in respect of such Aircraft pursuant to the relevant Lease;
- 5.2.4 Buyer will have executed and delivered to the relevant Seller an Acceptance Certificate for such Aircraft in the form of Exhibit E covering such Aircraft and effective as of the Sale Date for such Aircraft;
- 5.2.5 The relevant Seller will have received from Buyer the Apportioned Purchase Price for such Aircraft in accordance with Article 3.1;
- 5.2.6 The relevant Seller will have received a certificate of insurance and broker's undertaking in respect of such Aircraft evidencing insurance in accordance with Article 10;
- 5.2.7 Buyer will have delivered to relevant Seller certified copies of resolutions of the Board of Directors of Buyer or other written evidence of appropriate corporate action duly certifying and authorizing the sale of the Aircraft hereunder and the execution, delivery and performance of this Agreement, together with an incumbency certificate as to the Person or Persons authorized to execute and deliver documents on behalf of Buyer hereunder;
- 5.2.8 Buyer will not be in breach of its obligations under this Agreement; and
- 5.2.9 On the Scheduled Sale Date for such Aircraft (or, if later, such other date on which Seller tenders the Aircraft to Buyer), such Aircraft shall be located at the Sale Location or in a mutually acceptable location for the purposes of minimising and eliminating Taxes.

5.3 **Filings and Registrations.**

In respect of each Aircraft, in connection with and concurrently with the Sale of such Aircraft the following will occur:

- 5.3.1 The parties hereto will cause the FAA Lease Termination for such Aircraft, the FAA Bill of Sale for such Aircraft and the Application for Aircraft Registration for such Aircraft in the name of Lessee to be filed and recorded, or filed for recording with the FAA in the following order: first, such FAA Lease Termination, second, such FAA Bill of Sale, and third, such Application for Aircraft Registration.
- 5.3.2 The parties hereto will cause the deregistration and registration of the following to be effected on the International Registry in the following order: first, discharge of the International Interests created pursuant to the relevant Lease, and second, registration of the Sale of the relevant Airframe and Engines from the relevant Seller to Lessee.

ARTICLE 6: SELLER ASSIGNMENT OF RIGHTS AND WARRANTIES

6

6.1 **Assignable Warranties.**

In relation to each Aircraft, promptly following the Sale of such Aircraft, the relevant Seller will assign to Buyer any assignable warranties and indemnities given to such Seller by Manufacturer and the Engine manufacturer for such Aircraft, by executing and delivering to Buyer of assignments substantially in the form of the existing warranty assignments in favour of Lessee. Effective on the Sale Date of an Aircraft, all other assignable vendor warranties with respect to such Aircraft are hereby assigned by the relevant Seller to Buyer.

6.2 **Non-Assignable Warranties.**

In relation to each Aircraft, following the Sale of such Aircraft, to the extent that any warranty or indemnity given to the relevant Seller by Manufacturer or any other Person with respect to such Aircraft cannot be assigned, Buyer will be entitled to take such action to enforce such warranty or indemnity in the name of such Seller against Manufacturer or such other Person as Buyer reasonably sees fit, but subject to Buyer's first ensuring that such Seller is indemnified and secured to such Seller's satisfaction against all losses, damages, costs, expenses and liabilities thereby incurred or reasonably expected to be incurred.

ARTICLE 7: EXPENSES AND TAXES

7

7.1 Costs and Expenses of Sale.

In relation to each Aircraft, Buyer, the relevant Seller and Owner Participant will each be responsible for its own costs and expenses with respect to the purchase and sale of such Aircraft. Buyer will pay all costs and expenses incurred by Lessee in connection with the termination of the leasing of such Aircraft pursuant to the relevant Lease and all expenses to deregister the Aircraft in the name of the relevant Seller and to reregister the Aircraft in the name of Buyer.

7.2 Taxes.

In relation to each Aircraft, Buyer agrees to pay promptly when due, and to indemnify and hold harmless each Tax Indemnitee on a full indemnity basis from, all sales, use, stamp duty, value added, transfer or similar taxes imposed by any jurisdiction, Government Entity or taxing authority (and any fees, levies, duties, charges, deductions, withholdings, assessments, penalties, fines or interest related to the foregoing taxes) in connection with this Agreement and/or the Sale of such Aircraft (collectively, "**Taxes**").

7.3 Reserved.

7.4 After Tax Basis.

The amount which Buyer is required to pay with respect to any Taxes indemnified against under Article 7.2 is an amount sufficient to restore the applicable Tax Indemnitee on an after tax basis to the same position such Tax Indemnitee would have been in had such Taxes not been incurred.

7.5 Timing of Payment.

Any amount payable to a Tax Indemnitee pursuant to this Article 7 will be paid within 10 days after receipt of a written demand therefor from such Tax Indemnitee accompanied by a written statement describing in reasonable detail the basis for such indemnity and the computation of the amount so payable provided, however, that such amount need not be paid by Buyer prior to the earlier of (a) the date any Tax is payable to the appropriate Government Entity or taxing authority or (b) in the case of amounts which are being contested by Buyer in good faith or by such Tax Indemnitee pursuant to Article 7.6, the date such contest is finally resolved.

7.6 Contests.

If a claim is made against a Tax Indemnitee for Taxes with respect to which Buyer is liable for a payment or indemnity under this Agreement, such Tax Indemnitee will promptly give Buyer notice in writing of such claim; provided, however, that such Tax Indemnitee's failure to give notice will not relieve Buyer of its obligations hereunder unless such failure materially impairs or precludes Buyer's ability to contest the claim. So long as adequate reserves have been made for such Taxes or, if required, an adequate bond has been posted, then such Tax Indemnitee at Buyer's written request will in good faith, with due diligence and at Buyer's expense, contest (or permit Buyer to contest in the name of Buyer or such Tax Indemnitee) the validity, applicability or amount of such Taxes.

7.7 **Refunds.**

Upon receipt by a Tax Indemnitee of a refund of all or any part of any Taxes which Buyer has paid, such Tax Indemnitee will pay to Buyer the net amount of such Taxes refunded.

7.8 **Cooperation in Filing Tax Returns.**

Buyer and each Tax Indemnitee will cooperate with one another (i) in providing information which may be reasonably required to fulfill each party's tax filing requirements and any audit information request arising from such filing and (ii) in minimizing or eliminating any Taxes or withholding taxes imposed in connection with any Sale.

ARTICLE 8: BUYER INDEMNITY

8

8.1 **Buyer's General Indemnity.**

In relation to each Aircraft, except as set forth in Article 8.2, Buyer agrees to indemnify and hold harmless each Seller Indemnitee relating to such Aircraft from any Loss imposed on, incurred by or asserted against any such Seller Indemnitee with respect to:

- (a) any Aircraft Activity of such Aircraft occurring after the Sale of such Aircraft;
- (b) any claim arising after the Sale of such Aircraft that any design, article or material in the Aircraft or that any Aircraft Activity of such Aircraft after the Sale of such Aircraft constitutes an infringement of a patent, trademark, copyright infringement, design or other proprietary right;
- (c) any non-compliance by Buyer with any term of this Agreement or the falsity or inaccuracy of any representation or warranty of Buyer set forth herein; or
- (d) any failure of payment by Buyer of any sum to be paid by Buyer in respect of such Aircraft when due under this Agreement.

The foregoing indemnity by Buyer is intended to include and cover any Loss to which a Seller Indemnitee may be subject (in contract, tort, strict liability or under any other theory) regardless of the negligence, whether active or passive or of any other type, of such Seller Indemnitee, so long as such Loss does not fall within any of the exceptions listed in Article 8.2.

8.2 **Exceptions to General Indemnity.**

The indemnity in Article 8.1 will not extend to a Loss which Buyer and the Owner Participant mutually agree or, absent mutual agreement, is judicially determined to have resulted from the gross negligence or wilful misconduct of the claimant. Furthermore, the indemnities in Article 8.1 will not extend to any Loss attributable to any Warranted Security Interest.

8.3 **After Tax Basis.**

The amount which Buyer will be required to pay with respect to any Loss indemnified against under Article 8.1 will be an amount sufficient to restore the relevant Seller Indemnitee, on an after tax basis, to the same position it would have been in had such Loss not been incurred.

8.4 Timing of Payment.

It is the intent of the parties that each Seller Indemnitee will have the right to indemnification for Loss hereunder as soon as a claim is made and as soon as any Loss is incurred, whether or not such claim is meritorious and whether or not liability is established (but subject to Articles 8.2, 8.5 and 8.9). Buyer will pay the relevant Seller Indemnitee for Loss pursuant to this Article 8 within 10 days after receipt of a written demand therefor from such Seller Indemnitee, accompanied by a written statement describing in reasonable detail the basis for such indemnity.

8.5 Subrogation.

Upon the payment in full of any indemnity pursuant to this Article 8, Buyer will be subrogated to any right of the relevant Seller Indemnitee in respect of the matter against which such indemnity has been made.

8.6 Notice.

Each Seller Indemnitee will give prompt written notice to the Buyer of any liability of which such party has knowledge for which Buyer is, or may be, liable under this Article 8 provided, however, that failure to give such notice will not terminate or affect any of the rights of the Seller Indemnitee under this Article 8 except to the extent Buyer is materially prejudiced by the failure to provide such notice.

8.7 Refunds.

In addition to Buyer's rights under Article 8.5, if any Seller Indemnitee obtains a recovery of all or any part of any amount which Buyer has paid to it, the relevant Seller Indemnitee will pay to Buyer the net amount recovered by it.

8.8 Defense of Claims.

Buyer and its insurers will have the right (in each such case at Buyer's sole expense) to investigate or, provided that Buyer or its insurers have not reserved the right to dispute liability with respect to any insurance policies pursuant to which coverage is sought, defend or compromise any claim covered by insurance for which indemnification is sought pursuant to this Article 8 and each Seller Indemnitee will reasonably cooperate with Buyer or its insurers with respect thereto. If Buyer or its insurers are retaining attorneys to handle such claim, such counsel must be reasonably satisfactory to the applicable Seller Indemnitees. If not, the Seller Indemnitees will have the right to retain counsel of their choice at Buyer's expense.

8.9 Other Indemnification.

Buyer will be obligated to indemnify and hold harmless the relevant Seller Indemnitee in accordance with the terms of this Article 8 and any Seller Indemnitee may invoke Buyer's obligations hereunder even if such Seller Indemnitee also has received an agreement to indemnify and hold harmless with respect to the same matters by another Person.

ARTICLE 9: OWNER PARTICIPANT GUARANTY

9

9.1 **Guarantee of Owner Participant.**

Owner Participant does hereby unconditionally and irrevocably guarantee, as primary obligor and not merely as surety, as unconditional, absolute, present and continuing obligation, the full, proper and punctual payment and performance by each Seller of any and all amounts payable and obligations

whatsoever under this Agreement, each Bill of Sale, each FAA Bill of Sale (collectively, the “**Seller Documents**”) and each agreement entered into in connection herewith or therewith to be paid or performed by each Seller (collectively, the “**Guaranteed Obligations**”). This guarantee shall remain in full force and effect until the Guaranteed Obligations shall have been irrevocably satisfied and paid in full. In the event any payment made prior to, or made pursuant to an agreement made prior to, the expiration of this guarantee by any Seller to Buyer shall be later rescinded or declared void by reason of any law, this guarantee shall be reinstated in full force and effect and the liability of Owner Participant hereunder shall be computed as if such moneys had never been paid. The guarantee of Owner Participant hereunder shall not be subject to any counterclaim, setoff, deduction, abatement or defense based upon any claim Owner Participant may have against Buyer or any affiliate thereof, or by reason of the invalidity, illegality, non-genuineness, irregularity, compromise or unenforceability of, or any other event or occurrence affecting, any Guaranteed Obligations, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition (whether or not Buyer shall have any knowledge or notice thereof). This guarantee is in no way conditioned upon any attempt to collect from any Seller or any other Person, or upon any other event or contingency, is a guarantee of all of the Guaranteed Obligations, and shall be binding upon and enforceable against Owner Participant without regard to any circumstances whatsoever.

9.2 **Owner Participant’s Obligations Not Affected.**

The obligations of Owner Participant under this Guaranty shall, to the fullest extent permitted by applicable law, remain in full force and effect without regard to, and shall not be impaired or affected by:

- (a) any extension, indulgence or renewal in respect of the payment of any amount payable, or the performance of any Guaranteed Obligation; or
- (b) any amendment or modification of or addition or supplement to or deletion from any of the terms of any Seller Document or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any Seller Document or any Guaranteed Obligation; or
- (c) any compromise, waiver, release or consent or other action or inaction in respect of any of the terms of any Seller Document, or any other agreement (including, without limitation, any collateral security, other guarantee, if any, or other credit support or right of offset with respect thereto) which may be made relating to any Seller Document or any Guaranteed Obligation; or
- (d) any exercise or non-exercise by the Buyer of any right, power, privilege or remedy under or in respect of this Guaranty or any other Seller Document, or any waiver of any such right, power, privilege or remedy or of any default in respect of this Guaranty or any other Seller Document or any guarantee or other agreement executed pursuant hereto, or any receipt of any security or any release of any security; or
- (e) any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, dissolution, liquidation, or the like, of any Seller, Owner Participant or any other Person; or

- (f) any limitation of the liability of any Seller under the terms of any Seller Document which may now or hereafter be imposed by any statute, regulation or rule of law; or
- (g) any merger or consolidation of any Seller or Owner Participant into or with any other person or entity, or any sale, lease or transfer of any or all of the assets of any Seller or Owner Participant to any other person or entity; or
- (h) any indebtedness of any Seller to any person or entity, including Owner Participant; or
- (i) any change in law; or
- (j) absence of any notice to, or knowledge by, Owner Participant of the existence or occurrence of any of the matters or events set forth in the foregoing subdivisions (a) through (i); or
- (k) any other circumstance whatsoever, whether similar or dissimilar to the foregoing, whether foreseen or unforeseen, that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against Owner Participant.

9.3 **Waiver.**

Owner Participant unconditionally waives, to the fullest extent permitted by law, (a) notices of the creation of any Guaranteed Obligation under the Seller Documents or any of the matters referred to in Article 9.2 or any notice of or proof of reliance by Buyer upon this Guaranty or acceptance of this Guaranty (the Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred or renewed, extended, amended or waived in reliance upon this Guaranty and all dealings between any Seller or Owner Participant and the Buyer shall be conclusively presumed to have been had or consummated in reliance upon this Guaranty), (b) all notices which may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights of the Buyer against Owner Participant, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under any Seller Document, and notice of default or any failure on the part of any Seller to perform and comply with any Guaranteed Obligation, (c) any right to the enforcement, assertion or exercise by the Buyer of any right, power, privilege or remedy conferred herein or in any Seller Document or otherwise, (d) any requirement of promptness or diligence on the part of the Buyer or (e) any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or which might otherwise limit recourse against Owner Participant.

ARTICLE 10: INSURANCE

10
10.1 **Liability Insurance.**

In relation to each Aircraft, for a period of two years following the Sale Date for such Aircraft, Buyer will include, or cause any subsequent owner, lessee or other operator of the Aircraft to include, the Seller Indemnitees and their respective successors and assigns (for their respective rights and interests) as additional insureds on its aviation and airline legal liability insurances (including products liability) in respect of such Aircraft in accordance with the requirements of the relevant Lease as in effect on the Sale Date for such Aircraft.

In any event, all such insurances will:

- (a) be in an amount not less than US\$[###] per occurrence;
- (b) note the interest of each Seller Indemnitee;

- (c) provide that Seller, its directors, officers or employees, have no responsibility for payment of premium;
- (d) provide that the insurance waive rights of subrogation against the Seller Indemnitees to the extent the Buyer has waived its rights by its agreement to indemnify such Seller Indemnitee;
- (e) provide that the insurance as to the interests of each Seller Indemnitee not be invalidated by any action or inaction by any other person or party which results in a breach of any term, condition or warranty of the policy;
- (f) be primary without rights of contribution in relation to any other insurance which may be available to Seller Indemnitees;
- (g) Operate in all respects as if a separate policy had been issued to and covering each insured thereunder; provided, however, that the total liability under the policy will not exceed the limits of liability under the policy; and
- (h) Except in respect of any provision for cancellation or automatic termination specified in the policy or any endorsement thereof, cover provided by the endorsement may only be cancelled or materially altered in a manner adverse to relevant Seller by the giving of not less than thirty (30) days notice in writing to relevant Seller (or, in respect of war risk coverage, seven (7) days notice or such lesser notice period as may be generally practiced in the relevant aviation insurance market).

ARTICLE 11: REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER

11

11.1 Representations, Warranties and Covenants.

Buyer represents, warrants and covenants the following to the relevant Seller and Owner Participant as of the date hereof and as of the Sale Date for each Aircraft:

- 11.1.1 **Corporate Status.** Buyer is a company duly organized, validly existing and in good standing under the Laws of the State of Delaware, U.S.A. It has the power and authority to carry on its business as presently conducted and to perform its obligations hereunder.
- 11.1.2 **Governmental Approvals.** No authorization, approval, consent, license or order of, or registration with, or the giving of notice to the Aviation Authority or any other Government Entity is required for the valid authorization, execution, delivery and performance by Buyer of this Agreement, except, in respect of each Aircraft, as will have been duly affected as of the Sale Date for such Aircraft.
- 11.1.3 **Binding.** Buyer's Board of Directors has authorized Buyer to enter into this Agreement. This Agreement has been duly executed and delivered by Buyer and represents the valid, binding and enforceable obligations of Buyer except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights.
- 11.1.4 **Licenses.** Buyer holds all licenses, certificates and permits from applicable Government Entities in its jurisdiction of organization for the performance of its obligations under this Agreement.

- 11.1.5 No Suits. There are no suits, arbitrations or other proceedings pending or, to the knowledge of Buyer, threatened against Buyer before any court or administrative agency against or affecting Buyer which, if adversely determined, would have a material adverse effect on the business, assets or condition (financial or otherwise) of Buyer or its ability to perform under this Agreement.
- 11.1.6 Reserved.
- 11.1.7 No Restrictions on Payments. To the knowledge of Buyer, there are no present restrictions on Buyer making the payments required by this Agreement under the Laws of its jurisdiction of organization.
- 11.1.8 General Obligations. The obligations of Buyer under this Agreement are direct, general and unconditional obligations of Buyer and rank or will rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of Buyer, with the exception of such obligations as are mandatorily preferred by law and not by reason of any encumbrance.
- 11.1.9 No Sovereign Immunity. Buyer, under the Laws of its jurisdiction of organization or of any other jurisdiction affecting Buyer, is subject to private commercial law and suit. Neither Buyer nor its properties or assets is entitled to sovereign immunity under any such Laws. Buyer's performance of its obligations hereunder constitute commercial acts done for commercial purposes.
- 11.1.10 No Breach of this Agreement. Buyer is not in breach of its obligations under this Agreement.
- 11.1.11 Compliance with Laws. Buyer (i) is not a listed person under any United States, European Union or United Nations export control or economic sanction and (ii) will not at any time use, operate, transfer, sell or otherwise make available the Aircraft in violation of any applicable United States, European Union or United Nations export control or economic sanction. In respect of each Aircraft, Buyer acknowledges that in respect of its purchase, use, exportation or transfer of such Aircraft, compliance with the applicable Laws of all applicable jurisdictions after the Sale Date for such Aircraft is the sole responsibility of Buyer.

ARTICLE 12: REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER

12

12.1 Representations, Warranties and Covenants.

In respect of each Aircraft, the relevant Seller represents, warrants and covenants the following to Buyer as of the date hereof and as of the Sale Date for such Aircraft and ALL OTHER WARRANTIES, EXPRESS OR IMPLIED HAVE BEEN WAIVED IN ACCORDANCE WITH ARTICLE 4.3:

- 12.1.1 Corporate Status. Such Seller is a trust company duly organized, validly existing and in good standing under the Laws of Delaware, U.S.A, acting not in its individual capacity but solely as owner trustee under the Trust Agreement relating to such Aircraft for the benefit of Owner Participant. It has the power and authority to carry on its business as presently conducted and to perform its obligations hereunder.
- 12.1.2 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to the Aviation Authority or any Government Entity is required for the valid authorization, execution, delivery and performance by such Seller of this Agreement.
- 12.1.3 Binding. This Agreement has been duly authorized, executed and delivered by such Seller and represents its valid, enforceable and binding obligations of such Seller except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights.
- 12.1.4 No Breach. The execution and delivery of this Agreement, the consummation by such Seller of the transactions contemplated herein and compliance by such Seller with the terms and provisions hereof do not and will not contravene any Law applicable to such Seller, or result in any breach of or constitute any default under or result in the creation of any Security Interest upon any property of such Seller pursuant to any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by law or other agreement or instrument to which such Seller is a party or by which such Seller or its properties or assets may be bound or affected.
- 12.1.5 Title to Aircraft. As of the time of Sale of such Aircraft, such Seller will have good, valid and marketable title to such Aircraft to transfer to Buyer, free and clear of all Warranted Security Interests.

ARTICLE 13: REPRESENTATIONS, WARRANTIES AND COVENANTS OF OWNER PARTICIPANT

13

13.1 Representations, Warranties and Covenants.

Owner Participant represents, warrants and covenants the following to Buyer as of the date hereof and as of the Sale Date for each Aircraft:

- 13.1.1 Corporate Status. Owner Participant is a statutory trust duly formed, validly existing and in good standing under the Laws of Delaware, U.S.A. It has the power and authority to carry on its business as presently conducted and to perform its obligations hereunder.
- 13.1.2 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to the Aviation Authority or any Government Entity is required for the valid authorization, execution, delivery and performance by Owner Participant of this Agreement.

- 13.1.3 **Binding.** This Agreement has been duly authorized, executed and delivered by Owner Participant and represents the valid, enforceable and binding obligations of Owner Participant except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights.
- 13.1.4 **No Breach.** The execution and delivery of this Agreement, the consummation by Owner Participant of the transactions contemplated herein and compliance by Owner Participant with the terms and provisions hereof do not and will not contravene any Law applicable to Owner Participant, or result in any breach of or constitute any default under or result in the creation of any Security Interest upon any property of Owner Participant pursuant to any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by law or other agreement or instrument to which Owner Participant is a party or by which Owner Participant or its properties or assets may be bound or affected.
- 13.1.5 **Sole Owner Participant.** As of the time of Sale of each Aircraft, Owner Participant is the sole "Owner Participant" under the relevant Trust Agreement.
- 13.1.6 **Title.** As of the time of Sale of each Aircraft, the relevant Seller will have good, valid and marketable title to such Aircraft to transfer to Buyer, free and clear of all Warranted Security Interests.

ARTICLE 14: NOTICES

14

14.1 **Manner of Sending Notices.**

Any notice, request or information required or permissible under this Agreement will be in writing and in English. Notices will be delivered in person or sent by fax, e-mail or letter (mailed airmail, certified and return receipt requested) or by express courier addressed to the parties as set forth in Article 14.2. In the case of a fax, notice will be deemed received upon actual receipt (the date of actual receipt will be deemed to be the date set forth on the confirmation of receipt produced by the sender's fax machine immediately after the fax is sent). In the case of an e-mail, notice will be deemed received by the recipient at the time the sender sends such email, unless the sender receives an automated e-mail error message. In the case of a mailed letter, notice will be deemed received on the 10th day after mailing. In the case of a notice sent by express courier, notice will be deemed received on the date of delivery set forth in the records of the Person which accomplished the delivery. If any notice is sent by more than one of the above listed methods, notice will be deemed received on the earliest possible date in accordance with the above provisions.

14.2 **Notice Information.**

All notices connected with this Agreement will be sent:

If to a Seller: WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee under the relevant Trust Agreement
1100 North Market Street
Wilmington, Delaware
19890-1605, U.S.A.

Attention: Lease Management
E-mail: [###]

in each case with a copy to:

AERCAP GLOBAL AVIATION TRUST
4450 Atlantic Avenue
Westpark
Shannon
Co. Clare
Ireland

Attention: Treasurer
Facsimile: [###]
E-mail: [###]

If to Buyer: SPIRIT AIRLINES, INC.
2800 Executive Way
Miramar, Florida 33025,

United States of America

Attention: Legal Department
Facsimile: [###]
E-mail: [###]

in each case with a copy to:

SPIRIT AIRLINES, INC.
2800 Executive Way
Miramar, Florida 33025,
United States of America

Attention: Treasury Department
Facsimile: [
E-mail: [###]

or to such other places and numbers as either party directs in writing to the other party.

ARTICLE 15: GOVERNING LAW AND JURISDICTION

15

15.1 **Governing Law and Jurisdiction.**

Unless expressly stated otherwise, this Agreement (and any non-contractual obligations connected with it) will be governed by, and construed in accordance with, the Governing Law. The Governing Jurisdiction will have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement.

15.2 **Service of Process.**

Without prejudice to any other mode of service:

15.2.1 Buyer hereby consents to the service of process relating to any proceedings before the Governing Jurisdiction in connection with this Agreement by prepaid mailing by certified or registered mail of a copy of the process to Buyer at the address set forth in Article 14 or by any other method of service allowed by applicable Law;

15.2.2 Seller hereby consents to the service of process relating to any proceedings before the Governing Jurisdiction in connection with this Agreement by prepaid mailing certified or registered mail of a copy of the process to Seller at the address set forth in Article 14 or by any other method of service allowed by applicable Law; and

15.2.3 Owner Participant hereby consents to the service of process relating to any proceedings before the Governing Jurisdiction in connection with this Agreement by prepaid mailing by certified or registered mail of a copy of the process to Owner Participant at the address set forth in Article 14 or by any other method of service allowed by applicable Law.

15.3 **Prevailing Party in Dispute.**

If any legal action or other proceeding is brought in connection with or arises out of any provisions in this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceedings. The prevailing party will also, to the extent permissible by Law, be entitled to receive pre and post judgment interest at the Default Interest Rate.

15.4 **Conflict of Laws.**

Any warranty, representation or other provision herein made by any party with respect to an Aircraft or title therein or Security Interests with respect thereto is made pursuant to the Governing Law and is subject to any Law in or of the Sale Location and/or the State of Registration in respect of such Aircraft.

15.5 **Waiver.**

Each party irrevocably and unconditionally waives any right it may have, in any forum, to jury trial in respect of any dispute or proceedings in connection with this Agreement. The aforesaid may be filed as a written consent to trial by the court.

ARTICLE 16: MISCELLANEOUS

16

16.1 **No Brokers.**

The Aircraft is being sold and purchased without a broker. If any Person asserts any claim against any Seller, Owner Participant or Buyer for fees or commissions by reason of any alleged agreement to act as a broker for any Seller, Owner Participant or Buyer in this transaction, the party for which said person claims to have acted will on demand defend, indemnify and hold harmless the other parties from and against all claims, demands, liabilities, damages, losses, judgments and expenses of every kind (including legal fees, costs and related expenses) arising out of such claim.

16.2 **Confidentiality.**

This Agreement and all non-public information obtained by any party about any other party are confidential and will not be disclosed by a party to third parties (other than to such party's auditors, legal or technical advisors or as required by applicable Law) without the prior written consent of the other party. If disclosure is required as a result of applicable Law, parties will cooperate with one another to obtain confidential treatment as to the commercial terms and other material provisions of this Agreement.

16.3 **Rights of Parties.**

Subject and without prejudice to Article 4.3, (a) the rights of the parties hereunder are cumulative, not exclusive, may be exercised as often as each party considers appropriate and are in addition to its

rights under general Law, (b) the rights of one party against the other party are not capable of being waived or amended except by an express waiver or amendment in writing and (c) any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or amendment of that or any other such right, any defective or partial exercise of any such rights will not preclude any other or further exercise of that or any other such right and no act or course of conduct or negotiation on a party's part or on its behalf will in any way preclude such party from exercising any such right or constitute a suspension or any amendment of any such right.

16.4 **Further Assurances.**

Each party agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other instruments as may be required by Law, reasonably requested by the auditors of the other party or requested by the other party to establish, maintain or protect the rights and remedies of the requesting party or to carry out and effect the intent and purpose of this Agreement.

16.5 **Use of Word "including".**

The term "including" is used herein without limitation and by way of example only.

16.6 **Headings.**

All article and paragraph headings and captions are purely for convenience and will not affect the interpretation of this Agreement. Any reference to a specific article, paragraph or section will be interpreted as a reference to such article, paragraph or section of this Agreement.

16.7 **Invalidity of any Provision.**

If any of the provisions of this Agreement become invalid, illegal or unenforceable in any respect under any Law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

16.8 **Time is of the Essence.**

Time is of the essence in the performance of all obligations of the parties under this Agreement and, consequently, all time limitations set forth in the provisions of this Agreement will be strictly observed.

16.9 **No Buyer Security Interest.**

In relation to each Aircraft, prior to the Sale of such Aircraft, Buyer will not create any Security Interest (including any international interest or any prospective international interest) in or over such Aircraft.

16.10 **Amendments in Writing.**

The provisions of this Agreement may only be amended or modified by a writing executed by Owner Participant, Buyer and, to the extent such amendment or modification relates to an Aircraft, the relevant Seller.

16.11 **Counterparts.**

This Agreement may be executed in any number of identical counterparts, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument when each party has signed and delivered one such counterpart to the other party.

16.12 **Assignment.**

None of the parties may assign or transfer any of its/their rights, title, interests, obligations or duties pursuant to this Agreement except with the prior written consent of the other party.

16.13 **Delivery of Documents by E-mail (PDF) or Fax.**

Delivery of an executed counterpart of this Agreement by email attachment (PDF) or by fax will be deemed as effective as delivery of an originally executed counterpart. Any party delivering an executed counterpart of this Agreement by email attachment (PDF) or by fax will also deliver an originally executed counterpart, but the failure of any party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

16.14 **Third Parties.**

Any Seller Indemnitee may enforce the provisions of Article 8. Except as set forth in the foregoing sentence, no term of this Agreement will be enforceable by any Person who is not a party to this Agreement. Notwithstanding any term of this Agreement, the consent of any Person who is not a party to this Agreement is not required in order to rescind or vary this Agreement at any time.

16.15 **[###].**

EXCEPT FOR IN THE CASE OF A THIRD PARTY CLAIM GIVING RISE TO A LOSS FOR WHICH BUYER HAS AN INDEMNITY OBLIGATION UNDER ARTICLE 8 OR A PARTY'S BREACH OF ITS OBLIGATION UNDER ARTICLE 16.2, EACH PARTY HERETO AGREES THAT IT SHALL NOT BE ENTITLED TO RECOVER, AND HEREBY DISCLAIMS AND WAIVES ANY RIGHT THAT IT MAY OTHERWISE HAVE TO [###] CONTAINED IN THIS AGREEMENT.

16.16 **Entire Agreement.**

This Agreement constitutes the entire agreement between the parties in relation to the sale of the Aircraft by Seller to Buyer and the purchase of the Aircraft by Buyer from Seller and supersedes all previous proposals, agreements and other written and oral communications in relation hereto. The parties acknowledge that there have been no representations, warranties, promises, guarantees or agreements, express or implied, except as set forth herein.

16.17 **Owner Participant Instruction.**

Owner Participant hereby instructs each Seller to enter into this Agreement and perform its obligations hereunder, and to enter into such other documents and take such other actions as may be necessary to consummate the transactions contemplated hereby.

IN WITNESS WHEREOF, each Seller, Owner Participant and Buyer executed this Agreement as of the date shown at the beginning of this Agreement.

Sellers:

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2433)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2470)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2473)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2485)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2490)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2673)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2679)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2704)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2711)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 2978)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 3007)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 3017)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 3026)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as owner trustee for the Trust Agreement (MSN 3165)

By: /s/ Chad May

Chad May

Its: Assistant Vice President

Buyer:

SPIRIT AIRLINES, INC.

By: /s/ Edward M. Christie

Edward M. Christie

Its: President & CFO

Owner Participant:

AERCAP GLOBAL AVIATION TRUST

By: /s/ Patrick Treacy

Patrick Treacy

Its: Chief Insurance Officer

EXHIBIT A: AIRCRAFT DESCRIPTIONAircraft 1

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2005
 Manufacturer's Serial Number: 2433
 U.S. Registration Mark: N502NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V11893 and V11896

Aircraft 2

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2005
 Manufacturer's Serial Number: 2470
 U.S. Registration Mark: N503NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V11942 and V11946

Aircraft 3

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2005
 Manufacturer's Serial Number: 2473
 U.S. Registration Mark: N504NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V11963 and V11950

Aircraft 4

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2005
 Manufacturer's Serial Number: 2485
 U.S. Registration Mark: N505NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V11952 and V11965

Aircraft 5

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2005
 Manufacturer's Serial Number: 2490
 U.S. Registration Mark: N506NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V11960 and V11971

Aircraft 6

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2006
 Manufacturer's Serial Number: 2673
 U.S. Registration Mark: N512NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12239 and V12204

Aircraft 7

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2006
 Manufacturer's Serial Number: 2679
 U.S. Registration Mark: N514NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12207 and V12199

Aircraft 8

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2006
 Manufacturer's Serial Number: 2704
 U.S. Registration Mark: N516NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12232 and V12230

Aircraft 9

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2006
 Manufacturer's Serial Number: 2711
 U.S. Registration Mark: N517NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12218 and V12225

Aircraft 10

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2007
 Manufacturer's Serial Number: 2978
 U.S. Registration Mark: N527NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12474 and V12478

Aircraft 11

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2007
 Manufacturer's Serial Number: 3007
 U.S. Registration Mark: N529NK
 Engine Manufacturer and Model: IAE V2524-A5
 Engine Serial Numbers: V12458 and V12496

Aircraft 12

Aircraft Manufacturer and Model: Airbus A319-100
 Year of Aircraft Manufacture: 2007
 Manufacturer's Serial Number: 3017

U.S. Registration Mark: N530NK
Engine Manufacturer and Model: IAE V2524-A5
Engine Serial Numbers: V12506 and V12512

Aircraft 13

Aircraft Manufacturer and Model: Airbus A319-100
Year of Aircraft Manufacture: 2007
Manufacturer's Serial Number: 3026
U.S. Registration Mark: N531NK
Engine Manufacturer and Model: IAE V2524-A5
Engine Serial Numbers: V12518 and V12537

Aircraft 14

Aircraft Manufacturer and Model: Airbus A319-100
Year of Aircraft Manufacture: 2007
Manufacturer's Serial Number: 3165
U.S. Registration Mark: N532NK
Engine Manufacturer and Model: IAE V2524-A5
Engine Serial Numbers: V12632 and V12607

EXHIBIT A-1: BASE PURCHASE PRICE AND SCHEDULED SALE MONTH

Aircraft	MSN	Base Purchase Price \$US	Scheduled Sale Month
1	2433	#[###]	June 2018
2	2470	#[###]	May 2018
3	2473	#[###]	May 2018
4	2485	#[###]	June 2018
5	2490	#[###]	June 2018
6	2673	#[###]	June 2018
7	2679	#[###]	June 2018
8	2704	#[###]	May 2018
9	2711	#[###]	May 2018
10	2978	#[###]	April 2018
11	3007	#[###]	May 2018
12	3017	#[###]	April 2018
13	3026	#[###]	April 2018
14	3165	#[###]	April 2018
Total:		\$285,000,000	

EXHIBIT B: LEASES

1. The aircraft lease agreement dated as of October 26, 2005 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 3017 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
2. The aircraft lease agreement dated as of October 26, 2005 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 3007 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
3. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2473 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
4. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2490 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
5. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2470 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
6. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2673 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
7. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2704 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
8. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2433 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
9. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Corporation (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2711 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).
10. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the

Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2978 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).

11. The aircraft lease agreement dated as of October 26, 2005 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 3165 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).

12. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2485 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).

13. The aircraft lease agreement dated as of October 26, 2005 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 3026 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).

14. The aircraft lease agreement dated as of April 30, 2004 between Wilmington Trust Company acting not in its individual capacity but solely as owner trustee for the Trust Agreement relating to the Aircraft (**LESSOR**) and Spirit Airlines, Inc. in respect of one Airbus A319-100 aircraft with manufacturer's serial number 2679 (the **Aircraft**), as the same has been amended, supplemented, assigned, transferred or otherwise modified (the **Lease**).

EXHIBIT C: TRUST AGREEMENTS

1. Trust Agreement (MSN 2433), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2433 (the "***Trust Agreement (MSN 2433)***").
2. Trust Agreement (MSN 2470), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2470 (the "***Trust Agreement (MSN 2470)***").
3. Trust Agreement (MSN 2473), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2473 (the "***Trust Agreement (MSN 2473)***").
4. Trust Agreement (MSN 2485), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2485 (the "***Trust Agreement (MSN 2485)***").
5. Trust Agreement (MSN 2490), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2490 (the "***Trust Agreement (MSN 2490)***").
6. Trust Agreement (MSN 2673), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2673 (the "***Trust Agreement (MSN 2673)***").
7. Trust Agreement (MSN 2679), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2679 (the "***Trust Agreement (MSN 2679)***").
8. Trust Agreement (MSN 2704), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2704 (the "***Trust Agreement (MSN 2704)***").
9. Trust Agreement (MSN 2711), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2711 (the "***Trust Agreement (MSN 2711)***").
10. Trust Agreement (MSN 2978), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 2978 (the "***Trust Agreement (MSN 2978)***").
11. Trust Agreement (MSN 3007), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 3007 (the "***Trust Agreement (MSN 3007)***").

12. Trust Agreement (MSN 3017), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 3017 (the "***Trust Agreement (MSN 3017)***").
13. Trust Agreement (MSN 3026), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 3026 (the "***Trust Agreement (MSN 3026)***").
14. Trust Agreement (MSN 3165), dated as of February 1, 2013, between AerCap Global Aviation Trust and Wilmington Trust Company (as assigned), not in its individual capacity, but solely as Owner Trustee with respect to the Airbus A319-100 aircraft bearing manufacturer's serial number 3165 (the "***Trust Agreement (MSN 3165)***").

EXHIBIT D: AIRCRAFT CONDITION

AS-IS; WHERE-IS AND WITH ALL FAULTS

EXHIBIT E: ACCEPTANCE CERTIFICATE

SPIRIT AIRLINES, INC. ("**Buyer**") and **WILMINGTON TRUST COMPANY**, acting not in its individual capacity but solely as owner trustee ("**Owner Trustee**") under the Trust Agreement (MSN [●]), dated as of [●], between AerCap Global Aviation Trust and Wilmington Trust Company (in such capacity as Owner Trustee, "**Seller**"), do hereby represent, acknowledge, warrant and agree as follows:

1. Buyer and Seller are parties to the Aircraft Sale Agreement dated as of March 28, 2018 (hereinafter referred to as the "**Sale Agreement**") pursuant to which Buyer has agreed to purchase the Aircraft (as defined below). Words used herein with capital letters and not otherwise defined will have the meanings set forth in the Sale Agreement.
2. Buyer has this ___ day of ___ (Time: ___) at _____ accepted for purchase from Seller:
 - (a) One used Airbus model A319-100 aircraft bearing manufacturer's serial number [*] and U.S. Registration Mark N[*], together with two International Aero Engines AG (IAE) model V2524-A5 engines bearing manufacturer's serial numbers V[*] and V[*] (each of which has 750 or more rated take off horse power), and all Parts attached thereto (the "**Aircraft**").
 - (b) All Aircraft Documentation relating the Aircraft.
3. All of the foregoing has been delivered and accepted on the date set forth above to Buyer's full satisfaction and pursuant to the terms and provisions of the Sale Agreement.
4. The Aircraft and Aircraft Documentation relating to the Aircraft have been fully examined by Buyer and have been received in a condition fully satisfactory to Buyer and in full conformity with the Sale Agreement in every respect.
5. Buyer agrees that it is purchasing the Aircraft "AS IS, WHERE IS AND WITH ALL FAULTS" and subject to the terms and conditions of the Sale Agreement.

Dated on the date set forth above

WILMINGTON TRUST COMPANY,
 acting not in its individual capacity but solely
 as Owner Trustee

By: _____

Its: _____

SPIRIT AIRLINES, INC.

By: _____

Its: _____

ATTACHMENTS: 1. List of Aircraft Documentation

EXHIBIT F: WARRANTY BILL OF SALE

WILMINGTON TRUST COMPANY, as acting not in its individual capacity but solely as owner trustee (“**Owner Trustee**”) under the Trust Agreement (MSN [●]), dated as of [●], between AerCap Global Aviation Trust and Wilmington Trust Company (in such capacity as Owner Trustee, “**Seller**”), is the owner of good, valid and marketable title to the following:

1. One used Airbus model A319-100 aircraft bearing manufacturer's serial number [*].
2. Two used International Aero Engines AG (IAE) model V2524-A5 engines bearing manufacturer's serial numbers V[*] and V[*].
3. All Parts installed in or attached to such aircraft and engines.
4. All Aircraft Documentation applicable to such aircraft and engines.

(collectively, the "**Aircraft**")

For and in consideration of the sum of One United States Dollar and other valuable consideration, receipt of which is hereby acknowledged, Seller does hereby sell, grant, transfer, deliver and set over to Buyer and its successors and assignees forever all of Seller's right, title and interest in and to the Aircraft, to have and to hold the Aircraft for its and their use forever.

Subject to the terms of the Aircraft Sale Agreement, dated as of March 28, 2018, among, *inter alios*, Seller, AerCap Global Aviation Trust and **SPRIT AIRLINES, INC.** ("**Buyer**"), Seller hereby warrants to Buyer and its successors and assigns that there is hereby conveyed to Buyer good, valid and marketable title to the Aircraft, free and clear of any and all Warranted Security Interests, and that Seller will warrant and defend such title forever against all claims and demands.

Unless otherwise defined herein, capitalized terms used in this bill of sale have the same meaning as those used in the Aircraft Sale Agreement.

IN TESTIMONY WHEREOF Seller has executed this bill of sale at ____ hours (__time) this day of ____.

WILMINGTON TRUST COMPANY,
acting not in its individual capacity but
solely as Owner Trustee

By: _____

Title: _____

EXHIBIT G: FORM OF LEASE TERMINATION AGREEMENT

Effective as of this ___ day of _____, 201_, the undersigned Wilmington Trust Company, acting not in its individual capacity but solely as owner trustee ("**Owner Trustee**") under the Trust Agreement (MSN [●]), dated as of [●], between AerCap Global Aviation Trust and Wilmington Trust Company, as lessor ("**LESSOR**"), and Spirit Airlines, Inc., as lessee ("**LESSEE**"), under that certain Aircraft Lease Agreement, dated as of [*], between Lessor and Lessee, as further described on the attached Annex (the "**Lease**"), in respect of one Airbus model A319-100 aircraft bearing manufacturer's serial number [*] and United States registration mark N[*]NK and the aircraft engines described on the attached Annex (the "**Aircraft**"), hereby terminate the leasing of the Aircraft and further release the Aircraft from all the terms and conditions of the Lease.

LESSOR and LESSEE acknowledge that the Aircraft is being sold by LESSOR to LESSEE and that the Aircraft will not be returned to LESSOR pursuant to the Lease.

LESSOR expressly waives its right to redelivery of the Aircraft on the expiry of the Lease in the condition required by the Lease.

LESSOR and LESSEE acknowledge that LESSOR will return the Security Deposit and Reserves to LESSEE by netting such amounts from the purchase price for the Aircraft. Upon such netting, LESSEE expressly waives and releases any claim, right or interest in and to the Security Deposit and Reserves.

The leasing of the Aircraft is hereby terminated; provided that all obligations under the Lease that by their express terms survive the termination of the Lease (or of the leasing of the Aircraft thereunder) shall remain in full force and effect.

This Lease Termination Agreement may be executed in counterparts. Delivery of an executed counterpart of this Lease Termination Agreement by fax or e-mail will be deemed as effective as delivery of an originally executed counterpart.

IN WITNESS WHEREOF, LESSOR and LESSEE have caused this Lease Termination Agreement to be executed by their respective officers as of the day and year first written above.

[Signature Page Follows]

Lessor:

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as Owner Trustee

By: _____

Name: _____

Its: _____

Lessee:

SPIRIT AIRLINES, INC.

By: _____

Name: _____

Its: _____

EXHIBIT H: FORM OF FAA LEASE TERMINATION

RELEASE AND TERMINATION

The undersigned hereby agree that the Aircraft Lease Agreement listed on Annex A hereto is hereby terminated (except for those obligations that are expressly stated to survive termination) with respect to the Airbus model A319-100 aircraft bearing manufacturer's serial number [*] and U.S. registration mark [*] (the "Airframe") and the two International Aero Engines AG (IAE) model V2524-A5 aircraft engines bearing manufacturer's serial numbers V[*] and V[*] (the "Engines") and the Airframe and Engines are no longer subject to the terms thereof.

This Release and Termination may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Dated: _____, 201_

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Release and Termination to be executed by their duly authorized representatives on the date first above written.

WILMINGTON TRUST COMPANY, acting not in its individual capacity but solely as Owner Trustee

By: _____

Name: _____

Its: _____

SPIRIT AIRLINES, INC., as Lessee

By: _____

Name: _____

Its: _____

[\(Back To Top\)](#)

Section 3: EX-10.2 (LETTER AGREEMENT EDWARD M. CHRISTIE III)

March 15, 2018

Edward M. Christie

#####

#####

Dear Ted,

On behalf of Spirit Airlines, Inc. (“Spirit” or the “Company”), I would like to take this opportunity to confirm the terms of your continued employment with Spirit.

1. Effective January 1, 2018 you will have the title of President, reporting directly to the Chief Executive Officer of the Company (“CEO”). You will continue to serve as the Company’s Chief Financial Officer (“CFO”) until the Company hires or appoints a new CFO, who will report to you (at which point you will resign your position as CFO). As President, you will have overall reporting responsibility for the finance, operations, revenue, IT and HR functions of the business, and the respective senior officers leading those functions will report to you. Effective January 1, 2019, subject to your continued employment, you will assume the position of CEO, and you will continue to serve as the President, provided that the Board of Directors (“Board”), in its sole discretion, may appoint another individual to serve as the President, reporting to you. Also effective as of January 1, 2018, you will be elected as a Class III director of the Board. In your executive positions, you agree that you will perform your duties and responsibilities, subject to travel, out of and at the Company’s headquarters offices without having to commute from outside of the local commuting area. Notwithstanding anything to the contrary, upon any termination of your employment, you shall automatically resign from all positions you hold with the Company or any affiliate and from the Board (and any affiliate boards), unless otherwise requested by the Board in writing.
2. Your annualized base salary will be \$550,000 for 2018 and will be increased to \$700,000 for 2019 (in each case gross – subject to withholdings for taxes and appropriate deductions). Your base salary will be subject to annual review and may be increased as determined by the compensation committee of the Board (“Compensation Committee”) in its sole discretion.
3. You will be eligible to participate in the Company’s Short-Term Incentive Plan (STI) for Officers. Your STI target will be 100% of base salary for 2018 and 125% of base salary for 2019. Your actual STI payment will range from 0% to 200% base salary based on the performance of annual STI metrics, as determined by the Compensation Committee. Your STI award will otherwise be on the same terms and conditions as those in effect from time to time for other senior officers of the Company.
4. On or shortly after January 16, 2018, you will be granted a one-time off-cycle promotion equity-based incentive award (the “Off-Cycle LTI Award”) having a grant date value of \$2,500,000. The Off-Cycle LTI Award will be subject to the terms and conditions of the Company’s 2015 Incentive Award Plan, as amended from time to time (“Incentive Award Plan”) and shall also be subject to the terms and conditions of the corresponding award agreement. The Off-Cycle LTI Award will be in the form of Restricted Stock Units, vesting over a four-year period as follows: 50% on the second anniversary of the grant date, 25% on the third anniversary of the grant date and the remaining 25% on the fourth anniversary of the grant date. Should your employment with the Company terminate for any reason (other than death or permanent disability) prior to the fourth anniversary of the grant date, the unvested portion of the Off-Cycle LTI Award would automatically terminate and be forfeited at that time.
5. During your employment with the Company, you will be eligible to receive annual long-term incentive equity awards (“Annual LTI Awards”) under the Incentive Award Plan. Your eligibility to receive an Annual LTI Award in any year will be on the basis, terms and conditions determined by the Compensation

Committee in its discretion. Your 2018 Annual LTI Awards will have a target grant date value of \$1,250,000 and the 2019 Annual LTI Award will have a target grant date value of \$1,750,000. Your Annual LTI Awards will otherwise be on the same terms and conditions, and will be granted at the same time as, the Annual LTI Awards are granted to other senior executive officers. Should your employment with the Company terminate for any reason (other than death or permanent disability) prior to the vesting date of any Annual LTI Award granted to you, the unvested portion of such Annual LTI Award will automatically terminate and be forfeited at that time. The LTI Awards will be subject to the terms of the Incentive Award Plan and the underlying award agreements.

6. You will be eligible to participate in Company sponsored employee benefits, including medical, life, dental, vision insurance and the voluntary benefit plans and 401(k). You will be eligible for the same travel and vacation benefits provided to other senior executives of the Company. Of course, the Company may change its benefits package and plans at any time.
7. In the event you cease to be employed by the Company for any reason other than death or a termination by the Company for Cause (as defined in the Executive Severance Plan), the Company shall provide you (and your spouse and dependent children) a lifetime travel pass for the Company's flights, enabling you (and your 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 you execute and deliver to the Company an effective and irrevocable release of claims in the Company's standard form within 53 days after the date of such cessation of employment, (ii) the Travel Pass shall automatically terminate on your death; and (iii) the Travel Pass shall automatically terminate if you, directly or indirectly, (A) invest in or own, or act or serve as an employee, officer, director or consultant, of United Airlines, Delta Airlines, American Airlines, Southwest Airlines, Frontier Airlines or JetBlue Airlines or (B) invest in or own, or act or serve as an employee, officer, director or consultant, of any other business organization, entity or enterprise that competes, or is about to compete, in any material respect with the Company or any of its subsidiaries in the passenger air transportation business in the United States or within any other country where, as of the time of your termination of employment, the Company or any of its subsidiaries is engaged in the passenger air transportation business; provided, however, that, for purposes of this clause (B), the ownership of not more than 1% of the outstanding stock of any corporation traded on a national stock exchange shall not of itself be viewed as owning or having an investment in such corporation.
8. You agree that the Company may withhold from any compensation, reimbursements and benefits payable to you all taxes as required by law and well as other standard or customary withholdings and deductions. You also agree that target incentives do not constitute a promise of payment.
9. As an officer of the Company, you will be eligible for participation in the Spirit Airlines, Inc. 2017 Executive Severance Plan, as amended from time to time (the "Executive Severance Plan"), at the "Senior Vice President and Above" level of severance benefits; provided, however, that (a) Section 4.1.3(a) of the Executive Severance Plan, as it applies to you, shall be deemed amended to provide a cash severance amount equal to 150% of Base Salary rather than 100% of Base Salary and (b) the Executive Severance Plan, as it applies to you, may not be amended in a manner adverse to you except with your consent or as required by law. In addition, as an officer and director of the Company, you will continue to be covered by the Company's director and officer liability insurance policy, which may be changed or discontinued by the Company at any time.
10. Please note and understand that, consistent with Company practice, your employment with the Company constitutes "at will" employment and will not be for a specified period. As a result, your employment with the Company may be terminated by you or the Company at any time, with or without cause and with or without advance notice.
11. As an employee of the Company, you will be expected and required to abide by the Company's policies and procedures, including (but not limited to) the Company's Code of Business Conduct and Ethics and Insider

Trading Compliance Program. You also agree to comply with the covenants set forth in Exhibit A hereto, which is an integral part of this letter agreement.

12. You agree to execute and be bound by the restrictive covenant agreement attached hereto as Exhibit A, which will apply while you are employed and after your employment with the Company ends.
13. You recognize that you will be subject to Spirit's stock ownership guidelines and "clawback" policies as in effect from time to time.

As a confirmation of your agreement and acceptance of this offer, please sign and date below, and return this original offer letter to 2800 Executive Way, Miramar, Florida, 33025, attention: General Counsel.

Sincerely,

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

Agreed & Accepted,

/s/ Edward M. Christie III
Edward M. Christie III Date:

Attachment: Exhibit A

Exhibit A

As a condition of the continued employment of Edward M. Christie (the "Executive") with Spirit Airlines, Inc. (the "Company") and in consideration of Executive's receipt of the compensation now and hereafter paid by the Company, Executive agrees to the terms and conditions of this Confidentiality, Invention Assignment and Non-Competition Agreement (the "Restrictive Covenant Agreement"):

1. 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 Restrictive Covenant 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.

2. **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 Restrictive Covenant 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).

3. **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 equity awards granted or to be granted to the Executive and other good and valuable consideration the receipt and adequacy are hereby acknowledged as sufficient, Executive agrees as follows:

(a) During the Noncompete Period (as defined below), 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 Restrictive Covenant Agreement, (i) "Noncompete Period" means the period that Executive is employed by the Company and continuing for 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 pursuant to the Company's Executive Severance Plan 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 3, 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 3, 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 3, the Noncompete Period shall be tolled until such breach or violation has been duly cured.

(f) The provisions of this Section 3 are in consideration of: (i) employment with the Company and (ii) the additional good and valuable consideration as set forth in this Restrictive Covenant Agreement. In addition, Executive agrees and acknowledges that the restrictions contained in this Restrictive Covenant Agreement 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 this Restrictive Covenant Agreement outweighs any potential harm to Executive of its enforcement by injunction or otherwise. In addition, Executive acknowledges that he has carefully read this Restrictive Covenant Agreement and has given careful consideration to the restraints imposed upon Executive by this Restrictive Covenant 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 Restrictive Covenant Agreement is reasonable with respect to subject matter, time period and geographical area.

4. **Protected Rights.** Moreover, nothing contained in this Restrictive Covenant Agreement or any other Agreement with the Company (including but not limited to the non-solicitation and non-competition clauses, and the confidentiality obligations) limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). Employee further understands that this Restrictive Covenant Agreement does not limit Employee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Although by signing this Restrictive Covenant Agreement Executive is waiving his right to recover any individual relief (including any money damages, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by Executive or on Executive's behalf by any third party, nothing in this Restrictive Covenant Agreement or any other Agreement with the Company limits Executive's right to receive an award for information provided to any Government Agencies. Executive is also provided notice that under the 2016 Defend Trade Secrets Act (DTSA): (1) no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret (as defined in the Economic Espionage Act) that: (A) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public; and, (2) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual

and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

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

/s/ Edward M. Christie III
Edward M. Christie III
Date:

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([Back To Top](#))

Section 4: EX-10.3 (NAVITAIRE HOSTED SERVICES AGREEMENT)

Exhibit 10.3

THE USE OF THE FOLLOWING NOTATION IN THIS EXHIBIT INDICATES THAT THE CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION: [###]

AMENDMENT NO. 26 TO NAVITAIRE HOSTED SERVICES AGREEMENT

This Amendment No. 26 to the Navitaire Hosted Services Agreement (this "Amendment"), effective as of February 1, 2018 (the "Effective Date"), is entered into by and between Navitaire LLC, a Delaware limited liability company ("Navitaire"), and Spirit Airlines, Inc., a Delaware corporation ("Customer"). Initially capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Agreement (as defined below).

- A. Navitaire and Customer are parties to that certain Navitaire Hosted Services Agreement dated as of February 28, 2007, as amended (the "Agreement"), pursuant to which Navitaire performs Hosted Services for Customer.
- B. Section 19.1 of the Agreement permits the parties to amend the terms and conditions of the Agreement provided such amendment is made in writing signed by the parties.
- C. Navitaire and Customer desire to amend the terms of the Agreement as provided below.

Accordingly, and in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

- 1 **Amendment to Update References to NAVITAIRE.** All references within the Agreement to "NAVITAIRE" are hereby replaced with "Navitaire".
- 2 **Amendment to Recitals,** as follows:

The Recitals are hereby deleted in their entirety and replaced with the following:

Recitals

- A. Navitaire, wholly owned by Amadeus IT Group, S.A., is an airline technology services company, which provides various services such as hosted reservation and revenue management services to airline companies worldwide.
- B. The parties desire that Navitaire provide to Customer Hosted Services (as defined in Section 1), and Customer desires to purchase such Hosted Services on the terms contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

3 Amendment to Main Terms and Conditions, as follows:

- a) **Term (Replaced).** Section 5.1, Term, is hereby deleted in its entirety and replaced with the following:

5.1 Term. Unless otherwise terminated earlier under this Section 5, this Agreement shall commence on [###] and continue through January 31, 2028 (the "Initial Term"). This Agreement will renew automatically for [###] additional [###] renewal terms unless one party provides written notice of termination to the other party at least [###] prior to the end of the Initial Term or any renewal term. Navitaire may increase the Service Fees payable by Customer with respect to any renewal term, provided that Navitaire gives Customer written notice of such reasonable increase in Service Fees at least [###] prior to the end of the then current term, but otherwise the terms

hereof and the Monthly Minimum Segment Guarantees applicable for the last year of the Initial Term shall likewise apply to each renewal term.

- b) Price and Payment (Updated).** The first sentence in Section 6.1 (Price and Payment) is hereby modified to replace the reference to 'Exhibit A, Section 8, Exhibit B, Section 9, Exhibit F, Section 10, Exhibit G, Section 9, Exhibit H, Section 9 and Exhibit I, Section 7' with "Exhibit K".
- c) Payment Terms (Updated).** The third sentence in Section 6.3 (Payment Terms) is hereby modified to replace the reference to 'Exhibits A, B, F, G, H and I' with "Exhibit K",
- d) Service Fees (Replaced).** Section 6.4.1, Service Fees, is hereby deleted in its entirety and replaced with the following:
- 6.4.1 Service Fees.** The Service Fees identified in Exhibit K shall be adjusted annually on [###] of each year to account for inflation. [###].
- e) Fee Adjustment (Updated).** Section 6.4, Fee Adjustment, is hereby modified as follows:
- 1) the first sentence in Section 6.4.2 is hereby modified to replace the reference to 'Exhibits A, B, F, G, H and J' with "Exhibit K"; and
 - 2) the second sentence in Section 6.4.2 is hereby modified to replace the reference to 'Exhibits A, B, F, G, H and J' with "Exhibit K".
- f) Support Fees (Updated).** The first sentence in Section 6.4.3 (Support Fees) is hereby modified to replace the reference to 'Exhibits A, B, F, G, H and J' with "Exhibit K".
- g) Indemnification (Replaced).** Section 8.2. is hereby deleted in its entirety and replaced with the following:
- 8.2** Except for claims covered by Section 8.1 or claims resulting from Navitaire's negligence or willful misconduct, Customer agrees to defend, indemnify and hold Navitaire harmless from third party claims arising out of Customer's use of the Hosted Services and reimburse Navitaire for all expenses (including counsel fees and court costs) incurred by Navitaire in connection with such claim.
- h) Confidential Information (Updated).** The title of Section 9, Confidential Information, is hereby modified to read "Confidential Information and Privacy"
- i) Privacy of Information (Replaced).** Section 9.6, Privacy of Information, is hereby deleted in its entirety and replaced with the following:
- 9.6 Privacy of Customer Personal Data.** Navitaire shall protect Customer Personal Data during performance of the Services in accordance with laws to which Navitaire is subject as a service provider or data processor. Navitaire and Customer shall comply with their respective obligations in the Data Protection Procedures Schedule attached hereto as Exhibit J and Navitaire shall cause each of its subcontractors that have access to Customer Personal Data to comply with the same where applicable.
- j) Disclaimers and Limitations (Updated).** Section 10.1 is hereby deleted in its entirety and replaced with the following:
- 10.1** EXCEPT FOR AMOUNTS DUE BY CUSTOMER IN THE ORDINARY COURSE, THE AGGREGATE LIABILITY OF EITHER PARTY TO THE OTHER UNDER OR IN CONNECTION WITH THIS AGREEMENT AND THE PROVISION OF HOSTED SERVICES TO CUSTOMER, REGARDLESS OF THE FORM OF ACTION GIVING RISE TO SUCH LIABILITY (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SHALL NOT EXCEED [###], PROVIDED, HOWEVER, THAT THE FOREGOING LIMIT WILL NOT APPLY TO LIABILITIES ARISING UNDER SECTION 8, [###], OR WILLFUL MISCONDUCT;

k) Force Majeure (Updated). The second sentence in Section 15 (Force Majeure) is hereby modified to delete the reference to "Global Watch Program" (Accenture LLP program which functions as an advisor for the safety of its people)' and remove it from the Agreement.

l) Exhibits (Replaced). Section 19.6, Exhibits, is hereby deleted in its entirety and replaced with the following:

19.6 Exhibits. The Exhibits attached and listed below are part of this Agreement:

- Exhibit A: Hosted Reservation Services
- Exhibit B: Intentionally Left Blank - Hosted Revenue Management Services – SkyPrice
- Exhibit C: Navitaire Contacts
- Exhibit D: Customer Contacts
- Exhibit E: Powered by Navitaire® Mark
- Exhibit F: Intentionally Left Blank - Hosted Web Services
- Exhibit G: Hosted Revenue Accounting Services
- Exhibit H: Work Order Terms and Form
- Exhibit I: Hosting Services for NPS Custom Solutions
- Exhibit J: Procedures for the Protection of Customer Personal Data
- Exhibit K: Price and Payment

m) Third Party Procurement (Replaced). Section 19.7, Third Party Procurement, is hereby deleted in its entirety and replaced with the following:

19.7 Third Party Procurement. Navitaire has a number of relationships with third party vendors for products and services made available to users of the Navitaire suite. Navitaire utilizes these third party vendors in order to provide a comprehensive offering for the benefit of the customer base. In some cases, Navitaire may receive compensation from these third party vendors.

4 Amendment to Exhibit A - Hosted Reservation Services, as follows:

a) Scope of Services (Replaced). Section 2, Scope of Services, is hereby deleted in its entirety and replaced with the following:

2 Scope of Services

Navitaire will provide certain services and support functions during the Term of this Agreement related to the Hosted Reservation Services and related applicable products. Of the available Hosted Reservation Services, Customer has selected the products and/or services outlined in Exhibit K.

b) Support Rate (Updated). The first sentence of Section 5.3 (Support Rate) of Exhibit A is hereby modified to replace the reference to 'Exhibit A, Section 8.3' with "Exhibit K".

c) Emergency (Updated). The second sentence of Section 5.4.1 (Emergency) of Exhibit A is hereby modified to replace the reference to 'Exhibit A, Section 8.3' with "Exhibit K".

d) Request Reporting (Updated). The first sentence of the last paragraph of Section 5.4.3 (Request Reporting) of Exhibit A is hereby modified to replace the reference to 'Exhibit A, Section 8.3' with "Exhibit K".

e) Functionality (Updated). The introductory paragraph found at Section 6, New Skies by Navitaire Functionality Included in Hosted Reservation Services, is hereby deleted in its entirety and replaced with the following:

The following tables itemize the base and optional functionality and features available as of the Effective Date of this Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This functionality list may be modified or expanded in the future based upon new releases, provided that no material functionality will be eliminated unless mutually agreed with Customer and Navitaire.

- f) **Functionality (Replaced).** The 'Secure Flight' functionality rows are hereby deleted in their entirety from the table found at Section 6, New Skies by Navitaire Functionality Included in Hosted Reservation Services, and replaced with the following:

Message Facilitation for Secure Flight
<p>General Features – Message Facilitation for Secure Flight</p> <p>Secure Flight is an interactive data collection system used by carriers to transmit traveler data to government entities for United States domestic flights, flights to/from the United States and flights that qualify as United States overflights as identified by Customer. The Message Facilitation for Secure Flight facilitates the collection of the data required by Customer with respect to its regulatory requirements. While each government entity has specific data and transport requirements, in general the system provides a mechanism for Customer to:</p> <p>Boarding Pass</p> <ul style="list-style-type: none"> • Collect traveler passport data at the time of booking or at the time of check-in for travel to or from outside the US. • Format the data for transmission, including passenger redress number and known traveler number if provided by passenger and traveler passport data for international flights. • Transmit the data during the transmission timeframe (e.g., 72 hours prior to departure) to the connectivity provider (e.g. SITA/ARINC) for the delivery of the traveler data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer. • Receive US-DHS passenger status response messages and store the passenger status response from the US-DHS with passenger's PNR. • Display the passenger status response and based upon the US-DHS passenger status response: <ul style="list-style-type: none"> - Print boarding pass for passengers identified as cleared by US-DHS. - Configure selectee data for boarding pass and bag tag for passengers identified as selectees by US-DHS. - Do not print boarding pass for passengers identified as inhibited by US-DHS. <p>Gate Pass Holder</p> <ul style="list-style-type: none"> • Collect gate pass holder data via SkyPort. The gate pass is a document issued within the US to non-travelers, allowing them entry through airport security to a sterile area normally reserved for passengers. • Format the gate pass holder data for transmission. • Transmit to the connectivity provider (e.g. SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer. • Display gate pass response message from the US-DHS. • Generate a gate pass for a cleared response. <p>Unsolicited Messages</p> <ul style="list-style-type: none"> • Receive US-DHS unsolicited messages. • Format acknowledgement response to unsolicited messages. • Transmit acknowledgement response for unsolicited response to the connectivity provider (e.g. SITA/ARINC as directed by Customer) for the delivery of the acknowledgement response to the United States Department of Homeland Security (US-DHS) by the connectivity provider, as directed by Customer. • Store updates to passenger status from the US-DHS with passenger's PNR. <p>Flight Close Out</p> <ul style="list-style-type: none"> • Format Flight Close Out / On Board message. • Transmit Flight Close Out / On Board message to the third party network transport provider (e.g. SITA/ARINC) for the delivery of the gate pass holder data to the United States Department of Homeland Security (US-DHS) by the network transport provider, as directed by Customer. <p>Note: The foregoing functionality is dependent upon multiple third party connections as contemplated by Section 4.12 of the Agreement. The parties will agree and document in Exhibit K the Connectivity Option selected by Customer.</p>
<p>General Features – TSA PreCheck Facilitation</p> <p>TSA PreCheck Facilitation is an optional feature within Secure Flight that facilitates the operation of TSA Pre✓® when Customer has engaged the use of such program with the U.S. Government. In the event that: (i) Customer has requested this feature from the TSA; (ii) Secure Flight has been procured by Customer under the Agreement; and (iii) Customer has taken the appropriate actions with the U.S. Government, the additional functionality is as follows:</p> <ul style="list-style-type: none"> • Configure TSA Pre✓® data for boarding pass(es) for passengers identified as TSA Pre✓® by US-DHS.
<p>Limitations and Exclusions</p> <ul style="list-style-type: none"> • Transmission of crew data is not supported. • XML message formats are not supported. • Flights which are domestic to domestic outside of the United States are not supported (e.g. ORY to NCE), with the exception of overflights identified by Customer. • The ability to collect, store, and include passenger redress number and known traveler number is not currently available if the transaction is received by Navitaire via IATCI messaging. • Certification with connectivity provider is the responsibility of Customer. • Secure Flight functionality is only available for flights for which Customer utilizes New Skies check-in functions. Secure Flight functionality is not available for flights managed via a third party DCS. • Navitaire will provide Customer with an initial sample format for these messages during implementation. Any applicable fees in connection with any modifications to the message format made whether during implementation or thereafter will be charged to Customer on a time and materials basis.

- g) Functionality (Added).** The following is hereby added to the end of the table located at Section 6, New Skies by Navitaire Functionality Included in Hosted Reservation Services:

FTP Connectivity for Operational Messages
General Features – FTP Connectivity for Operational Messages – Outbound Messaging
[###]
General Features – FTP Connectivity for Operational Messages – Inbound Messaging
[###]
Limitations and Restrictions
[###]
Type B/Teletype Connectivity for Operational Messages
General Features – Type B/Teletype Connectivity for Operational Messages
[###]
Customer Value and Recognition
General Features – Customer Value and Recognition
[###]
Limitations and Exclusions
[###]
Seating Plus
General Features – Seating Plus
• The functionality description shall be added via an amendment prior to Customer's use of the Seating Plus functionality.
dotREZ API
General Features – dotREZ API
[###]

- h) Fee Schedule (Updated).** Section 8, Fee Schedule, is hereby deleted in its entirety and replaced as follows:

8 Fee Schedule. The actual fees under this Agreement are as identified in Exhibit K, Price and Payment.

- 5 Amendment to Exhibit E – Powered by Navitaire® Mark,** as follows:

The Mark (Replaced). The sample Mark provided in Section 7, The Mark, is hereby deleted in its entirety and replaced with the following:



- 6 Amendment to Exhibit G, Hosted Revenue Accounting Services,** as follows:

- a) Scope of Services (Replaced).** Section 2, Scope of Services, is hereby deleted in its entirety and replaced with the following:

2 Scope of Services

Navitaire will provide certain services and support functions during the Term of this Agreement related to the Hosted Revenue Accounting Services and related applicable products. Of the available Hosted Revenue Accounting Services, Customer has selected the products and/or services outlined in Exhibit K. The Hosted Services System infrastructure capacity will be established and configured for Customer's operations based on flight Segment volume estimates provided by Customer.

Customer will be responsible for transferring data from the Hosted Revenue Accounting Services to Customer's general ledger. Such functionality is specifically excluded from Navitaire's Hosted Revenue Accounting Services.

- b) **Support Rate (Updated).** The first sentence of Section 5.3 (Support Rate) of Exhibit G is hereby modified to replace the reference to 'Section 9.3 of this Exhibit' with "Exhibit K".
- c) **Emergency (Updated).** The first sentence of the paragraph following the 'Note:' in Section 5.4.1 (Emergency) of Exhibit G is hereby modified to replace the reference to 'this Exhibit, Section 9.3' with "Exhibit K".
- d) **Request Reporting (Updated).** The first sentence of the last paragraph of Section 5.4.3 (Request Reporting) of Exhibit G is hereby modified to replace the reference to 'Section 9.3 of this Exhibit' with "Exhibit K",
- e) **Functionality (Updated).** The introductory paragraph found at Section 7, Hosted Revenue Accounting Service Functionality, is hereby deleted in its entirety and replaced with the following:

The table below itemizes the base and optional functionality and features in available as of the Effective Date of the Agreement. The actual optional functionality to be provided under this Agreement is as identified in Exhibit K. This list may be expanded or modified in the future based upon new releases.

- f) **Fee Schedule (Updated).** Section 9, Fee Schedule, is hereby deleted in its entirety and replaced as follows:

9 Fee Schedule. The actual fees under this Agreement are as identified in Exhibit K, Price and Payment.

7 Amendment to Exhibit I, Hosting Services for NPS Custom Solutions, as follows:

- a) **Included Features (Updated).** The first sentence of Section 3 (Included Features) sub-item b) of Exhibit I is hereby modified to replace the reference to 'Section 8.3, Support Fees, of Exhibit A of the Agreement' with "Exhibit K".
- b) **Support Services (Updated).** The first sentence of the third paragraph of Section 5 (Support Services) of Exhibit I is hereby modified to replace the reference to 'Exhibit A, Section 8.3 and/or 8.5' replaced with "Exhibit K".
- c) **Fee Schedule (Updated).** Section 7, Fee Schedule, is hereby deleted in its entirety and replaced as follows:

7 Fee Schedule. The actual fees under this Agreement are as identified in Exhibit K, Price and Payment.

8 Addition of New Exhibit J, Procedures for the Protection of Customer Personal Data, as follows:

Exhibit J (Added). Exhibit J, Procedures for the Protection of Customer Personal Data, is hereby added to the Agreement in alphabetical order, as attached hereto as Appendix 1 to this Amendment.

9 Addition of New Exhibit K, Price and Payment, as follows:

Exhibit K (Added). Exhibit K, Price and Payment, is hereby added to the Agreement in alphabetical order, as attached hereto as Appendix 2 to this Amendment.

- 10 No Other Changes.** Except as specifically amended by this Amendment, all other provisions of the Agreement remain in full force and effect. This Amendment shall not constitute or operate as a waiver of, or estoppel with respect to, any provisions of the Agreement by any party hereto.
- 11 Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- 12 Successors and Assigns.** This Amendment shall inure to the benefit of and be binding upon Navitaire and the Customer and their respective successors, heirs and assigns.
- 13 Conflict of Provisions.** In the event that there exists a conflict between any term, condition, or provision contained within this Amendment, and in any term, condition, or provision contained within the Agreement, the term, condition, or provision contained within this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

SPIRIT AIRLINES, INC.

NAVITAIRE LLC

Signature: /s/ Rocky B. Wiggins Signature: /s/ Gordon Evans

Printed Name: Rocky B. Wiggins Printed Name: Gordon Evans

Title: CIO Title: VP

Date: 3/2/18 Date: 3/5/2018

APPENDIX 1

EXHIBIT J

PROCEDURES FOR THE PROTECTION OF CUSTOMER PERSONAL DATA

These Data Protection Procedures ("Procedures") set forth the security protocols that Customer and Navitaire will follow with respect to maintaining the security and privacy of Customer Personal Data in connection with the Agreement.

1 General

In the event of a conflict or inconsistency between the terms of these Procedures with the terms of the Agreement, the terms of the Procedures shall govern. Capitalized terms used herein, but not defined shall have the meanings ascribed to them in the Agreement.

2 Security Policy

Navitaire will maintain globally applicable policies, standards, and procedures intended to protect Navitaire and Customer data. [###].

Navitaire will provide summaries of these policies upon Customer's request.

3 Global Access

Subject to the controls below, Navitaire may access the Customer Personal Data from locations other than the facility where the Customer Personal Data is stored, unless otherwise mutually agreed by the Parties.

4 Organizing Information Security

4.1 Accountability

The following executives from the Customer and Navitaire shall be responsible for confirming the implementation of and ongoing compliance with these Procedures. Any notices under these Procedures or the Agreement regarding the Customer Personal Data obligations of each party should be as follows: communications regarding the day-to-day obligations should be communicated in writing via e-mail or other written notice to each of the Data Protection Executives and communications regarding any changes to the terms of these Procedures (including any Attachments) or the terms of each Party's Customer Personal Data obligations under the Agreement should be directed as required under the notice provisions of the Agreement with copies provided to the Data Protection Executives.

- Customer Data Protection Executive: James Nolin, Senior Director Infrastructure
- Navitaire Data Protection Executive: Gordy Evans, Vice President Commercial

The Data Protection Executives intend to jointly review these Procedures at a minimum on an annual basis to identify if any changes are necessary. Each party will promptly notify the other party of any suggested changes to the application of agreed upon Procedures or other general concerns about potential gaps in the information security environment.

Any material changes to these Procedures must go through the amendment process as set forth in the Agreement.

4.2 Controls

Control		Responsible Parties	
		Navitaire	Customer
1.0	Human Resources Security		
1.1	Training		
1.1.1	[###]	[###]	[###]
1.1.2	[###]	[###]	[###]
2.0	Physical and Environmental Security		
2.1	Physical Security		
2.1.1	[###]	[###]	[###]
2.1.2	[###]	[###]	[###]
3.0	Communications and Operations Management		
3.1	Network Security Management		
3.1.1	[###]	[###]	[###]
3.1.2	[###]	[###]	[###]
3.1.3	[###]	[###]	[###]
3.1.4	[###]	[###]	[###]
3.1.5	[###]	[###]	[###]
3.1.6	[###]	[###]	[###]
3.2	Virtual Private Networks ("VPN"). When remote connectivity to the Navitaire network is required for Processing of Customer Personal Data and site to site VPN has been agreed upon, both parties shall deploy VPN servers with the following or similar capabilities:		
3.2.1	[###]	[###]	[###]
3.2.2	[###]	[###]	[###]
3.3	Secure Socket Layer ("SSL").		
3.3.1	[###]	[###]	[###]
3.4	When transferring Customer Personal Data:		
3.4.1	[###]	[###]	[###]

3.5	Physical Transport of Data		
-----	----------------------------	--	--

Control		Responsible Parties			
		3.5.1	[###]	[###]	[###]
3.6	Data Disposal				
3.6.1	[###]	[###]	[###]		
3.6.2	[###]	[###]	[###]		
3.6.3	[###]	[###]	[###]		
3.7	Third Party Service Delivery Management				
3.7.1	[###]	[###]	[###]		
3.7.2	[###]	[###]	[###]		
4.0	Access Control				
4.1	User Access Management				
4.1.1	[###]	[###]	[###]		
4.1.2	[###]	[###]	[###]		
4.1.3	[###]	[###]	[###]		
4.1.4	[###]	[###]	[###]		
4.1.5	[###]	[###]	[###]		
4.1.6	[###]	[###]	[###]		
4.1.7	[###]	[###]	[###]		
4.2	Password Management				
4.2.1	[###]	[###]	[###]		
4.2.2	[###]	[###]	[###]		
4.3	Encryption				
4.3.1	[###]	[###]	[###]		
4.3.2	[###]	[###]	[###]		
5.0	Information Security Incident Management				
5.1	Security Incident Reporting				
5.1.1	[###]	[###]	[###]		
6.0	Compliance				
6.1	Compliance with Legal Requirements				
6.1.1	[###]	[###]	[###]		
6.1.2	[###]	[###]	[###]		
	[###]	[###]	[###]		

APPENDIX 2

EXHIBIT K

PRICE AND PAYMENT

1 Fee Schedule

All fees in this Exhibit are specified in USD.

1.1 Service Fees

1.1.1 Monthly Recurring Service Fees – Core Services:

Monthly Passenger Boarded Tier	Hosted Services Bundle	Disaster Recovery
	Per Passenger Boarded	Per Passenger Boarded
[###] monthly passengers boarded	[###] per passenger boarded	[###] per passenger boarded
[###] monthly passengers boarded	[###] per passenger boarded	[###] per passenger boarded
[###] monthly passengers boarded	[###] per passenger boarded	[###] per passenger boarded
[###] monthly passengers boarded	[###] per passenger boarded	[###] per passenger boarded
[###] and higher monthly passengers boarded	[###] per passenger boarded	[###] per passenger boarded

The Hosted Services Bundle consists of:

- Hosted Reservation Services (New Skies base functionality);
- GoNow – Agent;
- Type B / Teletype Connectivity for Operational Messages;
- FTP Connectivity for Operational Messages;
- Data Store Workbench;
- TSA PreCheck Facilitation;
- Message facilitation for Accertify Fraud Prevention; and
- SkyLedger.

a) **Minimum Guarantee of Passengers Boarded.** Customer agrees to guarantee and pay as a monthly minimum the total number of passengers boarded according to the table below. This table will also be used for the purposes of calculating the minimum recurring Service Fees:

Year	Monthly Minimum Guarantees (subject to the Seasonality Allocation Schedule described below)	Annual Minimum Guarantees
	Passengers Boarded	Passengers Boarded
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]
[###]	[###]	[###]

Customer may designate the seasonality allocation of the Annual Minimum Guarantee of Passengers Boarded (“AMGPB”) over the Agreement year.

For example, [###]. If the actual passengers boarded is in excess of this number then the amount for actual number of passengers boarded will be invoiced.

Customer may designate changes to the seasonality allocation schedule once each year. Changes to the seasonality allocation schedule will be made in writing and acknowledged by both parties. Unless the parties mutually agree otherwise, prior to [###] of each year, the seasonality allocation for the upcoming year will remain unchanged. The minimum seasonality percentage for any given month will be [###] or higher.

Seasonality Allocation Schedule

Month	Schedule for July 2017 - June 2018 Seasonality Percentage	Number of Monthly Minimum Guarantee of Passengers Boarded (“MMGPB”) per month based on Annual Minimum Guarantee of Passengers Boarded for Year 1 (% multiplied by AMGPB) NOTE: The total of this column will always equal the applicable year’s AMGPB.	Minimum Monthly Fee Hosted Services Bundle	Minimum Monthly Fee Disaster Recovery
July	[###]	[###]	[###]	[###]
August	[###]	[###]	[###]	[###]
September	[###]	[###]	[###]	[###]
October	[###]	[###]	[###]	[###]
November	[###]	[###]	[###]	[###]
December	[###]	[###]	[###]	[###]
January	[###]	[###]	[###]	[###]
February	[###]	[###]	[###]	[###]
March	[###]	[###]	[###]	[###]
April	[###]	[###]	[###]	[###]
May	[###]	[###]	[###]	[###]
June	[###]	[###]	[###]	[###]

All passengers boarded in excess of these monthly minimum guarantees will be invoiced per terms described in Section 6.3 of this Agreement.

- b) **Look to Booked Segment Ratio.** A Look to Booked Segment Ratio of [###] will apply to all bookings as described in Section 1 of Exhibit A in regards to Peak Usage. A Look to Booked Segment Ratio of [###] will apply to all bookings as described in Section 1 of Exhibit A in regards to the Availability Request Overage Fee.
- c) **Availability Request Overage Fee** is the fee applied to each Utilized Availability Request in excess of the Maximum Availability Requests Allowed. The Availability Request Overage Fee is determined based on the [###], and will be applied to each excess Utilized Availability Request, as follows:
 - [###] lower than [###] = [###]
 - [###] to [###] = [###]
 - [###] to [###] = [###]
 - [###] greater than [###] = [###]

The [###].

Should Customer not utilize the [###], a flat fee of [###] will apply per Utilized Availability Request in excess of the Maximum Availability Requests Allowed.

The parties mutually agree that a [###] grace period will be provided prior to invoicing Customer an Availability Request Overage Fee, allowing Customer to implement

steps to reduce the Look to Booked Segment Ratio to a level that will not incur the Availability Request Overage Fee.

1.1.2 Monthly Recurring Service Fees – Hosted Reservation Services - New Skies Add-On Products/Services:

SELECTED	Products and/or Services	Description	Partners or Connections	Monthly Minimum Recurring Service Fee (per partner / connection)	Included in Monthly Recurring Service Fee	Monthly Overage Fee
Note: [###].						
Hosted Reservation Services – New Skies Add-On Products/Services						
X	GoNow	[###]	[###]	[###]	[###]	[###]
X	API Suites	[###]	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]	[###]
X	Data Store Workbench	[###]	[###]	[###]	[###]	[###]
X	All-Inclusive Pricing	[###]	[###]	[###]	[###]	[###]
X	FTP Connectivity for Operational Messages	[###]	[###]	[###]	[###]	[###]
X	Type B / Teletype Connectivity for Operational Messages	[###]	[###]	[###]	[###]	[###]
X	Type B / Teletype GDS Connectivity	[###]	[###]	[###]	[###]	[###]
X	Government Security Message Facilitation	[###]	[###]	[###]	[###]	[###]
		[###]	[###]	[###]		
		[###]	[###]	[###]		
X		[###]	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]	[###]
X	Loyalty	[###]	[###]	[###]	[###]	[###]
X	Ancillary Pricing Optimization (APO)	[###]	[###]	[###]	[###]	[###]

SELECTED	Products and/or Services	Description	Partners or Connections	Monthly Minimum Recurring Service Fee (per partner / connection)	Included in Monthly Recurring Service Fee	Monthly Overage Fee
X	Message Facilitation for Connectivity to Accertify	[###]	[###]	[###]	[###]	[###]
X	Customer Value and Recognition	[###]	[###]	[###]	[###]	[###]
X		[###]	[###]			
X	Disaster Recovery Services	[###]	[###]	[###]	[###]	[###]
N/A	dotREZ API	[###]	[###]	[###]	[###]	[###]
					[###]	[###]
					[###]	[###]

1.1.3 Monthly Recurring Service Fees – Hosting Services for NPS Custom Solutions:

SELECTED	Products and/or Services	Description	Partners or Connections	Monthly Minimum Recurring Service Fee (per partner / connection)	Included in Monthly Recurring Service Fee	Monthly Overage Fee
Note: [###].						
Hosting Services for NPS Custom Solutions						
X	Hosting Services for NPS Custom Solutions	[###]	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]	[###]

1.2 Implementation Fees

Unless otherwise mutually agreed and documented via an executed Amendment or Work Order:

- products and/or services that are not part of Customer’s initial purchase, require [###] of the corresponding Minimum Implementation Fee be paid in full upon execution of an Amendment to the Agreement to add such products and/or services, with the remaining [###] due and payable in full upon completion of the corresponding implementation project; and
- Minimum Implementation Fees exclude travel expenses and do not include any new development.

SELECTED	Products and/or Services	Description	Partners or Connections	Minimum Implementation Fee (per partner / connection)	Maximum Number of Hours Included in Minimum Implementation Fee (additional hours provided on a time and materials basis per Section 1.3)
[###]					
Hosted Reservation Services – New Skies Add-On Products/Services					
X	Customer Value and Recognition	[###]	[###]	[###]	[###]
X		[###]	[###]	[###]	[###]
N/A	dotREZ API	[###]	[###]	[###]	[###]

1.3 Support Fees

Support Center Support	Fees
Initial Support: Up to a maximum of [###] for Support Service Requests are available for use within the first [###] after go-live of the Hosted Reservation Services.	[###]
On-going Support: After initial support, up to a maximum of [###] for Support Service Requests are available for use on a monthly basis through the Term of the Agreement. This allotment is for the specified period only and may not be carried forward. All applicable hours are deducted in [###] minute increments with a minimum of [###] minutes per occurrence.	[###]
Additional support, training, additional implementation support, or development documented in an INC (or documented in a Work Order where such Work Order expressly references the hourly rates in this Section).	Dependent on level of resource:

1.4 Other Fees

Other Fees	Fees
Custom solution development, business process assistance, and/or Professional Services mutually agreed to and documented in an INC or Work Order as applicable.	[###]
Dedicated Account Management	[###]

1.5 Payment of Implementation Fees. Not Applicable – the Hosted Reservation Services are already implemented.

1.6 Fee Commencement after Implementation. Not Applicable – the Hosted Reservation Services are already implemented.

[\(Back To Top\)](#)

Section 5: EX-31.1 (CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARB)

Exhibit 31.1

CERTIFICATION

I, Robert L. Fornaro, certify that:

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

Date: April 26, 2018

/s/ Robert L. Fornaro

Robert L. Fornaro

Chief Executive Officer

[\(Back To Top\)](#)

Section 6: EX-31.2 (CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARB)

Exhibit 31.2

CERTIFICATION

I, Edward M. Christie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spirit Airlines, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as described in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the 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: April 26, 2018

/s/ Edward M. Christie

Edward M. Christie

President and Chief Financial Officer

[\(Back To Top\)](#)

Section 7: EX-32.1 (CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350)

Exhibit 32.1

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

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

- (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2018

/s/ Robert L. Fornaro

Robert L. Fornaro

Chief Executive Officer

[\(Back To Top\)](#)

Section 8: EX-32.2 (CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350)

Exhibit 32.2

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

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

- (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly present, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2018

/s/ Edward M. Christie

Edward M. Christie

President and Chief Financial Officer

[\(Back To Top\)](#)