

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

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**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

**SPIRIT AIRLINES, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant) Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- ☐ Fee paid previously with preliminary materials.
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| (3) | Filing Party:                                 |
| (4) | Date Filed:                                   |

**SPIRIT AIRLINES, INC.**  
**2800 Executive Way**  
**Miramar, Florida 33025**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of Spirit Airlines, Inc.:

**Notice Is Hereby Given** that the Annual Meeting of Stockholders ("Annual Meeting") of Spirit Airlines, Inc., a Delaware corporation (the "Company"), will be held virtually, via live webcast at [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019), on May 14, 2019, at 9:00 a.m. Eastern Time, for the following purposes:

1. To elect the following three Class II directors to hold office until the 2022 annual meeting of stockholders or until their successors are elected: Carlton D. Donaway, H. McIntyre Gardner, and Myrna M. Soto;
2. To ratify the selection, by the Audit Committee of the Board of Directors, of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019;
3. To approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in the attached Proxy Statement pursuant to executive compensation disclosure rules under the Securities Exchange Act of 1934, as amended; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

For our Annual Meeting, we have elected to use the internet (the "Internet") as our primary means of providing our proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send to these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our Proxy Statement and Annual Report on Form 10-K, and for participating and voting via the Internet. The Notice of Internet Availability of Proxy Materials will also provide: (i) information on how stockholders may request, via a toll-free number, an e-mail address or a website, paper copies of our proxy materials (including a proxy card) free of charge; (ii) the date, time and online location of the Annual Meeting; and (iii) the matters to be acted upon at the meeting and the recommendation of the Board of Directors with regard to each matter. The electronic delivery of our proxy materials will significantly reduce our printing and mailing costs and the environmental impact of the proxy materials.

**Record Date**

Only stockholders who owned our common stock at the close of business on March 27, 2019 (the "Record Date") can vote at the Annual Meeting or any adjournments or postponements thereof.

**Virtual Meeting**

Our Annual Meeting will be held virtually, via live webcast at [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019), on May 14, 2019, at 9:00 a.m. Eastern Time. To attend and participate, stockholders as of Record Date will need a 16-digit control number, which can be found in the Notice of Internet Availability of Proxy Materials. The online format of our Annual Meeting will allow stockholders to submit questions in advance of the meeting via [www.proxyvote.com](http://www.proxyvote.com) or during the meeting via [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019).

You are cordially invited to attend our virtual Annual Meeting, but whether or not you expect to attend (via the Internet), you are urged to read our Proxy Statement and to vote and submit your proxy by following the voting procedures described in the Notice of Internet Availability of Proxy Materials or on the proxy card.

By Order of the Board of Directors

/s/ Thomas Canfield

Thomas Canfield  
Secretary

Miramar, Florida  
April 4, 2019

**SPIRIT AIRLINES, INC.**  
**2800 Executive Way**  
**Miramar, Florida 33025**

**PROXY STATEMENT**  
**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

The Board of Directors of Spirit Airlines, Inc. is soliciting your proxy to vote at the Annual Meeting of Stockholders to be held virtually, via live webcast at [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019), on May 14, 2019, at 9:00 a.m. Eastern Time, and any adjournment or postponement of that meeting.

In this Proxy Statement, we refer to Spirit Airlines, Inc. as the “Company,” “Spirit,” “we” or “us” and the Board of Directors as the “Board.” When we refer to Spirit’s fiscal year, we mean the twelve-month period ending December 31 of the stated year. Agreements, plans and other documents referenced to in this Proxy Statement are to be qualified in their entirety by reference to the actual full text of such agreements, plans and other documents.

**Notice and Access**

We have elected to use the Internet as our primary means of providing our proxy materials to stockholders. Accordingly, on or about April 4, 2019, we are making the proxy materials, including this Proxy Statement and Annual Report on Form 10-K, available on the Internet and mailing a Notice of Internet Availability of Proxy Materials to stockholders of record as of March 27, 2019 (the “Record Date”). Brokers and other nominees who hold shares on behalf of beneficial owners will be sending their own similar notice. All stockholders as of the Record Date will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials. Instructions on how to request a printed copy by mail or electronically, including an option to request paper copies on an ongoing basis, may be found also in the Notice of Internet Availability of Proxy Materials and on the website referred to in the notice. We intend to mail this Proxy Statement, together with the accompanying proxy card, to those stockholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials within three business days of request.

**Quorum**

The only voting securities of Spirit Airlines, Inc. are shares of common stock, par value \$0.0001 per share (the “common stock”), of which there were 68,438,297 shares outstanding as of the Record Date (excluding any treasury shares). We need the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote, present in person or represented by proxy, to hold the Annual Meeting.

**Board Voting Recommendations**

Our Board of Directors recommends that you vote “FOR” the election of the director nominees named in Proposal No. 1 of the Proxy Statement, “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm as described in Proposal No. 2 of the Proxy Statement, and “FOR” the approval, on a non-binding, advisory basis, of the compensation of our named executive officers as described in Proposal No. 3 of the Proxy Statement.

**Virtual Stockholder Meeting**

The online format of our Annual Meeting is intended to enhance stockholder access and participation. As stated in the Notice of Annual Meeting of Stockholders, our stockholders as of Record Date will be allowed to communicate with us and ask questions before and during the meeting. This will increase our ability to engage and communicate effectively with all stockholders, regardless of size, resources or physical location, and will ensure that our stockholders are afforded the same rights and opportunities to participate as they would at an in-person meeting.

**Other Material**

The Company’s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (“SEC”), is available in the “Financials & Filings” section of our website at <http://ir.spirit.com>. You also may obtain a copy of the Company’s Annual Report on Form 10-K, without charge, by contacting the Company’s Secretary at 2800 Executive Way, Miramar, FL 33025.

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# **THE PROXY PROCESS AND STOCKHOLDER VOTING**

## **QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

### **Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 27, 2019 will be entitled to vote at the Annual Meeting. At the close of business on the Record Date, there were 68,438,297 shares of common stock issued and outstanding and entitled to vote.

#### ***Stockholder of Record: Shares Registered in Your Name***

If, on March 27, 2019, your shares were registered directly in your name with the transfer agent for our common stock, Wells Fargo Shareowner Services, then you are a stockholder of record. As a stockholder of record, you may vote at the Annual Meeting or vote by proxy. Whether or not you plan to attend (via the Internet) the Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

#### ***Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent***

If, on March 27, 2019, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend (via the Internet) the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy card from your broker or other agent.

### **What am I being asked to vote on?**

You are being asked to vote “FOR”:

- the election of the following three Class II directors to hold office until our 2022 annual meeting of stockholders: Carlton D. Donaway, H. McIntyre Gardner, and Myrna M. Soto;
- the ratification of the selection, by the Audit Committee of the Board, of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
- the approval, on a non-binding, advisory basis, of the compensation of our named executive officers.

In addition, you are entitled to vote on any other matters that are properly brought before the Annual Meeting.

### **How do I vote?**

You may vote by mail or follow any alternative voting procedure described on the proxy card or the Notice of Internet Availability of Proxy Materials. To use an alternative voting procedure, follow the instructions on each proxy card that you receive or on the Notice of Internet Availability of Proxy Materials.

For the election of directors, you may either vote “FOR” each of the three nominees or you may withhold your vote for any nominee you specify. For the ratification of the selection of the Company’s independent auditors and the non-binding, advisory vote to approve the compensation of our named executive officers, you may vote “FOR” or “AGAINST” or abstain from voting.

The procedures for voting are as follows:

#### ***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote at the Annual Meeting. Alternatively, you may vote by proxy over the Internet or, if you properly request and receive a proxy card by mail or email, by signing, dating and returning the proxy card, over the Internet or by telephone. Whether or not you plan to attend (via the Internet) the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. Even if you have submitted a proxy before the Annual Meeting, you may still attend the Annual Meeting and vote via the Internet. In such case, your previously submitted proxy will be disregarded.

- To vote by proxy over the Internet, follow the instructions provided in the Notice of Internet Availability of Proxy Materials or on the proxy card.
- To vote by telephone, if you properly requested and received a proxy card by mail or email, you may vote by proxy by calling the toll free number found on the proxy card.
- To vote by mail, if you properly requested and received a proxy card by mail or email, complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

***Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent***

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the voting instruction card to ensure that your vote is counted. To vote (via the Internet) at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy form.

**Who counts the votes?**

Broadridge Financial Solutions, Inc. (“Broadridge”) has been engaged as our independent agent to tabulate stockholder votes. If you are a stockholder of record, and you choose to vote over the Internet or by telephone, Broadridge will access and tabulate your vote electronically. If you choose to sign and mail your proxy card, your executed proxy card is returned directly to Broadridge for tabulation. As noted above, if you hold your shares through a broker, your broker (or its agent for tabulating votes of shares held in street name, as applicable) returns one proxy card to Broadridge on behalf of all its clients.

**How are votes counted?**

With respect to Proposal No. 1, the election of directors, the three nominees receiving the highest number of votes will be elected. With respect to Proposal Nos. 2 and 3, the affirmative vote of the holders of a majority in voting power of the shares of common stock which are present in person or by proxy and entitled to vote on each proposal is required for approval.

Brokers who hold shares in street name for the accounts of their clients may vote such shares either as directed by their clients or, in the absence of such direction, in their own discretion if permitted by the stock exchange or other organization of which they are members. If your shares are held by a broker on your behalf, and you do not instruct the broker as to how to vote these shares on Proposal No. 2, the broker may exercise its discretion to vote for or against that proposal in the absence of your instruction. With respect to Proposal Nos. 1 or 3, the broker may not exercise discretion to vote on those proposals. This would be a “broker non-vote” and these shares will not be counted as having been voted on the applicable proposal. However, broker non-votes will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. **Please instruct your bank or broker so your vote can be counted.**

If stockholders abstain from voting, these shares will be considered present and entitled to vote at the Annual Meeting and will be counted towards determining whether or not a quorum is present. Abstentions will have no effect with regard to Proposal No. 1, and with regard to Proposal Nos. 2 and 3, will have the same effect as an “AGAINST” vote.

**How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock you own as of March 27, 2019.

**How do I vote via Internet or telephone?**

You may vote by proxy by following the instructions provided in the Notice of Internet Availability of Proxy Materials or on the proxy card. If you properly request and receive printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card. Please be aware that if you vote over the Internet or by telephone, you may incur costs such as telephone and Internet access charges, as applicable, for which you will be responsible. The Internet and telephone voting facilities for eligible stockholders of record will close at 11:59 p.m. Eastern Time on May 13, 2019. The giving of such a telephonic or Internet proxy will not affect your right to vote should you decide to attend (via the Internet) the Annual Meeting.

The telephone and Internet voting procedures are designed to authenticate stockholders’ identities, to allow stockholders to give their voting instructions and to confirm that stockholders’ instructions have been recorded properly.

**What if I return a proxy card but do not make specific choices?**

If we receive a signed and dated proxy card and the proxy card does not specify how your shares are to be voted, your shares will be voted “FOR” the election of each of the three nominees for director, “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, and “FOR” the approval, on a non-binding, advisory basis, of the compensation of our named executive officers. If any other matter is properly presented at the Annual Meeting, your proxy (*i.e.*, one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

**Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors, officers and employees may also solicit proxies in person, by telephone or by other means of communication. Directors, officers and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one set of materials?**

If you receive more than one set of materials, your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must follow the instructions for voting on each Notice of Internet Availability of Proxy Materials or the proxy card that you receive by mail or email pursuant to your request, which include instructions for voting over the Internet, by telephone or by signing, dating and returning any of such proxy cards.

**Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy over the Internet, by telephone or by mail with a later date.
- You may send a written notice that you are revoking your proxy to our Secretary at 2800 Executive Way, Miramar, Florida 33025.
- You may attend (via the Internet) the Annual Meeting and vote online. Simply attending (via the Internet) the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

**When are stockholder proposals due for next year’s Annual Meeting?**

To be considered for inclusion in the proxy materials for next year’s annual meeting, your proposal must be submitted in writing by December 6, 2019, to our Secretary at 2800 Executive Way, Miramar, Florida 33025; provided that if the date of that annual meeting is more than thirty (30) days before or more than sixty (60) days after the first anniversary of the Annual Meeting, the deadline will be a reasonable time before we begin to print and send our proxy materials for next year’s annual meeting. If you wish to submit a proposal that is not to be included in the proxy materials for next year’s annual meeting pursuant to the SEC’s shareholder proposal procedures or to nominate a director, you must do so between January 15, 2020 and February 14, 2020; provided that if the date of that annual meeting is earlier than April 14, 2020 or later than July 13, 2020, you must give notice not earlier than the 120<sup>th</sup> day prior to the annual meeting date and not later than the 90<sup>th</sup> day prior to the annual meeting date or, if later, the 10<sup>th</sup> day following the day on which public disclosure of the annual meeting date is first made. You are also advised to review our Amended and Restated Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

**What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if the holders of a majority in voting power of the shares of common stock issued and outstanding and entitled to vote are present in person or represented by proxy at the Annual Meeting. On the Record Date, there were 68,438,297 shares outstanding and entitled to vote. Accordingly, not less than 34,219,150 shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the

chairperson of the Annual Meeting or a majority in voting power of the stockholders entitled to vote at the Annual Meeting, present via the Internet or represented by proxy, may adjourn the Annual Meeting to another time or place.

**How can I find out the results of the voting at the Annual Meeting?**

Voting results will be announced by the filing of a Current Report on Form 8-K within four business days after the Annual Meeting. If final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days of the day the final results are available.

## PROPOSAL NO. 1: ELECTION OF DIRECTORS

The Board is currently comprised of nine members. In accordance with our Amended and Restated Certificate of Incorporation, the Board is divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election.

Our directors are divided among the three classes as follows:

- *Class I directors:* Robert D. Johnson, Barclay G. Jones III and Dawn M. Zier, whose terms will expire at the annual meeting of stockholders to be held in 2021;
- *Class II directors:* Carlton D. Donaway, David G. Elkins, H. McIntyre Gardner, and Myrna M. Soto, whose terms will expire at the Annual Meeting; and
- *Class III directors:* Robert L. Fornaro and Edward M. Christie III, whose terms will expire at the annual meeting of stockholders to be held in 2020.

Any additional directorships resulting from an increase in the number of directors would be distributed among the three classes so that, as nearly as possible, each class would consist of one-third of the directors.

The division of the Board into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Mr. Elkins' term as a Class II director will expire at the Annual Meeting, and he will not stand for re-election. In connection with the foregoing, in March 2019, pursuant to the Company's Amended and Restated Certificate of Incorporation and Bylaws and after considering the Nominating and Corporate Governance Committee's recommendation, the Board (i) designated Mr. Gardner as a Class II director, thereby advancing the expiration of his term from 2020 to 2019; and (ii) decreased the size of the Board from nine to eight members, effective on the date of the Annual Meeting.

**Accordingly, Carlton D. Donaway, H. McIntyre Gardner and Myrna M. Soto have been nominated and each has consented to being named in this Proxy Statement and to serve as Class II directors upon their election at the Annual Meeting.** Each director to be elected will hold office until the third subsequent annual meeting of stockholders or until his or her successor is elected and has been qualified, or until such director's earlier death, resignation or removal.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named above. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve.

Directors are elected by a plurality of the votes cast at the meeting. Pursuant to the Company's corporate governance guidelines, any director nominee who receives a greater number of votes withheld from his or her election than votes for such election must submit his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Board will then act after considering the Nominating and Corporate Governance Committee's recommendation.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE  
FOR  
THE ELECTION OF EACH NAMED NOMINEE.**

The following table sets forth, for the Class II directors and our other current directors, information with respect to their ages and position/office held with the Company:

| <b>Name</b>                                                                              | <b>Age</b> | <b>Position/Office Held With the Company</b>                         |
|------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------|
| <i>Class I Directors for election at the 2021 Annual Meeting of Stockholders</i>         |            |                                                                      |
| Robert D. Johnson (1) (4)                                                                | 71         | Director, Chair of the Safety, Security and Operations Committee     |
| Barclay G. Jones III (1) (3)                                                             | 58         | Director, Chair of the Audit Committee                               |
| Dawn M. Zier (2) (4)                                                                     | 54         | Director                                                             |
| <i>Class II Directors whose terms expire at the 2019 Annual Meeting of Stockholders</i>  |            |                                                                      |
| Carlton D. Donaway (1) (3)                                                               | 67         | Director, Chair of the Nominating and Corporate Governance Committee |
| David G. Elkins (2) (3)                                                                  | 77         | Director, Chair of the Compensation Committee                        |
| H. McIntyre Gardner (2)                                                                  | 57         | Director, Chairman of the Board                                      |
| Myrna M. Soto (2) (4)                                                                    | 50         | Director                                                             |
| <i>Class III Directors whose terms expire at the 2020 Annual Meeting of Stockholders</i> |            |                                                                      |
| Edward M. Christie III                                                                   | 48         | President, Chief Executive Officer and Director                      |
| Robert L. Fornaro* (4)                                                                   | 66         | Director                                                             |

\* Mr. Fornaro served as Chief Executive Officer of the Company from January 4, 2016 until December 31, 2018.

- (1) Member of the Audit Committee of the Board
- (2) Member of the Compensation Committee of the Board
- (3) Member of the Nominating and Corporate Governance Committee of the Board
- (4) Member of the Safety, Security and Operations Committee of the Board

Set forth below is biographical information for the nominees and each person whose term of office as a director will continue after the Annual Meeting. The following includes certain information regarding our directors' individual experience, qualifications, attributes and skills that led the Board to conclude that they should serve as directors.

#### **Nominees for Election to a Three-Year Term Expiring at the 2022 Annual Meeting of Stockholders**

**Carlton D. Donaway** has been a member of the Board since January 2013. Since 2004, Mr. Donaway has been the principal and Chairman of JSKD Advisors LLC, a consulting firm. From 2004 to 2008, Mr. Donaway was an advisor to Cerberus Capital Management, L.P. ("Cerberus"), a private investment firm, and to Cerberus Operations and Advisory Company, an affiliate of Cerberus that offers senior management and advisory services. Prior to working with Cerberus, Mr. Donaway served as Executive Chairman of DHL Holdings-USA, a division of Deutsche Post DHL that provides international express and mail services. He was also Chairman and Chief Executive Officer of Airborne, Incorporated, a global transportation and logistics company. Mr. Donaway served as a board member and Chairman of Anchor Glass Container Corporation, a glass container manufacturer, from November 2004 to June 2005. Mr. Donaway also served as a board member of ACE Aviation Holdings, an investment holding company for various aviation interests, from 2004 to 2008. The Board has previously concluded that Mr. Donaway should serve on the Board and on the Audit and Nominating and Corporate Governance Committee based on his knowledge of the aviation industry, experience in operational and governance matters, leadership expertise and general business experience.

**H. McIntyre Gardner** has been a member of the Board since July 2010 and Chairman of the Board since August 2013. Mr. Gardner retired in 2008 from Merrill Lynch & Co., Inc. as the Head of Americas Region and Global Bank Group, Global Private Client. Prior to joining Merrill Lynch in July 2000, Mr. Gardner was the President and Chief Operating Officer of Helen of Troy Limited, a personal care products manufacturer. Since February 2017, he serves on the board of Blucora, Inc., a publicly traded technology-enabled financial solutions company. The Board has previously concluded that Mr. Gardner should serve on the Board as Chairman and on the Compensation Committee, based on his financial and business skills, extensive corporate finance experience and broad financial expertise.

**Myrna M. Soto** has been a member of the Board since March 2016. Since March 2019, Ms. Soto has served as Chief Operating Officer of Digital Hands, a managed security services provider, and as a venture advisor at ForgePoint Capital, a venture capital firm concentrating on cyber security related companies. From April 2018 to March 2019 she was a partner at

ForgePoint Capital. Prior to that, from August 2015 to March 2018, Ms. Soto served as Senior Vice President, Global and Chief Information Security Officer of Comcast Corporation ("Comcast"), a worldwide media and technology company. From September 2009 to August 2015, she served as Comcast's Senior Vice President and Chief Infrastructure and Information Security Officer. Prior to these roles, from 2005 until 2009, Ms. Soto served as Vice President of Information Technology Governance and Chief Information Security Officer of MGM Resorts International, a global hospitality company. She has been a director of CMS Energy Corporation, a publicly traded energy company, and its principal subsidiary, Consumers Energy Corporation, since January 2015, and a director of Popular, Inc., a financial services conglomerate, since July 2018. The Board has concluded that Ms. Soto should continue to serve on the Board and on the Compensation and Safety, Security and Operations Committees based on her experience in information technology and security experience matters, leadership expertise and general business experience.

*Class II Director Not Standing for Reelection:*

**David G. Elkins** has been a member of the Board since July 2010. Mr. Elkins retired in 2003 as President and Co-Chief Executive Officer of Sterling Chemicals, Inc., a North American chemicals producer headquartered in Houston, Texas. Prior to joining Sterling Chemicals in 1998, Mr. Elkins was a senior partner in the law firm of Andrews Kurth LLP, where he specialized in corporate and business law. Mr. Elkins formerly served as an independent director of numerous public and private corporations, including The Houston Exploration Company, Holley Performance Products, Inc. (non-executive Chairman), Pliant Corporation, Zilog, Inc., Sterling Chemicals, Inc., Guilford Mills, Inc., Pioneer USA, Inc. and Memorial Hermann Hospital System. Mr. Elkins currently serves on the Development Board of the University of Texas at Arlington. The Board has previously concluded that Mr. Elkins should serve on the Board and on the Compensation and Nominating and Corporate Governance Committees based on his experience with corporate and financial transactions, corporate governance expertise, human resources and executive compensation expertise and business leadership experience.

**Directors Continuing in Office Until the 2020 Annual Meeting of Stockholders**

**Edward M. Christie, III** has been a member of the Board since January 2018 and has served as our President and Chief Executive Officer since January 2019. Prior to that, Mr. Christie served as our President from October 2018 to December 2018, and as our President and Chief Financial Officer from January 2018 to October 2018. From January 2017 to December 2017 he served as our Executive Vice President and Chief Financial Officer. From April 2012 to December 2016, Mr. Christie served as our Senior Vice President and Chief Financial Officer. Prior to joining Spirit, Mr. Christie served as Vice President and Chief Financial Officer of Pinnacle Airlines Corp. from July 2011 to March 2012. Prior to that, Mr. Christie was a partner in the management consulting firm of Vista Strategic Group LLC from May 2010 to July 2011. Mr. Christie served in various positions from 2002 to 2010 at Frontier Airlines, including as Chief Financial Officer from June 2008 to January 2010, as Senior Vice President, Finance from February 2008 to June 2008, as Vice President, Finance from May 2007 to February 2008, and before that in several positions, including Corporate Financial Administrator, Director of Corporate Financial Planning, and Senior Director of Corporate Financial Planning and Treasury. In April 2012, Pinnacle Airlines filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The Board has previously concluded that Mr. Christie should serve on the Board and on the based on his business skills, leadership experience in the airline industry, financial expertise, general business knowledge and due to his position as President and CEO.

**Robert L. Fornaro** has been a member of the Board since May 2014. He served as our Chief Executive Officer from January 2016 to December 2018 (also as President from January 2016 to December 2017). Mr. Fornaro served as a consultant to Southwest Airlines Co. and AirTran Airways Inc., a subsidiary of AirTran Holdings Inc., from May 2011 through April 2014. He served as the President and Chief Executive Officer of AirTran Holdings Inc. from November 2007 to May 2011. He also served as President and Chief Operating Officer of AirTran Airways Inc. from March 2001 to November 2007 and as President and Chief Financial Officer from March 1999 to August 2000. From February 1998 to March 1999, Mr. Fornaro served as a consultant in the airline industry. From 1992 to February 1998, he served as Senior Vice President of Planning for US Airways. Prior to that, he served as Senior Vice President of Marketing Planning at Northwest Airlines from 1988 to 1992. He served as the Chairman of AirTran Airways Inc. from May 2008 to May 2011 and served on its board from 2001 to May 2011. He served as Chairman of the Board of AirTran Holdings Inc. from 2008 to May 2011. The Board has previously concluded that Mr. Fornaro should serve on the Board and on the Safety, Security and Operations Committee based on his business skills, experience in the airline industry, operational expertise, general business knowledge and due to his service as the Company's CEO for the three-year period ending December 31, 2018.

## **Directors Continuing in Office Until the 2021 Annual Meeting of Stockholders**

**Robert D. Johnson** has been a member of the Board since July 2010. Mr. Johnson retired in 2008 as Chief Executive Officer of Dubai Aerospace Enterprise (DAE), a global aerospace engineering and services company. In 2005, prior to DAE, Mr. Johnson was Chairman of Honeywell Aerospace, a leading global supplier of aircraft engines, equipment, systems and services, where he also served prior to 2005 as President and Chief Executive Officer. Prior to Honeywell Aerospace, Mr. Johnson held management positions at various aviation and aerospace companies. He served on the board of directors of Ariba, Inc., a publicly traded software company, from 2005 to 2012, and currently serves on the board of directors of Spirit Aerosystems, a publicly traded aerospace components company that is not affiliated with Spirit Airlines, and Roper Industries, Inc., a publicly traded diversified industrial company. The Board has concluded that Mr. Johnson should continue to serve on the Board and on the Audit and Safety, Security and Operations Committees because of his experience in the aviation and aerospace industries, his financial expertise and his general business knowledge.

**Barclay G. Jones III** has been a member of the Board since 2006. Since March 2000, Mr. Jones has been the Executive Vice President of Investments for iStar Financial Inc., a publicly traded finance company focused on the commercial real estate industry. Prior to iStar, Mr. Jones was at W.P. Carey & Co., an investment management company, where he served in a variety of capacities, including Vice Chairman and Chief Acquisitions Officer. The Board has concluded that Mr. Jones should continue to serve on the Board and on the Audit and Nominating and Corporate Governance Committees based on his financial expertise and his general business experience.

**Dawn M. Zier** has been a member of the Board since June 2015. Since March 2019, she has served as President and Chief Operating Officer of Tivity Health, Inc. ("Tivity"), a leading provider of fitness and health improvement programs, and as a member of its board of directors. Ms. Zier was formerly President and Chief Executive Officer of Nutrisystem Inc. ("Nutrisystem"), a commercial provider of weight loss products and services, and as a member of its board of directors, from November 2012 to March 2019, prior to the company's acquisition by Tivity. Before Nutrisystem, Ms. Zier served as the President of International at the Reader's Digest Association, Inc., a global media and direct marketing company (the "Reader's Digest Association"), from April 2011 to November 2012 and as an Executive Vice President of the Reader's Digest Association from February 2011 to November 2012. Prior to that, she served in various other management positions at the Reader's Digest Association. In February 2013, RDA Holding Co., the holding company and parent of Reader's Digest Association, filed a voluntary petition for reorganization relief pursuant to Chapter 11 of the U.S. Bankruptcy Code. Ms. Zier also served on the Direct Marketing Education Foundation's Board of Trustees from October 2010 to October 2012 and on the Direct Marketing Association's Board of Directors from October 2008 to October 2015, and also as its Secretary from October 2012 to October 2014. From 2005 to 2009, she chaired the Magazine's Director's Advisory Committee for the Audit Bureau of Circulations. Since September 2017, Ms. Zier serves on the board of directors of Hain Celestial, a publicly traded organic and natural products company. The Board has concluded that Ms. Zier should serve on the Board and on the Compensation and Safety, Security and Operations Committees based on her leadership expertise, consumer marketing experience and general business knowledge.

### **Executive Officers**

The following is biographical information for our current executive officers, other than Mr. Christie who is addressed above.

| <b>Name</b>        | <b>Age</b> | <b>Position(s)</b>                                      |
|--------------------|------------|---------------------------------------------------------|
| John Bendoraitis   | 55         | Executive Vice President and Chief Operating Officer    |
| Thomas C. Canfield | 63         | Senior Vice President, General Counsel and Secretary    |
| Scott M. Haralson  | 46         | Senior Vice President and Chief Financial Officer       |
| Matthew H. Klein   | 45         | Senior Vice President and Chief Commercial Officer      |
| Brian J. McMenemy  | 60         | Vice President and Controller                           |
| M. Laurie Villa    | 58         | Senior Vice President and Chief Human Resources Officer |
| Rocky B. Wiggins   | 60         | Senior Vice President and Chief Information Officer     |

**John Bendoraitis** has served as our Executive Vice President and Chief Operating Officer since December 2017. From October 2013 to December 2017, he served as our Senior Vice President and Chief Operating Officer. Prior to joining Spirit, Mr. Bendoraitis served as Chief Operating Officer of Frontier Airlines from March 2012 to October 2013. Previously, from 2008 to 2012, he served as President of Comair Airlines. From 2006 to 2008, he served as President of Compass Airlines, where he was responsible for the certification and launch of the airline. Mr. Bendoraitis began his aviation career in 1984 at

Northwest Airlines, where over a 22-year span he worked his way up from aircraft technician to vice president of base maintenance operations.

**Thomas C. Canfield** has served as our Senior Vice President, General Counsel and Secretary since October 2007. From September 2006 to October 2007, Mr. Canfield served as General Counsel & Secretary of Point Blank Solutions, Inc., a manufacturer of antiballistic body armor. Prior to Point Blank, from 2004 to 2007, he served as CEO and Plan Administrator of AT&T Latin America Corp., a public company formerly known as FirstCom Corporation, which developed high-speed fiber networks in 17 Latin American cities. Mr. Canfield also served as General Counsel & Secretary at AT&T Latin America Corp from 1999 to 2004. Previously, Mr. Canfield was Counsel in the New York office of Debevoise & Plimpton LLP. Mr. Canfield serves on the board and on the audit and nominating and corporate governance committees of Iridium Communications Inc., a satellite communications company.

**Scott M. Haralson** has served as our Senior Vice President and Chief Financial Officer since October 2018. He served as our Vice President, Financial Planning and Analysis and Corporate Real Estate from August 2017 to October 2018 and, prior to that, as our Vice President, Financial Planning and Analysis since August 2012. From January 2010 to August 2012, Mr. Haralson served as the Director of Finance for Dish Network and from January 2009 to January 2010, as the Director of Financial Planning and Analysis for Frontier Airlines. He also served as Chief Financial Officer at Guardian Gaming from March 2008 to January 2009 and at Swift Aviation from July 2006 to March 2008. From August 2000 to July 2006, Mr. Haralson served in various financial management positions at America West and US Airways.

**Matthew H. Klein** has served as our Senior Vice President and Chief Commercial Officer since August 2016. Prior to that, Mr. Klein served as the Chief Commercial Officer at lastminute.com from December 2013 to December 2015 and as Vice President, Global Airline Relations at Travelocity from October 2012 to November 2013. From September 2011 to September 2012 and from January 2016 to July 2016, he worked in various consulting capacities in the travel industry. Mr. Klein also served in various pricing, revenue management, forecasting and distribution planning positions at AirTran Airways from September 1999 to September 2011, and in various other roles in domestic pricing at US Airways from 1995 to 1999. Mr. Klein served on the board of the Airlines Reporting Corporation, an air travel intelligence and commerce company, from September 2010 to September 2011.

**Brian J. McMenemy** has served as our Vice President and Controller since November 2017. Mr. McMenemy served in various positions from 1984 to 2017 at American Airlines, including as Vice President of Finance from April 2014 to October 2017 and as Vice President, FP&A and Controller from April 2006 to March 2014. He also served as Senior Vice President of Finance and Chief Financial Officer of TWA Airlines, a then subsidiary of AMR Corporation (parent company of American Airlines), from March 2001 to September 2001 and as Vice President of Financial Planning and Analysis of Canadian Airlines, a then affiliate of AMR Corporation, from March 1998 to March 2000. Mr. McMenemy has previously served in private-industry Board positions with ARC Corporation and Texas Aero Engine Services from 2006 to 2013 and 2007 to 2011, respectively.

**M. Laurie Villa** has served as our Senior Vice President and Chief Human Resources Officer since December 2017. From October 2014 to December 2017, she served as our Vice President & Chief Human Resources Officer. Prior to that, Mrs. Villa was an independent consultant and, from March 2014 to September 2014, served as Interim Vice President, Human Resources at Charter Schools USA. Other senior roles held by Mrs. Villa include Chief People Officer for Liberty Power from November 2009 to February 2013, VP, Human Resources for LexisNexis Risk Solutions from July 2006 to September 2009 and Senior VP, Human Resources for Ann Taylor Corporation from April 2002 to January 2005. Prior to that, she held global senior human resources leadership positions at both Transora and Sara Lee Corporation. She also serves on the Board of Advisors of Primate Technologies, a private software development company in the power utility industry, since March of 2013.

**Rocky B. Wiggins** has served as our Senior Vice President and Chief Information Officer since September 2016. Prior to joining Spirit, from June 2014 to September 2016, Mr. Wiggins served as Executive Vice President and Chief Information Officer at WestJet Airlines. From September 2011 to May 2014, he served as Chief Information Officer at Sun Country Airlines and from September 2000 to July 2011 as Chief Information Officer of AirTran Airways. Prior to that, he served in various information technology leadership positions at US Airways for almost 20 years.

## **BOARD OF DIRECTORS, COMMITTEES AND CORPORATE GOVERNANCE**

### **Independence of the Board of Directors**

As required under the NYSE Listed Company Manual, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the Board. The Board consults with the Company's counsel to ensure that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of the NYSE, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent registered public accounting firm, the Board has affirmatively determined that, with the exception of Messrs. Christie and Fornaro, all the members of the Board are independent directors, in each case within the meaning of the applicable NYSE listing standards. Mr. Christie currently serves as the Company's CEO, while Mr. Fornaro served as CEO from January 4, 2016 to December 31, 2018.

As required under the NYSE rules, our independent directors meet regularly in executive sessions at which only independent directors are present. Mr. Gardner, Chairman of the Board, presides at all of these executive sessions.

There are no family relationships among any of our directors or executive officers.

### **Board Responsibilities; Risk Oversight**

Under our bylaws and corporate governance guidelines, the Board is responsible for, among other things, overseeing the conduct of our business; reviewing and, where appropriate, approving our major financial objectives, plans and actions; and reviewing the performance of our CEO and other members of management based on, among other things, reports from the Compensation Committee. Following the end of each year, the Nominating and Corporate Governance Committee oversees the Board's annual self-evaluation, which includes a review of any areas in which the Board or management believes the Board can make a better contribution to our corporate governance, as well as a review of Board composition, the structure and membership of Board committees, and an assessment of the Board's compliance with corporate governance principles. In fulfilling the Board's responsibilities, directors have full access to our management and independent advisors.

With respect to the Board's role in our risk oversight, our Audit Committee discusses with management our policies with respect to risk assessment and risk management and our significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures, while our Safety, Security and Operations Committee reviews our activities, programs and procedures on safety, security and airline operations matters and routinely assesses related risk. Moreover, the Audit and Safety, Security, and Operations Committees receive regular updates from management regarding cybersecurity matters, including the description of risks, protections and procedures. Our Audit and Safety, Security, and Operations Committees report to the full Board with respect to the foregoing matters, among others. Our Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and periodically reports to the entire Board about such risks.

The Company's management is responsible for the day-to-day management of the risks facing the Company, including macroeconomic, financial, strategic, operational, public reporting, legal, regulatory, political, cybersecurity, compliance and reputational risks. Management carries out this risk management responsibility through a coordinated effort among the various risk management functions within the Company.

### **Leadership Structure**

We have historically separated the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board provides general guidance to the CEO, and sets the agenda for Board meetings and presides over meetings of the full Board. Mr. Gardner currently serves as our Chairman of the Board and Mr. Christie currently serves as our CEO. Our bylaws provide that the independent directors may appoint a lead director from among them to perform such duties as may be assigned by the Board. In his capacity as Chairman of the Board, Mr. Gardner generally performs the functions of a lead director.

### **Board Committees**

The Board has the following standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Safety, Security and Operations Committee. The composition and responsibilities of

each committee are described below. Members serve on these committees until their resignation or until otherwise determined by the Board. The Board also has provided for an *ad hoc* Finance Committee, which meets at the request of the Board or management. A copy of the Finance Committee charter is available on the Company's website at <http://ir.spirit.com>.

***Committee Membership as of April 4, 2019***

| <b>Director</b>        | <b>Independent (Y/N)</b> | <b>Audit</b> | <b>Compensation</b> | <b>Nominating and Corporate Governance</b> | <b>Safety, Security and Operations</b> |
|------------------------|--------------------------|--------------|---------------------|--------------------------------------------|----------------------------------------|
| Edward M. Christie III | N                        |              |                     |                                            |                                        |
| Carlton D. Donaway     | Y                        | X            |                     | Chair                                      |                                        |
| David G. Elkins        | Y                        |              | Chair               | X                                          |                                        |
| Robert L. Fornaro      | N                        |              |                     |                                            | X                                      |
| H. McIntyre Gardner    | Y                        |              | X                   |                                            |                                        |
| Robert D. Johnson      | Y                        | X            |                     |                                            | Chair                                  |
| Barclay G. Jones III   | Y                        | Chair        |                     | X                                          |                                        |
| Myrna M. Soto          | Y                        |              | X                   |                                            | X                                      |
| Dawn M. Zier           | Y                        |              | X                   |                                            | X                                      |

***Audit Committee***

Our Audit Committee oversees our corporate accounting and financial reporting process. Among other matters, the Audit Committee evaluates the independent auditors' qualifications, independence and performance; determines the engagement of the independent auditors; reviews and approves the scope of the annual audit and the audit fee; discusses with management and the independent auditors the results of the annual audit and the review of our quarterly financial statements; approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's engagement team as required by law; reviews our critical accounting policies and estimates; oversees our internal audit function and annually reviews the Audit Committee charter and the committee's performance. The current members of our Audit Committee are Messrs. Donaway, Johnson, and Jones, with Mr. Jones serving as the chair of the committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE. The Board has determined that all members of the Audit Committee are financial experts as defined under the applicable rules of the SEC and thereby have the accounting and financial management expertise required under the applicable rules and regulations of the NYSE. All three members of the Audit Committee are independent directors as defined under the applicable rules and regulations of the SEC and the NYSE. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and the NYSE. A copy of the Audit Committee charter is available on the Company's website at <http://ir.spirit.com>.

***Compensation Committee***

Our Compensation Committee reviews and approves, and in some instances makes recommendations with respect to, the Company's policies, practices and plans relating to compensation and benefits of our officers and other management level employees. The Compensation Committee reviews and approves performance goals and objectives relevant to compensation of our CEO and other executive officers. The Compensation Committee evaluates the performance of our CEO in light of those goals and objectives and other factors and, together with the other independent members of the Board, determines and approves our CEO's compensation based on such evaluation. With input from our CEO, the Compensation Committee also evaluates the performance of other officers, and sets their compensation based on such evaluations after taking into account the recommendations of our CEO. The Compensation Committee also administers the issuance of restricted stock units, performance share units and other equity-based awards under our compensation plan documents as well as the awarding of annual cash bonus opportunities under our short-term incentive plans. The Compensation Committee also reviews, and makes recommendations to the Board with respect to, the form and amount of compensation of non-employee directors of the Company. The Compensation Committee reviews and evaluates, at least annually, the performance of the Compensation Committee and its members, including compliance of the Compensation Committee with its charter and corporate governance principles. The Compensation Committee approves the peer group companies used to benchmark Company performance and executive officer compensation. The Compensation Committee periodically reviews, in consultation with its independent compensation consultant, the Company's executive compensation philosophy and target competitive positioning for reasonableness and appropriateness. The Compensation Committee monitors compliance with the Company's stock ownership guidelines and also oversees risk assessment with respect to the Company's executive compensation policies and practices. The Compensation Committee periodically reviews, and when appropriate makes recommendations with respect to, the severance

and change in control benefits afforded to our executive officers and other members of management. The Compensation Committee performs other functions as set forth in the Compensation Committee charter. A copy of the Compensation Committee charter is available on the Company's website at <http://ir.spirit.com>.

During 2018, the Compensation Committee continued to engage Willis Towers Watson, an independent executive compensation advisory firm originally engaged by the Compensation Committee in 2011, as the Compensation Committee's independent compensation advisor. The Committee also retained Paul Weiss Rifkind Wharton & Garrison as its independent legal counsel for 2018. Each year, the Compensation Committee evaluates the qualifications, performance and independence of its independent compensation consultant and legal counsel. During 2018, the Compensation Committee reviewed information regarding the independence and potential conflicts of interest of Willis Towers Watson and Paul Weiss Rifkind Wharton & Garrison. The Compensation Committee members took into account, among other things, the factors enumerated by the SEC and the NYSE for evaluating compensation advisor and legal counsel independence, and concluded that its compensation consultant and legal counsel are both independent and that no conflict of interest exists with respect to the work performed by either firm. Representatives Willis Towers Watson and Paul Weiss Rifkind Wharton & Garrison have direct access to Compensation Committee members without management involvement. The Compensation Committee has sole authority to replace its compensation consultant and/or legal counsel from time to time and to hire additional consultants and legal counsel at any time. Representatives of Willis Towers Watson participated in all meetings of the Compensation Committee meetings (including executive sessions) in 2018.

The current members of our Compensation Committee are Messrs. Elkins and Gardner and Ms. Soto and Zier, with Mr. Elkins serving as the chair of the committee. The Board has affirmatively determined that each of Messrs. Elkins and Gardner and Ms. Soto and Zier meets the definition of "independent director" for purposes of the NYSE listing rules.

#### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is responsible for making recommendations regarding candidates for directorships, the size and composition of the Board and committee memberships. In addition, the Nominating and Corporate Governance Committee is responsible for reviewing and making recommendations to the Board concerning our corporate governance guidelines, and other corporate governance matters, and succession plans with respect to our CEO and other named executive officers. A copy of our corporate governance guidelines is available on the Company's website at <http://ir.spirit.com>.

The Nominating and Corporate Governance Committee reviews candidates for directors in the context of the current composition, skills and expertise of the Board, the operating requirements of the Company and the interests of stockholders. The Nominating and Corporate Governance Committee also takes into consideration applicable laws and regulations (including the NYSE listing standards), diversity, skills, experience, integrity, ability to make independent analytical inquiries, understanding of the Company's business and business environment, willingness and availability to devote adequate time and effort to Board responsibilities and other relevant factors. The Nominating and Corporate Governance Committee may also engage, if it deems appropriate, a professional search firm, to identify candidates that possess the desired characteristics and skills. During each search, the Nominating and Corporate Governance Committee (i) assesses the Board's needs and functions; (ii) develops search specifications which are reported to, and concurred by, the full Board; (iii) convenes a search sub-committee (which generally includes all members of the Nominating and Corporate Governance Committee, the Chairman of the Board and the CEO) to conduct recruitment efforts and interviews with the director candidates; (iv) performs appropriate and necessary screenings and inquiries into the backgrounds and qualifications of possible director candidates; and lastly (v) may recommend a nominee(s) to the Board, which subsequently votes to elect the nominee(s).

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders in accordance with, and pursuant to, the advance notice procedures for nominations of directors as set forth in the Company's amended and restated bylaws. The Board believes that the procedures set forth in the Company's amended and restated bylaws are currently sufficient and that the establishment of a formal policy is not necessary.

Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board may do so by delivering, along with any updates or supplements required by the Company's amended and restated bylaws, a written recommendation, c/o the Company's Secretary, to the following address: Spirit Airlines, Inc., 2800 Executive Way, Miramar, Florida 33025 not earlier than the 120<sup>th</sup> day prior to and not later than the 90<sup>th</sup> day prior to the first anniversary of the Company's annual meeting of stockholders for the preceding year; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, such recommendation shall be delivered not earlier than the 120<sup>th</sup> day prior to the Company's annual meeting and not later than the 90<sup>th</sup> day prior to such annual meeting, or, if later, the 10<sup>th</sup> day following the day on which public disclosure of the date of such annual meeting was first made. Submissions must include the required information and follow the

specified procedures set forth in the Company's amended and restated bylaws. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. The Nominating and Corporate Governance Committee will evaluate any director candidates that are properly recommended by stockholders in the same manner as it evaluates all other director candidates, as described above.

The Nominating and Corporate Governance Committee is currently comprised of Messrs. Donaway, Elkins and Jones, with Mr. Donaway serving as the chair of the committee. The Board has affirmatively determined that each of Messrs. Donaway, Elkins and Jones meets the definition of "independent director" for purposes of the NYSE listing rules. A copy of the Nominating and Corporate Governance Committee charter is available on the Company's website at <http://ir.spirit.com>.

### ***Safety, Security and Operations Committee***

Our Safety, Security and Operations Committee oversees the Company's activities, programs and procedures with respect to safety, security and airline operations. Among other matters, the Safety, Security and Operations Committee reviews the Company's safety programs, policies and procedures; reviews the Company's policies, procedures and investments, and monitors the Company activities, with respect to physical and information security; and reviews other aspects of airline operations such as reliability, organization and staffing. The current members of our Safety, Security and Operations Committee are Messrs. Fornaro and Johnson and Ms. Soto and Zier, with Mr. Johnson serving as the chair of the committee. Non-committee members of the Board regularly attend meetings of the Safety, Security and Operations Committee. The Safety, Security and Operations Committee operates under a written charter, a copy of which is available on the Company's website at <http://ir.spirit.com>.

### **Meetings of the Board of Directors, Board and Committee Member Attendance and Annual Meeting Attendance**

Our Board has regularly scheduled meetings and an annual meeting of stockholders each year, in addition to special meetings scheduled as appropriate. The Board met twelve times during 2018. Each of the five regularly scheduled Board meetings held during 2018 included an executive session, consisting of only independent directors. Mr. Gardner, Chairman of the Board, presided at all of these executive sessions. The Audit Committee of the Board met seven times, the Compensation Committee of the Board met five times, the Nominating and Corporate Governance Committee met two times, and the Safety, Security and Operations Committee of the Board met four times during 2018. Each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he or she served, during 2018. Committee meetings are open to all members of the Board. Meetings of the Safety, Security and Operations Committee are regularly attended by all directors. We encourage all of our directors and nominees for director to attend our annual meeting of stockholders; however, attendance is not mandatory. All of our current directors attended our annual meeting of stockholders in 2018.

### **Stockholder and Other Interested Parties Communications with the Board of Directors**

Should stockholders or other interested parties wish to communicate with the Board or any specified independent directors, such correspondence should be sent to the attention of the Secretary, at 2800 Executive Way, Miramar, Florida 33025. The Secretary will forward the communication to the Board or to the individual director(s), as appropriate.

### **Environmental, Social and Governance (ESG) Matters**

We are committed to integrate ESG practices into our business, increasing the sustainability and resiliency of our business model and Company. In addition to the information provided below, for more information regarding our ESG initiatives, please visit <http://ir.spirit.com>.

#### ***Environmental***

With one of the youngest fleets of any U.S. airline, including newer aircraft that provide substantially higher fuel efficiency and reduced carbon emissions, our unique model minimizes environmental impact. For example, we were the first North American carrier to operate the "new engine option" ("neo") version of the Airbus A320 aircraft, powered by the most fuel-efficient engine ever made for this aircraft class. This revolutionary technology advance reduces the acoustic footprint by up to 50% and consumes 15-20% less fuel, reducing greenhouse gas emissions. Our high-density seat configuration results in a smaller carbon footprint per passenger and increased fuel efficiency.

#### ***Social***

We work to strengthen and improve the communities we serve. We assist people and communities in need, promote equality and basic rights, and support efforts to attract a more diverse pipeline of talent to join the aviation/aerospace industry. For example, we provided free transportation to over 1,400 passengers, as well as more than 800 Spirit Family members

impacted by the major 2017 hurricanes in Texas, Florida and Puerto Rico/Virgin Islands, and transported hundreds of thousands of pounds of food, medical supplies, books and toys to help these communities recover. Moreover, in 2018, we became an official airline partner of the Department of Homeland Security and DOT Blue Campaign, which provides transportation companies with resources and awareness training materials to identify and prevent human trafficking. We also have an ongoing partnership with the International Aviation Women's Association, or IAWA, an international organization for women who hold positions of impact in the aviation and aerospace industries.

In December 2017, we formed the Spirit Airlines Charitable Foundation with the goal of providing assistance to individuals and groups facing financial and other hardships and to fund social projects, with a focus on children, families, and the military. To date, the Foundation has supported, via volunteerism or monetary and in-kind donations, various charitable organizations such as the Humane Society, The Matthew Shepard Foundation, K9s for Warriors, and IAWA.

### *Governance*

We are committed to excellence in corporate governance and continuously strive to incorporate best practices to strengthen our corporate behavior and action. We believe that strong corporate governance principles benefit our stockholders, as well as our customers, employees and communities we serve. Many of the components of our governance profile are addressed in this Proxy Statement. A copy of our corporate governance guidelines is available on the Company's website at <http://ir.spirit.com>.

Employee engagement and development is also critical aspect of our overall human resources strategy. Our leadership is committed to recruiting, retaining and engaging a workforce that inspires people to succeed. By building a workplace that celebrates diversity and inclusion, we are able to generate an environment of mutual respect and acceptance. Among other initiatives, we have implemented a leadership training program for our women leaders in the Company.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills, experience and background required for the Board as a whole and its individual members. Diversity of personal and professional background is an important factor taken into account by the Nominating and Corporate Governance Committee. We currently have two (2) female directors, one of whom is of Hispanic descent.

### **Compensation Committee Interlocks and Insider Participation**

None of the current members of our Compensation Committee is or has at any time during the past year been an officer or employee of ours. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board or Compensation Committee.

### **Executive Pay-for-Performance**

We seek to ensure a pay-for-performance culture with well-balanced and transparent compensation policies and practices that are designed to drive shareholder returns as well as attract, motivate and retain superior executives, as more fully described in the "Compensation Discussion and Analysis" section of this Proxy Statement.

### **Perquisites**

Perquisites are not a significant part of our executive compensation program. As is common in the airline industry, senior executives and non-employee directors, and their respective immediate families, are entitled to certain travel privileges on our flights, which may be on a positive space basis. In addition, retired non-employee directors who meet certain criteria are eligible for lifetime post-retirement positive-space air travel on our airline, as more fully described in the "Non-Employee Director Compensation" section of this Proxy Statement.

### **Stock Ownership Guidelines for Non-employee Directors and Executives**

We maintain stock ownership guidelines applicable to non-employee directors and executives, as more fully described in the "Non-Employee Director Compensation" and "Compensation Discussion and Analysis" sections of this Proxy Statement. Non-employee directors and executives are expected to meet their ownership guidelines within five years of becoming subject to the guidelines. All of our non-employee directors and executive officers who have served at least five years are currently in compliance with the guidelines.

## **Anti-Hedging/Pledging Policy**

We do not allow our directors and executive officers to enter into put and call options and other hedging transactions in the Company's stock, nor to pledge the Company's stock as collateral to secure loans. We believe that these prohibitions further align directors' interests with those of our stockholders.

## **Clawback Policy**

In January 2014, the Company adopted a clawback policy (the "Prior Clawback Policy") providing for the termination and forfeiture of outstanding incentive compensation awards to officers and for the recoupment of gains actually or constructively received by officers pursuant to incentive compensation awards, in each case where the Company is required to prepare a restated financial statement and where a lower incentive payment or award would have been made to or received by the officer had they been based on the restated financial results. In March 2019, with input from the Compensation Committee's independent compensation consultant and independent legal counsel, the Compensation Committee approved, and the Board ratified, a new clawback policy (the "New Clawback Policy"), primarily expanding the scenarios under which forfeiture and recoupment of incentive compensation would be allowed and also expanding coverage to all executives. The New Clawback Policy applies to all incentive compensation approved, granted or awarded on or after March 19, 2019. The Prior Clawback Policy remains in effect with respect to all incentive compensation approved, granted or awarded prior to March 19, 2019. Under the New Clawback Policy, the Company is required to seek reimbursement of incentive compensation (cash and equity-based) paid, and to terminate and cancel incentive compensation yet to be paid, to officers and other executives on the basis of reported financial results that were later the subject of a financial statement restatement, in each case to the extent that the incentive compensation actually received or earned exceeded the amount that would have been received or earned based on the restated financial results, as determined by the Compensation Committee. The New Clawback Policy also gives the Compensation Committee discretionary recoupment rights in scenarios not involving a financial restatement, including fraud, negligence or misconduct that cause reputational or financial harm to the Company and the payment of incentive compensation based on financial or operating performance results that were incorrectly calculated or reported.

In addition, the award agreements applicable to awards under the Company's long-term incentive plans and awards of annual cash bonus opportunities under the Company's short-term incentive plans contain clawback provisions providing for the termination and forfeiture of outstanding incentive compensation awards and for the recoupment of gains actually or constructively received pursuant to incentive compensation awards, in each in situations where the executive engages in any activity in competition with the Company or which is inimical, contrary or harmful to the interests of the Company, in the determination of the Compensation Committee.

Taken together, all of the Company's clawback rights and remedies are believed to be consistent with best corporate governance practices.

## **Retirement and Pension Practices**

We do not provide a defined benefit pension plan or any supplemental executive retirement plan or other form of non-qualified retirement plan for our executive officers.

## **Corporate Governance Guidelines**

The Board has adopted corporate governance guidelines to assist it in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. The guidelines address areas such as Board and committee size and composition, director qualification standards and interaction with institutional investors. A copy of our corporate governance guidelines is available to security holders on the Company's website at <http://ir.spirit.com>.

## **Code of Business Conduct and Ethics**

The Board has adopted a Code of Business Conduct and Ethics that applies to all members of the Board, officers and employees, including our CEO, Chief Financial Officer and principal accounting officer. The Code of Business Conduct and Ethics addresses, among other things, issues relating to conflicts of interests, including internal reporting of violations and disclosures, and compliance with applicable laws, rules and regulations. The purpose of the Code of Business Conduct and Ethics is to deter wrongdoing, to promote honest and ethical conduct and to ensure to the greatest possible extent that our business is conducted in a legal and ethical manner. We intend to promptly disclose on our website (1) the nature of any substantive amendment to our Code of Business Conduct and Ethics that applies to our directors, officers or other principal financial officers, (2) the nature of any waiver, including an implicit waiver, from a provision of our Code of Business Conduct and Ethics that is granted to one of these specified directors, officers or other principal financial officers, and (3) the name of

each person who is granted such a waiver and the date of the waiver. A copy of the Code of Business Conduct and Ethics is available on the Company's website at <http://ir.spirit.com>.

### **Related Party Transactions**

The Board monitors and reviews any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which the Company is to be a participant, the amount involved exceeds \$120,000 and a related party had or will have a direct or indirect material interest, including purchases of goods or services by or from the related party or entities in which the related party has a material interest, indebtedness, guarantees of indebtedness and employment by us of such related party. Furthermore, the Company's directors and executive officers complete an annual questionnaire that requires them to identify and describe, among other items, any transactions that they or their respective related parties may have with the Company.

### **Limitation of Liability and Indemnification Related Party Transactions**

Our amended and restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation provides that we may indemnify our directors and executive officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws also provide that we are obligated to indemnify our directors and executive officers to the fullest extent permitted by Delaware law and advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered into agreements to indemnify our directors, executive officers and other employees as determined by the Board. For more information, see "Certain Relationships and Related Transactions – Other Transactions" elsewhere in this Proxy Statement. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe these limitations of liability provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation, amended and restated bylaws and indemnification agreements may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. Our amended and restated certificate of incorporation provides that any such lawsuit must be brought in the Court of Chancery of the State of Delaware. The foregoing provisions may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

**PROPOSAL NO. 2:**  
**RATIFICATION OF SELECTION OF INDEPENDENT**  
**REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019 and is seeking ratification of such selection by our stockholders at the Annual Meeting. Ernst & Young LLP has audited our financial statements since 1995. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our amended and restated bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of Ernst & Young LLP to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

To be approved, the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm must receive a “FOR” vote from the holders of a majority in voting power of the shares of common stock which are present in person or represented by proxy and entitled to vote on the proposal. Abstentions and broker non-votes will be counted towards a quorum. Abstentions will have the same effect as an “AGAINST” vote for purposes of determining whether this matter has been approved. Broker non-votes will have no effect on the outcome of this proposal.

**Principal Accountant Fees and Services**

The following table provides information regarding the fees incurred by Ernst & Young LLP during the years ended December 31, 2018 and 2017. All fees described below were approved by the Audit Committee.

|                    | Year Ended December 31, |          |
|--------------------|-------------------------|----------|
|                    | 2018                    | 2017     |
|                    | (in thousands)          |          |
| Audit Fees         | \$ 1,214                | \$ 1,331 |
| Audit-Related Fees | —                       | —        |
| Tax Fees           | 279                     | 84       |
| All Other Fees     | 2                       | 2        |
| Total Fees         | \$ 1,495                | \$ 1,417 |

***Audit Fees***

Audit fees represent fees billed for professional services rendered for the audit of our annual financial statements, including reviews of our quarterly financial statements, as well as audit services provided in connection with certain other regulatory filings including our 2018 and 2017 filings of reports or registration statements on Form 10-K, Form 10-Q, Form 8-K, and comfort letter consents.

***Audit-Related Fees***

There were no audit-related fees of Ernst & Young LLP during 2018 and 2017.

***Tax Fees***

Tax fees represent fees billed for professional services rendered for the review and advice on U.S. and foreign tax matters.

***All Other Fees***

All other fees represent an annual license fee for access to Ernst & Young LLP’s web-based accounting research tool during 2018 and 2017.

### **Pre-Approval Policies and Procedures**

The Audit Committee pre-approves all audit and non-audit services provided by its independent registered public accounting firm. This policy is set forth in the charter of the Audit Committee and is available on the Company's website at <http://ir.spirit.com>.

The Audit Committee approved all audit and other services provided by Ernst & Young LLP for 2018 and 2017 and the estimated costs of those services. Actual amounts billed, to the extent in excess of the estimated amounts, were periodically reviewed and approved by the Audit Committee.

The Audit Committee periodically considers whether the non-audit services rendered by Ernst & Young LLP are compatible with maintaining Ernst & Young LLP's independence.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE  
*FOR*  
THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP  
AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE YEAR ENDING DECEMBER 31, 2019.**

**PROPOSAL NO. 3:**  
**ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is soliciting stockholders for a non-binding, advisory vote on compensation programs for our named executive officers (sometimes referred to as "say on pay"). In 2018, our stockholders voted on a proposal relating to the frequency of the "say-on-pay" vote. At that time, we recommended, and our stockholders approved on an advisory, non-binding basis, an annual say-on-pay vote. We agree with our stockholders and have included this advisory (non-binding) vote on the compensation of our named executive officers for fiscal year 2018.

Our stockholders have the opportunity to vote for, against or abstain from voting on the following resolution:

"RESOLVED, that the stockholders approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in this Proxy Statement."

To be approved, this proposal must receive a "FOR" vote from the holders of a majority in voting power of the shares of common stock which are present in person or represented by proxy and entitled to vote on the proposal. Abstentions and broker non-votes will be counted towards a quorum. Abstentions will have the same effect as an "AGAINST" vote for purposes of determining whether this matter has been approved. Broker non-votes will have no effect on the outcome of this proposal.

At our 2018 annual meeting of stockholders, approximately 99% of the shares voted were cast in favor of our management "say on pay" resolution. The Compensation Committee believes those voting results affirm our stockholders' support of our approach to executive compensation. The Company recommends that stockholders again approve and support the decisions pertaining to the compensation of our named executive officers and the Company's executive compensation programs.

As described in detail under the "Compensation Discussion and Analysis" section of this Proxy Statement, our compensation programs are designed to motivate our executives to create a successful company. Our philosophy is to make a significant percentage of an executive officer's compensation "at-risk" by linking it to the Company's performance. We believe that our compensation program, with its balance of short-term incentives (including annual performance-based cash bonuses) and long-term incentives (including performance-based equity awards), encourages and rewards sustained performance that is aligned with long-term stockholder interests. Our compensation programs are also designed to enable the Company to attract and retain superior executives in a highly competitive and challenging marketplace. Stockholders are encouraged to read the "Compensation Discussion and Analysis" section of this Proxy Statement, the accompanying compensation tables and the related narrative disclosure.

Among other programs applicable to executive officers, the Company (i) does not pay tax gross-ups to its executives with respect to retirement, severance or change-in-control payments; (ii) maintains stock ownership guidelines applicable to all officers (and directors); (iii) maintains a robust clawback policy applicable to all executives; and (iv) has an anti-hedging and anti-pledging policy applicable to executives (and directors).

This vote is non-binding. The Board and the Compensation Committee expect to take into account the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results. Unless the Board modifies its determination on the frequency of future "say on pay" advisory votes, the next "say on pay" advisory vote will be held at the 2020 annual meeting of stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

***FOR***

**THE APPROVAL, ON A NON-BINDING, ADVISORY BASIS, OF THE COMPENSATION OF  
OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN  
THE COMPENSATION DISCUSSION AND ANALYSIS SECTION OF THIS PROXY STATEMENT, THE  
ACCOMPANYING COMPENSATION TABLES  
AND THE RELATED NARRATIVE DISCLOSURE.**

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the Record Date (March 27, 2019), information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each named executive officer as set forth in the summary compensation table below;
- each of our directors; and
- all current executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options and warrants that are currently exercisable or exercisable within 60 days and restricted stock units that vest within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable.

Common stock subject to stock options and warrants currently exercisable or exercisable within 60 days of the Record Date and restricted stock units that vest within 60 days of the Record Date are deemed to be outstanding for computing the percentage ownership of the person holding these options, warrants and restricted stock units and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

Beneficial ownership is based on there having been 68,438,297 shares of our voting common stock outstanding as of the Record Date. Unless otherwise indicated, the address of each of the individuals and entities named below is c/o Spirit Airlines, Inc., 2800 Executive Way, Miramar, Florida 33025.

### Shares of Common Stock Beneficially Owned

| Name of Beneficial Owner                                          | Common Stock   | Securities<br>Exercisable or<br>Vesting<br>Within 60 Days | Number of<br>Shares<br>Beneficially<br>Owned | Percent  |
|-------------------------------------------------------------------|----------------|-----------------------------------------------------------|----------------------------------------------|----------|
| <b>5% Stockholders:</b>                                           |                |                                                           |                                              |          |
| FMR LLC (1)                                                       | 10,239,609     | —                                                         | 10,239,609                                   | 15.0%    |
| The Vanguard Group, Inc. (2)                                      | 6,093,468      | —                                                         | 6,093,468                                    | 8.9%     |
| Dimensional Fund Advisors LP (3)                                  | 4,341,595      | —                                                         | 4,341,595                                    | 6.3%     |
| BlackRock Fund Advisors (4)                                       | 4,810,444      | —                                                         | 4,810,444                                    | 7.0%     |
| Wellington Management Group (5)                                   | 4,170,034      | —                                                         | 4,170,034                                    | 6.1%     |
| <b>Named Executive Officers and Directors:</b>                    |                |                                                           |                                              |          |
| Robert L. Fornaro                                                 | 107,121        | —                                                         | 107,121                                      | *        |
| Edward M. Christie III                                            | 140,371        | —                                                         | 140,371                                      | *        |
| Scott M. Haralson                                                 | 14,243         | —                                                         | 14,243                                       | *        |
| John Bendoraitis                                                  | 19,885         | —                                                         | 19,885                                       | *        |
| Thomas C. Canfield                                                | 52,834         | —                                                         | 52,834                                       | *        |
| Rocky B. Wiggins                                                  | 5,055          | —                                                         | 5,055                                        | *        |
| Carlton D. Donaway                                                | 10,490         | —                                                         | 10,490                                       | *        |
| David G. Elkins                                                   | 15,598         | —                                                         | 15,598                                       | *        |
| H. McIntyre Gardner                                               | 21,528         | —                                                         | 21,528                                       | *        |
| Robert D. Johnson                                                 | 8,848          | —                                                         | 8,848                                        | *        |
| Barclay G. Jones III                                              | 14,098         | —                                                         | 14,098                                       | *        |
| Myra M. Soto                                                      | 5,836          | —                                                         | 5,836                                        | *        |
| Dawn M. Zier                                                      | 7,165          | —                                                         | 7,165                                        | *        |
| <b>All 16 current directors and executive officers as a group</b> | <b>434,182</b> | <b>—</b>                                                  | <b>434,182</b>                               | <b>*</b> |

- \* Represents beneficial ownership of less than one percent of the outstanding shares of common stock.
- (1) Has a principal business address at 245 Summer Street, Boston, Massachusetts 02210.
  - (2) Has a principal business address at 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
  - (3) Has a principal business address at 6300 Bee Cave Road, Austin, Texas 78746.
  - (4) Has a principal business address at 55 East 52nd Street, New York, New York 10055.
  - (5) Has a principal business address at 280 Congress Street, Boston, Massachusetts 02210.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

## NON-EMPLOYEE DIRECTOR COMPENSATION

### 2018 Non-Employee Director Compensation

We compensate our non-employees directors for their service on the Board, but do not pay director compensation to our directors who are our employees. It has been the practice of the Compensation Committee to review the competitiveness of our compensation program for non-employee directors every two years rather than annually. In August 2017, after more than two years without any compensation increase or modification, the Compensation Committee requested an updated analysis of the terms and conditions of our non-employee director compensation policy from its independent compensation advisor, Willis Towers Watson. The advisor undertook a comprehensive review of board compensation trends, including as to the form and amount of cash compensation and equity grants, chairperson retainers and stock ownership guidelines. Willis Towers Watson benchmarked the Board's compensation against both an airline peer group as well as a general industry group of similar-size companies (based on revenues), considering that the Company would be competing for director talent and experience from a variety of businesses. Although the analysis showed that the Board's compensation was generally in line with market-competitive levels among the population studied, Willis Towers Watson recommended revisions based primarily on distinguishing factors specific to the proactive service culture and oversight practices of the Board and its Committees. After careful review, the Compensation Committee approved the revised non-employee director compensation plan recommended by Willis Towers Watson. The revised policy, which was ratified by the full Board on August 15, 2017, with an effective date of October 1, 2017, provides for:

- General annual cash retainer of \$65,000, paid in quarterly installments, for each non-employee director.
- Supplemental annual retainer, paid in quarterly installments, paid as follows:
  - Chairman of the Board: \$100,000 (50% in cash and 50% in restricted stock units vesting 100% in one year from grant date)
  - Chair of the Audit Committee: \$17,500 in cash
  - Chair of the Compensation Committee: \$15,000 in cash
  - Chair of other standing committees: \$6,000 in cash
  - Standing committee members, including committee chairs: \$10,000 in cash for Audit Committee members, \$7,500 for Compensation Committee members and \$5,000 in cash for other standing committees
- No meeting fees will be paid except that (a) each non-employee director will be paid a fee for attendance at the eighth and any subsequent Board meeting during any calendar year; and (b) each non-employee member of a standing committee will be paid a fee for attendance at the eighth and any subsequent standing committee meeting during any calendar year. Such meeting fees, if any, will be payable in cash as follows: \$1,500 per meeting in person and \$1,000 per meeting by telephone.
- Annual equity-based grants for each non-employee director in the form of restricted stock units with a fair market value of \$100,000 as of grant date, vesting 100% one year from grant date. Any new non-employee director appointed after annual equity based grants have been made to incumbent directors in any year, is entitled to receive an annual equity grant of restricted stock units, prorated to reflect his or her start date, vesting 100% one year from the grant date of the annual equity based grants made to incumbent directors.
- Initial equity-based grant for any new non-employee directors of restricted stock units with a fair market value of \$20,000 as of grant date, vesting 100% one year from grant date.

Moreover, under our non-employee director compensation policy, the cash compensation paid and the equity awards granted to any non-employee director during any calendar year may not exceed \$400,000 (or \$500,000 in the case of the Chairman of the Board) in total value, calculating the value of any such equity awards based on the grant date fair value. Under limited and extraordinary circumstances, the Compensation Committee can make exceptions to the foregoing annual limit, provided that the non-employee director receiving the additional compensation may not participate in the decision to award such compensation. The Compensation Committee's discretion to waive the annual limit has not been exercised to date. The annual limit will not apply to the calendar year 2020 or any subsequent calendar year unless the Board approves an extension of the limit.

Other features of the program, namely the reimbursement for travel and other expenses incurred for attending meetings, travel benefits afforded to incumbent and retired non-employee directors, deferral program for annual equity grants, and stock

ownership guidelines, all discussed below, remain in place and unchanged from prior years. Directors do not have a retirement plan or receive perquisites such as life or medical insurance provided by the Company.

Our non-employee directors are reimbursed for travel and other expenses incurred for attending meetings. Furthermore, consistent with prevailing practice in the airline industry, our incumbent non-employee directors and their immediate family members are afforded free positive-space personal air travel benefits on our airline, in our case up to a maximum value of \$5,000 per year. In addition, our retired non-employee directors who had served on the Board for a period of at least five years ended on or after June 1, 2015, are eligible for lifetime post-retirement positive-space air travel on our airline for the former non-employee director and, until the death of the former non-employee director, for his or her spouse or designated travel companion and dependent children, up to a maximum value of \$5,000 per year.

We maintain a deferral program by which each non-employee director may, at his or her election and prior to the grant date, defer settlement of 100% of his or her vested restricted stock units until the earliest of (a) 360, 720 or 1,080 days following the vesting of the restricted stock units (the non-employee director must affirmatively select desired number of days); (b) a change of control; and (c) 30 days after termination of service.

Under the Company's stock ownership guidelines, non-employee directors are required to meet a share ownership level with a minimum value equal to 5.0 times the base annual cash retainer payable to non-employee directors (one-third of which must be owned outright in the form of shares of our common stock). Non-Employee directors are expected to meet their ownership levels within five years of becoming subject to the guidelines. All of our non-employee directors who have served at least five years are currently in compliance with the guidelines.

The Company's non-employee director compensation program is designed to ensure alignment with long-term stockholder interests. The policy is also designed to (i) ensure that the Company can attract and retain outstanding director candidates, (ii) recognize the substantial time commitment necessary to oversee the affairs of the Company and (iii) support the independence of thought and action expected of directors.

On January 16, 2018, each of our then-serving non-employee directors received a grant of 2,197 restricted stock units with 100% of such grants vesting on January 16, 2019. Also on January 16, 2018, Mr. Gardner received an additional grant of 1,099 restricted stock units with 100% vesting on January 16, 2019, representing 50% in value of his annual retainer as Chairman of the Board. Prior to the 2018 restricted stock unit grants, Messrs. Donaway and Jones, and Ms. Soto, elected to defer settlement of their restricted stock units to the earliest to occur of 1,080 days following the vesting of such units, a change of control or 30 days after termination of service as a director.

The following table sets forth information concerning the compensation earned by our non-employee directors during the year ended December 31, 2018.

| Name                  | Fees Earned or Paid in Cash | Stock Awards (1) | Total      |
|-----------------------|-----------------------------|------------------|------------|
| Carlton D. Donaway    | \$ 92,500                   | \$ 101,523       | \$ 194,023 |
| David G. Elkins       | \$ 99,000                   | \$ 101,523       | \$ 200,523 |
| H. McIntyre Gardner   | \$ 129,000                  | \$ 152,308       | \$ 281,308 |
| Robert D. Johnson     | \$ 92,500                   | \$ 101,523       | \$ 194,023 |
| Barclay G. Jones, III | \$ 104,000                  | \$ 101,523       | \$ 205,523 |
| Myrna M. Soto         | \$ 84,000                   | \$ 101,523       | \$ 185,523 |
| Dawn M. Zier          | \$ 84,000                   | \$ 101,523       | \$ 185,523 |

- (1) Amounts shown in the "Stock Awards" column represent the aggregate grant date fair value of restricted stock units granted during 2018 computed in accordance with FASB ASC Topic 718. The table below shows the aggregate numbers of unvested restricted stock unit awards outstanding for each non-employee director as of December 31, 2018. None of the non-employee directors held any stock option awards as of December 31, 2018.

| Name                  | Restricted stock units |
|-----------------------|------------------------|
| Carlton D. Donaway    | 2,197                  |
| David G. Elkins       | 2,197                  |
| H. McIntyre Gardner   | 3,296                  |
| Robert D. Johnson     | 2,197                  |
| Barclay G. Jones, III | 2,197                  |
| Myrna M. Soto         | 2,197                  |
| Dawn M. Zier          | 2,197                  |

## 2019 Non-Employee Director Compensation

As of the date of this Proxy Statement, and since the last review in late 2017, the Compensation Committee has not made any changes to the Company's non-employee director compensation program. Accordingly, on January 11, 2019, each of our non-employee directors received a grant of 1,717 restricted stock units with 100% of such grants vesting on January 11, 2020. Also on January 11, 2019, Mr. Gardner received an additional grant of 859 restricted stock units with 100% vesting on January 11, 2020, representing 50% in value of his annual retainer as Chairman of the Board. For 2019, general and supplemental annual cash retainers are expected to be paid to our non-employee directors per the terms of our program, as set forth above. Mr. Fornaro's employment as CEO terminated on December 31, 2018 in accordance with the terms of his employment agreement. In order to permit Mr. Fornaro to continue his service as a director, the Board waived the resignation requirement set forth in his employment agreement. As a result, Mr. Fornaro became a non-employee director on January 1, 2019 and thus received a grant of 1,717 restricted stock units along with other non-employee directors.

## COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our named executive officers, or NEOs, should be read together with the compensation tables and related disclosures in the "Executive Compensation" section of this Proxy Statement. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs.

Our Compensation Committee is appointed by the Board and is responsible for establishing, implementing, and monitoring adherence to our compensation philosophy. We seek to ensure that the total compensation paid to our executive officers is fair, reasonable and competitive.

During 2018, the Compensation Committee continued to engage Willis Towers Watson as the Compensation Committee's independent compensation advisor. The Committee also retained Paul Weiss Rifkind Wharton & Garrison as its independent legal counsel for 2018. Each year, the Compensation Committee evaluates the qualifications, performance and independence of its independent compensation consultant and legal counsel. During 2018, the Compensation Committee reviewed information regarding the independence and potential conflicts of interest of Willis Towers Watson and Paul Weiss Rifkind Wharton & Garrison LLP. The Compensation Committee members took into account, among other things, the factors enumerated by the SEC and the NYSE for evaluating compensation advisor and legal counsel independence, and concluded that its compensation consultant and legal counsel are both independent and that no conflict of interest currently exists with respect to the work performed by either firm. Representatives Willis Towers Watson and Paul Weiss Rifkind Wharton & Garrison LLP have direct access to Compensation Committee members without management involvement. The Compensation Committee has sole authority to replace its compensation consultant and/or legal counsel from time to time and to hire additional consultants and legal counsel at any time. Representatives of Willis Towers Watson participated in all meetings of the Compensation Committee meetings (including executive sessions) in 2018.

With respect to executive compensation approved for the year 2018, the Compensation Committee based its decisions in part on comparative market data provided by Willis Towers Watson, in 2017 and 2018. The Compensation Committee also considered input provided by Mr. Fornaro, who served as our CEO until December 31, 2018, with respect to compensation of our other NEOs. Decisions of our Compensation Committee pertaining to the compensation of our NEOs and the Company's executive compensation programs are regularly reported to, and in many instances concurred by, the full Board. We continue to be committed to shareholder engagement, communication and transparency and when we design our compensation policies, we endeavor to ensure that management's interests are aligned with those of our stockholders and support long-term value creation. Our long-standing compensation philosophy to pay our executive officers for performance, measured against individual and Company goals, remained an integral part of our overall compensation program in 2018.

Our NEOs for 2018 were as follows:

- Robert L. Fornaro, Chief Executive Officer
- Edward M. Christie III, President and Chief Financial Officer (from January 1, 2018 through October 15, 2018)
- Scott M. Haralson, Senior Vice President and Chief Financial Officer (effective October 16, 2018)
- John Bendoraitis, Executive Vice President and Chief Operating Officer
- Thomas C. Canfield, Senior Vice President, General Counsel and Secretary
- Rocky B. Wiggins, Senior Vice President and Chief Information Officer

### **CEO Transition**

Mr. Fornaro was appointed President and Chief Executive Officer in January 2016 with an agreed-upon employment term ending December 31, 2018. In December 2017, the Board approved a transition plan whereby Mr. Christie replaced Mr. Fornaro as President on January 1, 2018 and succeeded Mr. Fornaro as Chief Executive Officer on January 1, 2019. Also effective January 1, 2018, Mr. Christie joined the Board as a Class III director, with a term expiring as of the date of the Company's annual general meeting of stockholders in 2020. In connection with the foregoing actions, the Company and Mr. Christie entered into a letter agreement, dated March 15, 2018. The compensation elements in Mr. Christie's letter agreement are described below.

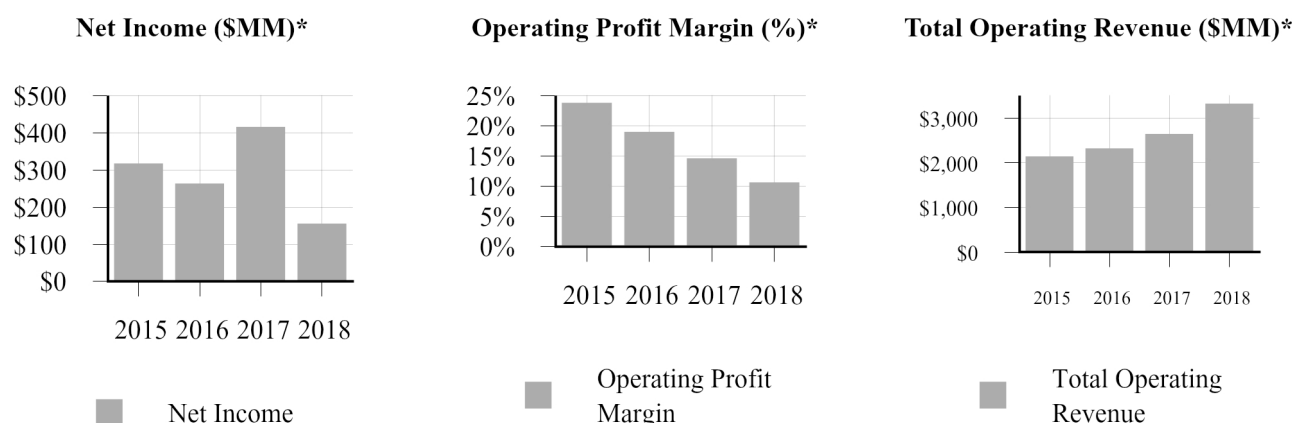
On October 16, 2018, the Board promoted Mr. Haralson from Vice President, Financial Planning and Analysis & Corporate Real Estate to Senior Vice President and Chief Financial Officer. In connection with the foregoing action, the Company and Mr. Haralson entered into an offer letter, dated October 15, 2018.

## **2018 Company Performance Highlights**

With our ultra low-cost, low-fare business model and by empowering our price-conscious customers to save money on air travel by offering low base fares with a range of optional ancillary services and benefits, in 2018 we achieved our twelfth consecutive year of profitability. Despite challenging competitive and cost pressures, we continued to improve our operational reliability and delivered solid financial results in 2018. Below are some highlights of our 2018 performance:

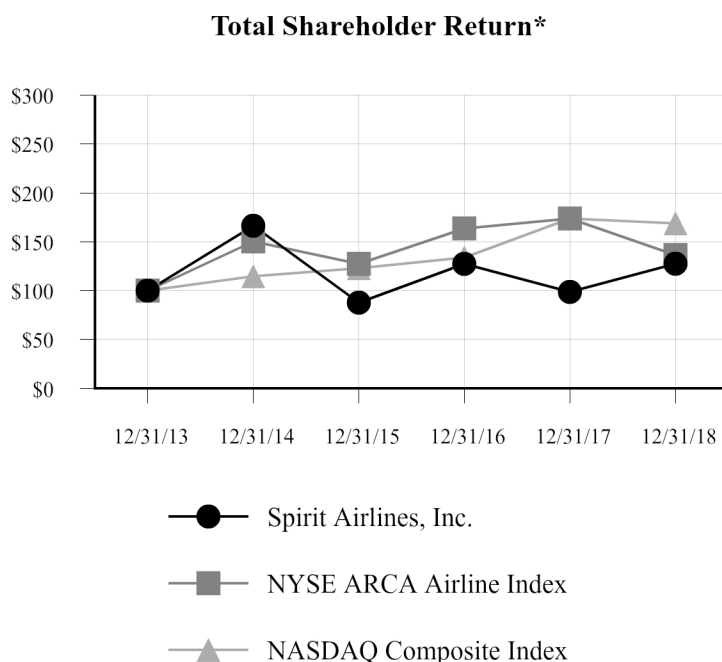
- Generated net income of \$155.7 million.
- Achieved an operating profit margin of 10.6%.
- Ended the year with record operating revenues of \$3.3 billion.
- Increased our total non-ticket revenue by 26.5% year over year, providing a more stable revenue stream during periods of lower or fluctuating passenger ticket yields.
- Grew our passenger traffic by 24.5%, as we continued to offer low fares to the underserved segment of highly price-conscious consumers.
- Maintained our adjusted cost per available seat mile ex-fuel among the lowest of any airline in the United States at 5.30 cents.
- Increased our capacity by 23.4%, as we grew our fleet of Airbus single-aisle aircraft from 112 to 128 aircraft between year end 2017 and 2018.
- As of year-end 2018, our aircraft fleet had an average age of 5.4 years, making it one of the youngest (and most fuel-efficient) fleets of any major U.S. airline.
- Achieved a record on-time performance, as defined by the Department of Transportation (DOT), of 81.1%.
- Continued our trend of lowering the number of complaints reported to the DOT on a year over year basis.
- Launched service to 55 new city-pair markets and added 9 new destinations: Asheville, Cali (Colombia), Cap-Haïtien (Haiti), Columbus, Greensboro, Guayaquil (Ecuador), Jacksonville, Richmond, and St. Croix-U.S. Virgin Islands.
- Ended the year with unrestricted cash, cash equivalents, and short-term investments of \$1.1 billion.
- Named "Value Airline of the Year" by Air Transport World and "Most Improved Airline of the Year" by the Airline Passenger Experience Association, and ranked as the country's most on-time low-cost airline by FlightGlobal.
- Ratified new five-year agreements with our pilots and dispatchers, represented by the Air Line Pilots Association and the Professional Airline Flight Control Association, respectively.
- Our investors recognized our strong performance in 2018 with an increase in our stock price of 27%.

### **Company Performance**



\* Certain prior period amounts have been adjusted to reflect the adoption of the Accounting Standards Update ("ASU") No. 2014-09, ("ASU 2014-09") "Revenue from Contracts with Customers," completed January 1, 2018. Regarding the net income chart, during the twelve months ended December 31, 2017, the Company recorded a non-recurring income tax benefit of \$196.7 million due to the enactment of the Tax Cuts and Jobs Act of 2017; and during the twelve

months ended December 31, 2018, the Company recorded operating special charges of \$88.7 million related to the ratification incentive payment made in connection with the collective bargaining agreement with our pilots and a non-operating special charge of \$90.4 million related to the change of classification from operating leases to capital leases for 14 aircraft purchased in the first quarter of 2018.



\* The graph compares the cumulative total stockholder return on our common stock with the cumulative total return on the NASDAQ Composite Index and the NYSE ARCA Airline Index for the period beginning on December 31, 2013 and ending on December 31, 2018. The graph assumes an investment of \$100 in our stock and the two indices, respectively, on December 31, 2013, and further assumes the reinvestment of any dividends. Stock price performance, presented for the period from December 31, 2013 to December 31, 2018, is not necessarily indicative of future results.

### **Pay-For-Performance Alignment**

As noted below, we have designed the compensation program for our executive officers to be responsive to the performance of our Company by making a high percentage of our NEOs' annual compensation "at risk" and tied to various performance metrics. In the case of awards approved in 2018, such metrics included (i) Company financial and operating metrics used to determine payouts under our annual short-term cash incentive plan; and (ii) relative total shareholder return and relative adjusted operating margin, used to determine the settlement amount of a significant portion (60%) of our annual long-term equity-based awards, the ultimate value of which is tied directly to the value of our Company's stock price.

Consistent with the foregoing pay-for-performance philosophy, in January 2019 the Compensation Committee approved payout bonuses under the 2018 annual short-term cash incentive plan equal to 179.5% of target, as the Company performed above target on all of the financial and operating metrics (including maximum goal achievement for A:14 performance), compared to a payout at 90.0% of target for 2017, when the Company performed below target levels on certain metrics. The performance share units granted in 2016 to our executive officers (including Mr. Fornaro) for the 2016-2018 performance cycle settled in February 2019 with a 175% payout, based on an above target total shareholder return (ranking third out of a ten-member peer group). By comparison, the performance share units granted in 2015 to our executive officers for the 2015-2017 performance cycle settled in January 2018 with a zero payout based on a below threshold total shareholder return (ranking tenth out of a ten-member peer group). Moreover, the performance share units granted in 2017 to Mr. Fornaro for the 2017-2018 performance cycle (which main purpose was to bring the elements of Mr. Fornaro's long-term equity based incentive more closely into alignment with other Company officers - as described in more detail below) also settled in February 2019 with a 54.8% payout, based on a below-threshold adjusted operating margin rank of fourth (out of a ten-member peer group). The variability of the foregoing payouts, both short-term and long-term, illustrates how a significant portion of our NEOs compensation is performance-based and therefore "at risk", fluctuating according to the Company's financial and operational performance. The variability of these performance-driven payouts also demonstrates the strong alignment of our executives' interests with those of our stockholders. The Compensation Committee also regularly monitors the actual pay received or realized by the Company's executive officers to assess the effectiveness of the pay-for-performance program and gauge the alignment of our executives' interests with those of our stockholders.

## **Executive Compensation Philosophy and Objectives**

The market for experienced management talent is highly competitive in our industry. Airline industry consolidation, accompanied in some instances by successful bankruptcy reorganizations, further intensifies that competitiveness. Our goal is to attract, motivate and retain executives with the talent and experience necessary for us to achieve our strategic business plan and to optimally manage each of our business functions. In doing so, we draw upon a pool of talent that is highly sought after within the airline industry and elsewhere in the travel and hospitality industry. Within this talent pool, we seek individuals who we believe will be able to contribute to our unique ultra low-cost operating model and our vision of future success, our culture and values, and who will enhance the cohesiveness and productivity of our leadership team. We regard as fundamental that executive officer compensation be structured to provide competitive base salaries and benefits to attract and retain superior employees, and to provide incentive compensation to motivate executive officers to attain, and to reward executive officers for attaining, established financial, operational and other goals that are consistent with increasing stockholder value.

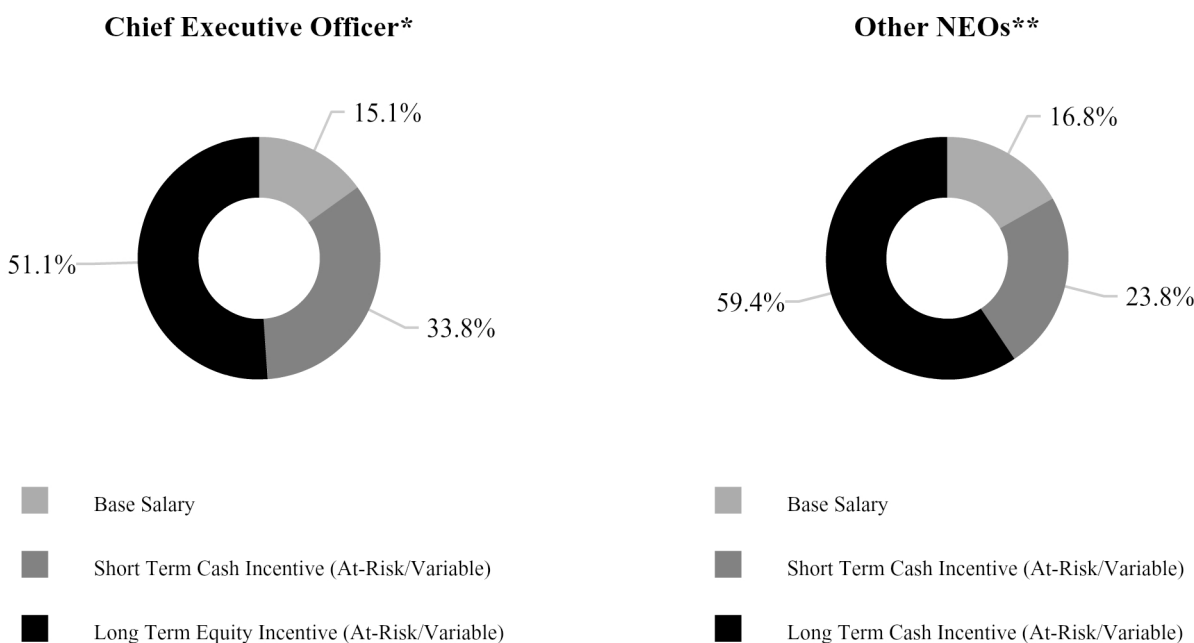
Since our initial public offering in 2011, and with the input and assistance of Willis Tower Watson, our Compensation Committee has adhered to a comprehensive executive compensation program designed to provide appropriately balanced mixes of (i) fixed versus at-risk variable compensation, (ii) annual versus long-term compensation and (iii) cash versus equity-based compensation. As described below, our executive compensation program is structured around three primary components: fixed base salary, annual cash incentive compensation (bonuses) linked to performance targets and equity-based long-term incentive compensation consisting of a combination of restricted stock units (restricted stock for 2015) and performance share units. In 2018, as described in more detail in the "Equity-based long-term incentives" subsection below, the Compensation Committee approved one-time grants of stock appreciation performance awards to our NEOs.

Shareholder engagement, communication and transparency are important factors when we design our compensation policies. The Company communicates regularly with shareholders on various key matters, including executive compensation, and seeks to incorporate shareholder feedback into its executive compensation practices.

In determining the form and amount of compensation payable to our NEOs, we are guided by the following four objectives and principles:

- ***Compensation levels should be competitive to attract and retain key executives.*** We aim to provide an executive compensation program that attracts, motivates and retains high performance talent and rewards them for our achieving and maintaining a strong competitive position in our industry. Total compensation (*i.e.*, maximum achievable compensation) should increase with position and responsibility.
- ***Compensation should relate directly to performance, and incentive compensation should constitute a significant portion of total compensation.*** We aim to foster a pay-for-performance culture, with fixed base salary generally below market median levels and with a significant portion of total compensation being “at risk.” Accordingly, a significant portion of total compensation (both short-term and long-term) should be tied to and vary with our financial, operational and strategic performance, as well as individual performance. Executives with greater roles and the ability to directly impact our strategic goals and our financial and operational results should bear a greater proportion of the risk if these goals and results are not achieved. The amount of “at risk pay” is structured accordingly.
- ***Long-term incentive compensation should align executives’ interests with our stockholders’ interests.*** Awards of long-term incentives, comprised of equity-based compensation, encourage executives to focus on achieving our long-term growth objectives and incentivize executives to manage the Company from the perspective of stockholders with a meaningful stake in us, as well as to focus on long-term career orientation.
- ***Short-term incentive compensation should align executives’ interests with our stockholders’ interests.*** Awards of short-term incentives, consisting of annual cash bonus opportunities, encourage executives to focus on achieving performance that drives creation of shareholder value.

Below is the mix of compensation elements for our NEOs in 2018, reflecting our emphasis on performance-based compensation:



Note: the compensation data for the above pie charts was determined as follows: "Base Salary" represents the salary earned and paid in 2018; "Short Term Cash Incentive" represents the cash bonuses paid under the Company's 2018 short term cash bonus program (100% performance-based) in February 2019; and "Long Term Equity Incentive" represents the aggregate grant date fair value of the equity-based grants awarded in 2018 (with more than 60% performance-based), including the one-time stock appreciation performance awards (described in more detail in the "Equity-based long-term incentives" subsection below).

\* Based on actual amounts earned by Mr. Fornaro in 2018, except that his long term equity incentive represents the grant date fair value of the stock appreciation performance award that he received in 2018 (along with other executives of the Company), plus the aggregate grant date fair value of his three-year front-loaded equity grant received in January 2016, prorated to one year (2018). Mr. Fornaro's three-year front loaded equity grant received in January 2016 was subsequently modified in March 2017 to better align Mr. Fornaro's performance share units to the performance share units awarded to other officers in 2017. The modification, described in greater detail below, provided for the exchange of (i) 18,717 performance share units based on relative total shareholder return compared to that of a peer group over a three-year period ending December 31, 2018 for (ii) 18,717 performance share units based on adjusted operating margin subject to a two-year performance cycle commencing January 1, 2017 and ending December 31, 2018.

\*\* Based on actual amounts earned by Messrs. Bendoraitis, Canfield, Christie, Haralson and Wiggins in 2018.

## What We Do and Do Not Do

| WE DO                                                                                                                                                                                                                                                                                         | WE DO NOT                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ✓ Target total direct compensation for our NEOs generally at the market median (50th percentile overall)                                                                                                                                                                                      | ✗ Allow hedging or pledging of Company securities                                                                                                                                                                                                                 |
| ✓ Pay for performance and, accordingly, a significant portion of each NEO's total compensation opportunity is "at risk" and dependent upon achievement of specific corporate and individual performance goals, resulting in lesser emphasis on fixed base salary                              | ✗ Encourage unnecessary or excessive risk taking as a result of our compensation policies and practices                                                                                                                                                           |
| ✓ Base our short-term incentive plan on multiple performance measurements, including both financial and operational metrics                                                                                                                                                                   | ✗ Provide perquisites to our NEOs that are not generally offered to all other executives                                                                                                                                                                          |
| ✓ Complement our annual compensation to each NEO with time-based and performance-based multi-year vesting schedules and performance cycles for equity incentive awards                                                                                                                        | ✗ Have employment agreements with any of our NEOs other than with our CEO and our President                                                                                                                                                                       |
| ✓ Base any annual base salary adjustments and annual long-term equity awards to our NEOs, partially, on prior-year individual performance                                                                                                                                                     | ✗ Provide a defined benefit pension plan or any supplemental executive retirement plan or other form of non-qualified retirement plan for our NEOs                                                                                                                |
| ✓ Select and use a peer group of similarly sized airlines to assess the compensation of our NEOs, and a peer group of publicly traded airline companies to compare and rank the Company's total shareholder return, and, starting in 2017, the Company's adjusted operating margin            | ✗ Provide for any "gross ups" for any excise taxes imposed with respect to Section 280G (change-in-control payments) or Section 409A (nonqualified deferred compensation) of the U.S. Internal Revenue Code of 1986, as amended (which we refer to as the "Code") |
| ✓ Maintain a robust clawback policy pursuant to which the Company can seek reimbursement of either cash or equity based incentive compensation in the event of a financial restatement or other scenarios involving fraud, negligence or misconduct that cause reputational or financial harm | ✗ Provide for single-trigger vesting acceleration of equity-based awards upon a change in control of the Company unless the acquirer does not assume or replace such awards                                                                                       |
| ✓ Have stock ownership guidelines for our executives and non-employee directors                                                                                                                                                                                                               | ✗ Allow any repricing of stock options/stock appreciation rights without stockholder approval or unlimited transferability of awards                                                                                                                              |
| ✓ Engage an independent compensation consultant to advise the Compensation Committee, which is comprised solely of independent directors                                                                                                                                                      | ✗ Have deferred compensation plans, profit-sharing plans or employee stock purchase plans                                                                                                                                                                         |
| ✓ Provide for minimum vesting of awards ( <i>i.e.</i> , one year following the date of grant) and maximum award limits ( <i>i.e.</i> , 1,000,000 shares for options and stock appreciation rights and 300,000 shares or \$10 million for other types of awards)                               |                                                                                                                                                                                                                                                                   |
| ✓ Ensure that a significant portion of our non-employee director compensation consists of time-vested restricted stock units                                                                                                                                                                  |                                                                                                                                                                                                                                                                   |
| ✓ Conduct regular executive sessions of our Compensation Committee from which executives and other employees are excluded                                                                                                                                                                     |                                                                                                                                                                                                                                                                   |
| ✓ Have an annual limit on the compensation (both cash and equity-based) that may be paid to any non-employee director during any calendar year                                                                                                                                                |                                                                                                                                                                                                                                                                   |

## **Results of 2018 Advisory Vote on Executive Compensation and Stockholder Engagement**

At our annual meeting of stockholders in May 2018, our stockholders once again expressed support for our compensation programs and the compensation of our NEOs, with an approval rate of approximately 99% for our management "say on pay" resolution. The Compensation Committee carefully evaluated the results of the 2018 "say on pay" vote, and consistent with recommendations from Willis Towers Watson, made no significant changes to the overall design of our compensation program during 2018.

The Company communicates regularly with shareholders on various matters, including executive compensation, and seeks to incorporate shareholder input into its executive compensation practices. The Compensation Committee will continue to take into account stockholder feedback and evolving best practices in making compensation decisions in future years and will continuously endeavor to ensure that management's interests are aligned with those of our stockholders and support long-term value creation.

### **Determination of Compensation**

The Compensation Committee meets periodically to specifically review and determine adjustments, if any, to the CEO's compensation, including his base salary, annual bonus compensation and long-term equity awards, and to review and consider recommendations of the CEO with respect to the other NEOs' base salaries, annual bonus compensation and long-term equity awards. For 2018, as more fully described below, the Compensation Committee determined each individual component of compensation for our NEOs. Decisions of our Compensation Committee pertaining to the compensation of our NEOs and the Company's executive compensation programs are regularly reported to, and in many instances concurred by, the full Board. The Compensation Committee annually evaluates our company-wide performance against the approved operating plan for the prior fiscal year. The Compensation Committee also meets periodically to discuss compensation-related matters as they arise during the year. For each year, our CEO evaluates each other NEO's individual performance and contributions to the Company's success and reports to the Compensation Committee his recommendations regarding each element of the other NEOs' compensation. The CEO does not participate in any formal discussion with the Compensation Committee regarding decisions on his own compensation, and he recuses himself from meetings when his individual performance is evaluated and his compensation is discussed and decided.

Willis Towers Watson has worked closely with the Compensation Committee to determine an appropriate executive compensation strategy that supports our core business objectives: maintaining low costs, profitable growth, safe and reliable operations, sound cash flow and long-term value creation. In considering approaches to executive compensation, the Compensation Committee continuously reviews ways to strengthen the alignment of management's interests with the interests of shareholders, strengthen our ability to attract, motivate and retain key executive talent and design plans that account for the relatively high volatility of our industry.

In order to assist the Compensation Committee in setting appropriate compensation metrics and target amounts for 2018, Willis Towers Watson provided an updated competitive assessment of our executive compensation levels. After consideration, and based on recommendations from Willis Towers Watson, the Compensation Committee approved the following public companies as an appropriate talent-competitor peer group for compensation market comparison purposes for 2018 (the "Compensation Peer Group"):

- Alaska Air Group, Inc.
- Allegiant Travel Company
- Hawaiian Holdings Inc.
- JetBlue Airways Corporation
- Sky West Inc.
- WestJet Airlines Ltd.

The Compensation Peer Group was the same peer group used in 2017. The selection of companies for the Compensation Peer Group focused on small to medium-sized passenger carriers as an appropriate population for assessing the amounts and percentile rankings of compensation elements for NEOs, including base salaries, short-term incentives (bonuses) and long-term equity-based incentives. Data for Allegiant Travel Company's CEO (who is also a large shareholder of that company) was excluded due to particularities of that executive's pay package. Willis Towers Watson primarily used the Compensation Peer Group to assess the competitiveness of our Chief Executive Officer's, Chief Operating Officer's and Chief Commercial Officer's compensation, as these positions would normally be recruited from other passenger airlines.

In assessing the compensation of our Chief Financial Officer, Chief Information Officer, and General Counsel, Willis Towers Watson used a blended approach consisting of both Compensation Peer Group proxy data and broader industries survey data, adjusted for revenue size, as these positions could also generally be recruited from companies in other industries. For its analysis prepared for 2018 compensation purposes, Willis Towers Watson used data taken from the following three executive pay surveys:

- Seabury Consulting *Airline Industry Management Compensation Survey*;
- Willis Towers Watson *2017 Compensation Data Bank (CDB) General Industry Executive Compensation Survey*; and
- William M. Mercer *2017 Executive Compensation Survey*.

The data from the two general industry executive surveys reflected companies with revenues approximating the Company's last twelve months of revenues of approximately \$2.5 billion as of June 30, 2017. The Compensation Committee was not aware of the individual participating companies in the surveys and reviewed the data in a summarized fashion.

For purposes of measuring our total shareholder return for a portion of performance share units awarded to our executive officers in 2018, in October 2017 the Compensation Committee approved the following broader group of publicly traded airline companies as a relevant group of our competitors for investor capital (the "Performance Share TSR Peer Group"):

- Alaska Air Group, Inc.
- Allegiant Travel Company
- American Airlines Group, Inc.
- Delta Airlines
- Hawaiian Holdings Inc.
- JetBlue Airways Corporation
- Sky West Inc.
- Southwest Airlines
- United Continental Holdings, Inc.

This broader group of airlines (including larger network carriers) is used for comparing the Company's relative total shareholder return, because the Company believes it competes with all other public airline companies for equity investors.

Also in October 2017, the Compensation Committee approved the same group of airline companies in the Performance Share TSR Peer Group as an appropriate peer group for measuring the Company's performance on operating margin for a portion of the performance share units awarded to our executive officers in 2018 (the "Performance Share Op Margin Peer Group").

### **Compensation Philosophy and Market Positioning**

The Compensation Committee has historically approved an overall guideline of total direct compensation for our senior management generally around the market median. Within this general framework and following the recommendation of Willis Towers Watson, the Compensation Committee has approved the following compensation philosophy based on our objectives and unique business model:

- *Base Salary*: In keeping with the objective of maintaining low fixed costs and managing cash resources, base salaries would generally be set moderately below market median levels
- *Short-Term Incentive*: In order to appropriately reward achievement of our annual business and financial objectives, target short-term incentives would generally be set moderately above market median levels.
- *Long-Term Incentive*: To incentivize profitable longer term growth, increase alignment with shareholder interests and provide for retention of key talent, target long-term equity-based incentives would generally be set slightly above market median levels.

Our executive compensation philosophy contemplates that the Compensation Committee will annually select a mix of the foregoing compensation elements intended to deliver total target direct compensation (base salary, short-term target incentive compensation and long-term target incentive compensation) for our executive officers, in the aggregate, at approximately the market 50<sup>th</sup> percentile. However, the Compensation Committee reserves discretion to deviate from the above guidelines as necessary to account for changing industry characteristics, our particular business model, individual performance and other factors. An analysis prepared by Willis Towers Watson in October 2018 indicated that, in the aggregate, our NEOs' 2018 total target direct compensation (base salary plus target cash bonus opportunity plus target equity compensation) continued to be aligned, as in prior years, with the desired pay positioning, approximating the 50<sup>th</sup> percentile of the market.

### **Elements of Compensation**

For 2018, our performance-driven compensation program for our NEOs consisted of four components:

- base salary
- annual cash incentive program (bonus)
- equity-based long-term incentives
- benefits

We are continuing to build our executive compensation program around each of the above elements because each individual component is useful in achieving one or more of the objectives of the program and we believe that, collectively, they are effective in achieving our overall objectives.

1. **Base Salary.** We provide our NEOs and other employees with a base salary to compensate them for services rendered during the year and to provide them with a minimum level of guaranteed pay. The base salary payable to each NEO is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Base salary amounts are established based on consideration of, among other factors, the scope of the NEOs' responsibilities, ability to contribute to the Company's success, years of service and individual job performance and the Compensation Committee's general knowledge of the competitive market, based on, among other things, experience with other companies and our industry and market data provided by Willis Towers Watson.

Effective January 1, 2018, and in connection with a previously announced succession plan, Mr. Christie's annual base salary was increased to \$550,000, representing an increase of 37.50%. Effective January 16, 2018, the annual base salaries of Messrs. Fornaro and Bendoraitis were increased to \$650,000 and \$400,000, respectively, representing increases of 8.33% and 8.99%, accordingly. Effective February 1, 2018, annual base salaries were increased to \$365,000 for Mr. Canfield, \$270,000 for Mr. Haralson, and \$345,000 for Mr. Wiggins, representing increases of 2.82%, 3.05%, and 2.99% respectively. Upon his promotion to Senior Vice President and Chief Financial Officer effective October 16, 2018, Mr. Haralson's annual base salary was increased to \$325,000, representing an increase of 20.37%. The NEOs' 2018 base salaries are set forth under the "Summary Compensation Table" below and are prorated, when applicable, to reflect the increases.

2. **Performance-based Annual Bonuses.** Cash bonuses are intended to provide incentives to meet or exceed company-wide financial and operating performance objectives. All of our NEOs and other executive officers are eligible for annual cash bonuses, which are determined annually based on achievement of a set of pre-established financial and operational performance metrics established for the year at or shortly after the time of the Board's approval of the annual operating plan. The determination of the amount of annual bonuses paid to our NEOs also reflects a number of considerations by the Compensation Committee acting in its discretion, including the Company's safety performance and a subjective evaluation of the individual performance of each executive officer during the relevant evaluation period.

Our annual incentive bonus program is administered by the Compensation Committee. For each year, the Compensation Committee approves (i) the performance metrics; (ii) the weighting of the performance metrics; (iii) the threshold, target and stretch (maximum) performance levels for each metric and the percentage payouts for the performance levels (usually zero for less than threshold performance, 50% of target value for threshold performance, 100% of target value for target performance and 200% of target value for stretch or maximum performance); and (iv) the target bonus opportunities for officer positions, expressed as a percentage of base salaries. After the performance results for the year are available, the specific bonus payments are calculated using the formula embodied in the short-term incentive plan, and may include certain discretionary adjustments as the Compensation Committee may approve based on individual performances and other factors.

In January 2018, the Compensation Committee, considering our Company objectives and operating plan for the year 2018, adopted our 2018 short-term incentive plan for our executive officers. The Compensation Committee determined that no

payments under the 2018 plan would be made unless the Company achieved a minimum level of net income of \$119.4 million, representing 50% of the net income forecast for 2018, as a baseline requirement. In connection with the Company's previously announced succession plan, upon Mr. Christie's promotion to President and Chief Financial Officer in January 2018, the Compensation Committee increased Mr. Christie's target bonus from 80% to 100% of his base salary, in consideration of his newly acquired responsibilities. Based on the market data, the target bonus opportunity percentages were maintained at 80% of base salary for executive vice presidents, 70% of base salary for senior vice presidents and 50% of base salary for vice presidents. Assuming the minimum net income amount was achieved, payout would be based on the Company's performance against the metrics outlined below. Tied to our 2018 operating plan, these metrics and their weightings supported our Company's focus in 2018 on profitability, on-time performance and customer experience:

| Metric                | Weighting | Definition                                                                                             |
|-----------------------|-----------|--------------------------------------------------------------------------------------------------------|
| Adjusted CASM ex-fuel | 50%       | Operating costs less fuel and special items per available seat mile, adjusted for stage length.        |
| Adjusted Total RASM   | 20%       | Total operating revenues per available seat mile, adjusted for stage length.                           |
| A:14                  | 20%       | Percentage of flights that arrive at the destination gate within 14 minutes of scheduled arrival time. |
| DOT Complaint Rate    | 10%       | Rate of DOT complaints per 100,000 customers.                                                          |

Payouts for each of the metrics would vary, on a linear basis as follows: \$0, if results were below the threshold performance level (except that for the RASM metric, a 20% payout would be approved, if results were below the threshold performance level but above a certain pre-determined level), 50% of target value, if results were at the threshold performance level, 100% of target value, if results were at the target performance level, and 200% of target value, if results were at or above the stretch performance level. Payouts for performance results falling between reference points are determined by interpolation. In setting the foregoing goals and corresponding payout levels, the Compensation Committee carefully considered and scrutinized certain industry data provided by Willis Towers Watson, and approved criteria which, while considered difficult to achieve, incentivizes the Company's executive officers to deliver strong performance against our financial and operational objectives. As in prior years, the Compensation Committee also reserved discretion to reduce payouts in light of safety events occurring during the year and also to adjust for other factors it deems relevant in assessing actual performance in 2018 compared to our 2018 operating plan. The following table sets forth the target performance levels under the 2018 short-term incentive plan metrics, the weighting of the performance metrics, the performance results under each metric and the resulting payout percentages.

| Metric and Weight                   | Target Level –<br>100% Payout | 2018 Results | Payout Percentage |
|-------------------------------------|-------------------------------|--------------|-------------------|
| CASM ex-fuel (50% weight)           | 5.32 cents                    | 5.25 cents   | 92.8%             |
| Total RASM (20% weight)             | 8.88 cents                    | 9.03 cents   | 31.0%             |
| A:14 (20% weight)                   | N/A (1)                       | N/A (1)      | 40.0%             |
| DOT Complaint Rate (10% weight)     | N/A (2)                       | N/A (2)      | 15.7%             |
| <b>Total Achieved (% of target)</b> |                               |              | <b>179.5%</b>     |

(1) Payout for the A:14 metric is calculated based on a weighted blend of performance results between the Company's annual A:14 ranking (according to DOT reporting) and annual A:14 performance percent achievement, with the metric that reflects the better performance to be weighed 2/3 and the other metric to be weighed 1/3 in calculating the payout for A:14. In January 2018, after reviewing the Company's A:14 ranking and performance percent achievement, the Compensation Committee approved a metric payout percentage of 200% of target, under the non-discretionary method described above.

(2) Payout for the DOT complaint rate metric is calculated based on the Company's DOT complaint rate average monthly performance against a performance target of 3.75 DOT complaints per 100,000 customers. In January 2019, after considering the Company's performance results against the DOT complaint rate target, the Compensation Committee approved a metric payout percentage of 157.5% of target, under the non-discretionary method described above.

In January 2019, the Compensation Committee reviewed the Company's performance under the four performance metrics previously selected for the 2018 short-term incentive plan, as described above. The resulting 2018 payout level equaled 179.5% of target bonus opportunity, as the Company performed above target level on all four metrics (including 200% maximum for A:14 performance). The Compensation Committee did not make any discretionary adjustments to the payout of the 2018 annual cash bonuses. Based on the foregoing, the Compensation Committee approved annual cash bonuses with respect to 2018 as follows:

| Named Executive Officers                             | 2018 Target Bonus<br>(as a percentage of<br>Base Salary) | 2018 Cash Bonus<br>Payout (as a percentage<br>of 2018 Target Cash<br>Bonus) | Earned 2018 Cash<br>Bonus (\$) |
|------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------|
| Robert L. Fornaro<br>(CEO)                           | 125%                                                     | 179.5%                                                                      | 1,453,763                      |
| Edward M. Christie<br>III (President) <sup>(1)</sup> | 100%                                                     | 179.5%                                                                      | 987,250                        |
| Scott M. Haralson<br>(SVP) <sup>(2)</sup>            | 70%                                                      | 179.5%                                                                      | 276,318                        |
| John Bendoraitis<br>(EVP)                            | 80%                                                      | 179.5%                                                                      | 572,426                        |
| Thomas C. Canfield<br>(SVP)                          | 70%                                                      | 179.5%                                                                      | 457,575                        |
| Rocky B. Wiggins<br>(SVP)                            | 70%                                                      | 179.5%                                                                      | 432,445                        |

<sup>(1)</sup> In line with a previously announced succession plan (described in more detail above), Mr. Christie was promoted from EVP and CFO to President and CFO, effective January 1, 2018, at which time his target bonus increased from 80% to 100% of his base salary.

<sup>(2)</sup> For most of the year 2018, Mr. Haralson's target bonus was 50% of his base salary, reflecting his VP position. As discussed above, Mr. Haralson was promoted from VP Financial Planning and Analysis and Corporate Real Estate to SVP and CFO, effective October 16, 2018, at which time his target bonus increased to 70% of his base salary.

Also in January 2019, after considering the efficacy of, and incentives created by, the 2018 short-term incentive plan, the Compensation Committee approved a short-term incentive plan for 2019 with the same performance metrics and weightings as in 2018 (*i.e.*, adjusted CASM ex-fuel, adjusted total RASM, or TRASM, A:14 and a DOT complaint rate based on reported customer complaints to the DOT, with weightings of 50%, 20%, 20% and 10%, respectively). As in 2018, payout for each of the metrics would vary, on a linear basis as follows: \$0, if results were below the threshold performance level (except that for the RASM metric, a 20% payout would be approved, if results were below the threshold performance level but above a certain pre-determined level); 50% of target value, if results were at the threshold performance level; 100% of target value, if results were at the target performance level; and 200% of target value, if results were at or above the stretch (maximum) performance level. Payouts for performance results falling between reference points will be determined by interpolation. In addition, the Compensation Committee set a minimum threshold trigger at 50% of the net income forecast for 2019 for any payout under the 2019 plan. Finally, the Compensation Committee again reserved, in its discretion, an ability to reduce cash payouts to any individual executive, or the entire group, based on safety-related performance and other factors.

Annual bonus opportunities for executives are awarded under, and subject to the terms and conditions of, our 2015 Incentive Award Plan described below and related award agreements.

Furthermore, in line with the previously announced succession plan described in more detail above, upon Mr. Christie's promotion to President and Chief Executive Officer in January 2019, Mr. Christie's annual base salary was increased from \$550,000 to \$700,000 and his annual target bonus was increased from 100% to 125% of his base salary, in consideration of his expanded leadership role. As a result of Mr. Haralson's promotion to Senior Vice President and Chief Financial Officer in October 2018, the Compensation Committee increased Mr. Haralson's annual base salary from \$270,000 to \$325,000 and increased his annual target bonus from 50% to 70% of his base salary. The foregoing annual target bonus level adjustments are applicable to any payouts under the Company's 2019 short-term incentive program.

As described below, we maintain a robust clawback policy covering incentive compensation (cash and equity-based) paid to our executive officers to further align management with the interests of stockholders over the long term.

**3. Equity-based long-term incentives.** We believe that long-term performance is strengthened through an ownership culture that rewards and encourages long-term performance by our executive officers through the use of equity-based awards. The equity awards we make to our executive officers are designed to align our executives' compensation with demonstrable

long-term Company performance and to reward superior performance (measured both against internal goals and peer performance), align their interest in building value with that of our shareholders by promoting equity ownership and to enhance retention of key senior management talent.

Our 2015 Incentive Award Plan, or the 2015 Plan, was adopted by the Board on December 17, 2014 and approved by our stockholders on June 14, 2015. The 2015 Plan was designed and developed by the Compensation Committee, with input from its independent legal counsel and Willis Towers Watson. Our long-term incentive awards have generally consisted of restricted stock units and performance share units.

After consultation with Willis Towers Watson, the Compensation Committee determined that equity awards under the 2018 long-term incentive program would be split as follows:

|     |                                                                                                                                          |
|-----|------------------------------------------------------------------------------------------------------------------------------------------|
| 40% | performance share units, with the number of shares settled based on relative total shareholder return measured over a three-year period  |
| 20% | performance share units, with the number of shares settled based on relative adjusted operating margin measured over a three-year period |
| 40% | restricted stock units, vesting in annual 25% increments over four years                                                                 |

The pay-for-performance component of the Company's 2018 long term incentive program utilized a mix of relative total shareholder return and relative adjusted operating margin as performance metrics. The latter metric, which was introduced in 2017, provides better line of sight to management's ability to drive Company performance in relation to industry peers, more appropriately balances management behaviors, and improves retention by reducing the volatility of payout results. The adjusted operating margin is an amount, expressed as a percentage, equal to (i) total operating revenue minus total operating expenses (excluding special items and gains or losses on disposal of assets) *divided by* (ii) total operating revenue.

For 2018, the Compensation Committee also approved one-time grants of stock appreciation performance awards to NEOs and other officers, representing the right to receive shares of the Company's common stock based on stock appreciation measured over the two-year period ending December 31, 2019, subject to continued employment through December 31, 2021. The one-time grants of performance awards based on stock appreciation are intended to (i) enhance the motivation and commitment of NEOs to increase our stock price through operating performance results over two-years, thereby exemplifying a categorical alignment of management's interests with our shareholders' interests; and (ii) enhance retention of key executives. A primary goal of the Compensation Committee was to address a key employee retention risk caused by the fact that the performance share units awarded to executives under our long-term incentive compensation program in 2014 and 2015 failed to achieve threshold performance level and thus settled in 2016 and 2017, respectively, with zero payouts.

Accordingly, in January 2018, the Compensation Committee granted equity-based awards under the 2015 Plan to our NEOs as follows:

| Named Executive Officers         | Restricted Stock Units | Performance Share Units (Based on Total Shareholder Return) | Performance Share Units (Based on Adjusted Operating Margin) | Stock Appreciation Performance Award |
|----------------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------|
| Robert L. Fornaro <sup>(1)</sup> | —                      | —                                                           | —                                                            | ✓                                    |
| Edward M. Christie III           | 10,986                 | 10,986                                                      | 5,493                                                        | ✓                                    |
| Scott M. Haralson                | 2,417                  | 2,417                                                       | 1,208                                                        | ✓                                    |
| John Bendoraitis                 | 5,273                  | 5,273                                                       | 2,637                                                        | ✓                                    |
| Thomas C. Canfield               | 4,834                  | 4,834                                                       | 2,417                                                        | ✓                                    |
| Rocky B. Wiggins                 | 4,175                  | 4,175                                                       | 2,087                                                        | ✓                                    |

<sup>(1)</sup> Consistent with his employment agreement, Mr. Fornaro did not receive any awards of restricted stock units or performance share units (based on relative total shareholder return or adjusted operating margin) in 2018.

All restricted stock units shown above vest in 25% increments over four years. The performance share units are subject to a three-year performance cycle starting on January 1, 2018 and ending on December 31, 2020. The one-time awards of performance share units based on stock appreciation are measured over a two-year period starting January 1, 2018 and ending December 31, 2019 and, in order to increase their retention value, they are subject to continued employment through December 31, 2021.

As a result of the foregoing decisions for 2018, more than 60% of the Company's 2018 long-term incentive compensation for NEOs was performance-based.

Also in January 2018, in connection with Mr. Christie's promotion to President and Chief Financial Officer and subsequent promotion effective January 1, 2019 to President and Chief Executive Officer, the Compensation Committee approved a one-time special promotional award of 54,931 restricted stock units to Mr. Christie, vesting 50% on January 16, 2020, 25% on January 16, 2021 and 25% on January 16, 2022. The Company and Mr. Christie agreed that these restricted stock units and the underlying shares, even if and when vested and deliverable, would not be counted toward Mr. Christie's stock ownership requirements under the Company's stock ownership guidelines for executives. Furthermore, as this one-time special promotional award was in connection with his promotions in both 2018 and 2019, it was agreed that Mr. Christie would not receive any additional special (off-cycle) promotional award upon his promotion to President and Chief Executive Officer in 2019.

Moreover, in October 2018, in connection with Mr. Haralson's promotion to Senior Vice President and Chief Financial Officer, the Compensation Committee approved a one-time special promotional award of 1,080 restricted stock units to Mr. Haralson, vesting 50% on October 16, 2020, 25% on October 16, 2021 and 25% on October 16, 2022. The Company and Mr. Haralson also agreed that these restricted stock units and the underlying shares, even if and when vested and deliverable, would not be counted toward Mr. Haralson's stock ownership requirements under the Company's stock ownership guidelines for executives.

The performance share units based on relative total shareholder return, granted in 2018, are to be settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's total shareholder return compared to that of a performance share peer group over the three-year period commencing January 1, 2018 and ending December 31, 2020, with threshold, target and maximum settlement payouts set at 25%, 100% and 200%, respectively. For 2018, the Compensation Committee made no changes to the Performance Share TSR Peer Group used in 2017, as subsequently modified when Virgin America was removed due to its merger with Alaska Air Group, Inc. in early 2017. For 2018, the Compensation Committee also agreed that regardless of the Company's relative TSR ranking, if the Company's total shareholder return was negative, the corresponding number of shares to be issued would be limited to target. The following table below illustrates the ranking based payout scale for the grants of performance share units in 2018:

| 2018-2020<br>TSR Rank | 2018-2020<br>TSR Percentile | Payout* (percentage of target) |           |
|-----------------------|-----------------------------|--------------------------------|-----------|
| 1                     | 100%                        | 200%                           | Maximum   |
| 2                     | 89%                         | 200%                           | Maximum   |
| 3                     | 78%                         | 167%                           |           |
| 4                     | 67%                         | 133%                           |           |
| 5                     | 56%                         | 100%                           | Target    |
| 6                     | 44%                         | 50%                            |           |
| 7                     | 33%                         | 25%                            | Threshold |
| 8                     | 22%                         | 0%                             |           |
| 9                     | 11%                         | 0%                             |           |
| 10                    | 0%                          | 0%                             |           |

*\* As stated above, regardless of ranking among the performance share peer group, if the Company's total shareholder return is negative, the corresponding number of shares issued would be limited to target level.*

The performance share units based on adjusted operating margin, granted in 2018, are to be settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's performance on operating margin compared to that of a performance share peer group over the three-year period commencing January 1, 2018 and ending December 31, 2020, with threshold, target and maximum settlement payouts set at 25%, 100% and 200% respectively. For 2018, the Compensation Committee made no changes to the Performance Share Op Margin Peer Group used in 2017, as subsequently modified when Virgin America was removed due to its merger with Alaska Air Group, Inc. in early 2017. The following table illustrates the ranking based payout scale for the 2018 grants of performance share units based on the Company's adjusted operating margin performance:

| Adjusted Operating<br>Margin Percentage Rank | Payout (percentage of target)                                                 |           |
|----------------------------------------------|-------------------------------------------------------------------------------|-----------|
| 1                                            | 200%                                                                          | Maximum   |
| 2                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 3                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 4                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 5                                            | 100%                                                                          | Target    |
| 6                                            | Between 25%-100%<br>determined by linear<br>interpolation as set forth below  |           |
| 7                                            | 25%                                                                           | Threshold |
| 8                                            | 0%                                                                            |           |
| 9                                            | 0%                                                                            |           |
| 10                                           | 0%                                                                            |           |

*If the Company's Adjusted Operating Margin Percentage rank is the second, third, or fourth highest among the peer companies or sixth highest among the peer companies, then the number of shares issued shall be adjusted based on linear interpolation, based on a the relative percentage achieved.*

The one-time awards of performance share units based on stock appreciation are measured over a two-year period starting January 1, 2018 and ending December 31, 2019 and, in order to increase their retention value, they are subject to continued employment through December 31, 2021. Payout is based on the extent to which the Company's stock price has appreciated over the course of the two-year measurement period. The actual number of shares to be issued within sixty days from December 31, 2021 shall be equal to the quotient obtained by dividing (i) the product of the executive officer's base salary on December 31, 2019 times the applicable multiplier as set forth below by (ii) the average of the Company's stock price for the last thirty trading days prior to and including December 31, 2019 (the "Valuation Date Stock Price"). For the latter average, the Compensation Committee may, in its sole discretion, reduce the average so determined to the extent it deems necessary or appropriate to exclude the effect of any stock price increases attributable to certain events such as stock repurchases or a change in control. In the case of Mr. Fornaro, his stock appreciation performance award was subject to continued employment through December 31, 2018 (which he accomplished), though settlement of shares, if any, is to be effected within sixty days from December 31, 2021.

The applicable multiplier to be used in the foregoing payout formula will be based on the amount of the increase in our stock price during the two-year measurement period over \$44.76, being the average stock for the last ten trading days ended prior to January 1, 2018. Below are the various multipliers:

| Valuation Date Stock Price (\$)                          | Applicable Multiplier |
|----------------------------------------------------------|-----------------------|
| Less than 58.188                                         | 0                     |
| Equal to or greater than 58.188<br>but less than 67.140  | 1.0                   |
| Equal to or greater than 67.140<br>but less than 72.735  | 1.2                   |
| Equal to or greater than 72.735<br>but less than 78.330  | 1.4                   |
| Equal to or greater than 78.330<br>but less than 83.925  | 1.65                  |
| Equal to or greater than 83.925<br>but less than 89.520  | 1.95                  |
| Equal to or greater than 89.520<br>but less than 95.115  | 2.3                   |
| Equal to or greater than 95.115<br>but less than 111.900 | 2.7                   |
| Equal to or greater than 111.900                         | 3.7                   |

In October 2018, with recommendations from Willis Towers Watson, the Compensation Committee approved the Company's long-term incentive plan for 2019, mirroring the same design used in 2018 (*i.e.*, 40% restricted stock units, 40% performance share units based on relative total shareholder return and 20% based on relative adjusted operating margin). As a result of the foregoing decisions for 2018, 60% of the Company's 2019 long-term incentive compensation for NEOs will be performance-based.

In January 2019, the Compensation Committee granted equity-based awards under the 2015 Plan to our NEOs as follows:

| Named Executive Officers         | Restricted Stock Units | Performance Share Units (Based on Total Shareholder Return) | Performance Share Units (Based on Adjusted Operating Margin) |
|----------------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| Robert L. Fornaro <sup>(1)</sup> | —                      | —                                                           | —                                                            |
| Edward M. Christie III           | 12,025                 | 12,025                                                      | 6,013                                                        |
| Scott M. Haralson                | 3,092                  | 3,092                                                       | 1,546                                                        |
| John Bendoraitis                 | 4,981                  | 4,981                                                       | 2,492                                                        |
| Thomas C. Canfield               | 3,435                  | 3,435                                                       | 1,719                                                        |
| Rocky B. Wiggins                 | 3,092                  | 3,092                                                       | 1,546                                                        |

<sup>(1)</sup> Mr. Fornaro's previously agreed upon employment term as CEO of the Company ended on December 31, 2018. Accordingly, Mr. Fornaro did not receive any awards of restricted stock units or performance share units in 2019, except for certain restricted stock units that he received in January 2019 in connection with his service as a class III director during 2019 (see "Non-Employee Director Compensation" section).

All restricted stock units shown above vest in 25% increments over four years. The performance share units are subject to a three-year performance cycle starting on January 1, 2019 and ending on December 31, 2021.

The performance share units based on relative total shareholder return, granted in 2019, are to be settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's total shareholder return compared to that of a performance share peer group over the three-year period commencing January 1, 2019 and ending December 31, 2021, with threshold, target and maximum settlement payouts set at 25%, 100% and 200%, respectively. For 2019, the Compensation Committee made no changes to the Performance Share TSR Peer Group used in 2018, and agreed that regardless of the Company's relative TSR ranking, if the Company's total shareholder return was negative, the corresponding number of shares to be issued would be limited to target. The following table below illustrates the ranking based payout scale for the grants of performance share units in 2019:

| 2019-2021<br>TSR Rank | 2019-2021<br>TSR Percentile | Payout* (percentage of target) |           |
|-----------------------|-----------------------------|--------------------------------|-----------|
| 1                     | 100%                        | 200%                           | Maximum   |
| 2                     | 89%                         | 200%                           | Maximum   |
| 3                     | 78%                         | 167%                           |           |
| 4                     | 67%                         | 133%                           |           |
| 5                     | 56%                         | 100%                           | Target    |
| 6                     | 44%                         | 50%                            |           |
| 7                     | 33%                         | 25%                            | Threshold |
| 8                     | 22%                         | 0%                             |           |
| 9                     | 11%                         | 0%                             |           |
| 10                    | 0%                          | 0%                             |           |

*\* Regardless of ranking among the performance share peer group, if the Company's total shareholder return is negative, the corresponding number of shares issued would be limited to target level.*

The performance share units based on adjusted operating margin, granted in 2019, are to be settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's performance on operating margin compared to that of a performance share peer group over the three-year period commencing January 1, 2019 and ending December 31, 2021, with threshold, target and maximum settlement payouts set at 25%, 100% and 200% respectively. For 2019, the Compensation Committee made no changes to the Performance Share Op Margin Peer Group used in 2018. The following table illustrates the ranking based payout scale for the 2019 grants of performance share units based on the Company's adjusted operating margin performance:

| Adjusted Operating<br>Margin Percentage Rank | Payout (percentage of target)                                                 |           |
|----------------------------------------------|-------------------------------------------------------------------------------|-----------|
| 1                                            | 200%                                                                          | Maximum   |
| 2                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 3                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 4                                            | Between 100%-200%<br>determined by linear<br>interpolation as set forth below |           |
| 5                                            | 100%                                                                          | Target    |
| 6                                            | Between 25%-100%<br>determined by linear<br>interpolation as set forth below  |           |
| 7                                            | 25%                                                                           | Threshold |
| 8                                            | 0%                                                                            |           |
| 9                                            | 0%                                                                            |           |
| 10                                           | 0%                                                                            |           |

*If the Company's Adjusted Operating Margin Percentage rank is the second, third, or fourth highest among the peer companies or sixth highest among the peer companies, then the number of shares issued shall be adjusted based on linear interpolation, based on the relative percentage achieved.*

#### *2018 equity-based long-term incentive payouts:*

The performance share units granted in 2016 to our executive officers (including Mr. Fornaro) for the 2016-2018 performance cycle settled in February 2019 with a 175% payout, based on an above target total shareholder return (ranking third out of a ten-member peer group). Below is the number of shares of the Company's common stock issued to each of our NEOs in settlement of their performance share units based on total shareholder return, granted in 2016:

| Named Executive Officer | Performance Share Units<br>(Based on Total<br>Shareholder Return)<br>Vested in 2018 | Settlement Shares | Estimated Value (\$) (1) |
|-------------------------|-------------------------------------------------------------------------------------|-------------------|--------------------------|
| Robert L. Fornaro       | 51,471                                                                              | 90,074            | 5,553,062                |
| Edward M. Christie III  | 5,044                                                                               | 8,827             | 544,185                  |
| Scott M. Haralson       | 2,242                                                                               | 3,923             | 241,853                  |
| John Bendoraitis        | 5,044                                                                               | 8,827             | 544,185                  |
| Thomas C. Canfield      | 5,044                                                                               | 8,827             | 544,185                  |
| Rocky B. Wiggins (2)    | —                                                                                   | —                 | —                        |

(1) Based on the closing price of our common stock as of February 12, 2019 (settlement date), which was \$61.65.

(2) Mr. Wiggins joined the Company as SVP and CIO on September 30, 2016, and did not receive a grant of performance share units in 2016.

Moreover, the 18,717 performance share units based on adjusted operating margin granted in 2017 to Mr. Fornaro for the 2017-2018 performance cycle (which main purpose was to bring the elements of Mr. Fornaro's long-term equity based incentive more closely into alignment with other Company officers - as described in more detail above) also settled in February 2019 with a 54.8% payout, based on a below-threshold adjusted operating margin rank of four (out of a ten-member peer group). Accordingly, Mr. Fornaro received 10,256 shares of the Company's common stock in settlement of his performance share units based on adjusted operating margin.

4. **Benefits.** We provide the following benefits to our NEOs. These are the same benefits provided to all our employees:

- medical, dental and vision insurance;
- life insurance, accidental death and dismemberment and business travel and accident insurance;
- employee assistance program;
- health and dependent care flexible spending accounts;
- short and long-term disability; and
- 401(k) plan.

In addition, we provide supplemental life insurance to our employees at the director level and above, including our executive officers.

#### **Additional Compensation Information**

1. **Severance and Change in Control-Based Compensation.** Except for Mr. Fornaro (whose employment with the Company as an executive ended on December 31, 2018), all of our NEOs are covered by the Company's 2017 executive severance plan (the "2017 Executive Severance Plan"), which was adopted in March 2017 by the Board of Directors on the recommendation of the Compensation Committee. Pursuant to the 2017 Executive Severance Plan and subject to an exception applicable only to Mr. Christie as noted below, as of December 31, 2018, each executive who holds a senior vice president or higher position is entitled to receive:

- (a) in the event of an involuntary termination by the Company without cause unrelated to a change in control, (i) a cash severance amount equal to 100% of his or her annual base salary for the year of termination, payable in equal installments over twelve months, (ii) a continuation of COBRA coverage for twelve months, (iii) a free family travel pass on our flights for twelve months and (iv) the use of a Company-owned mobile phone for up to thirty days; or
- (b) in the event of an involuntary termination by the Company without cause or a voluntary termination by the executive for good reason, in each case within eighteen months following a change in control, (i) a cash severance amount equal to two times the sum of his or her annual base salary for the year of termination plus his or her target incentive bonus for the year of termination, payable in equal installments over twenty four months, (ii) his or her incentive bonus for the year of termination, prorated from the beginning of the year to the date of termination based on actual incentive plan performance as of the date of termination, (iii) outplacement services not to exceed \$10,000, (iv) a continuation of COBRA coverage for twelve months, (v)

a free family travel pass on our flights for twelve months; and (vi) the use of a Company-owned mobile phone for up to thirty days.

As for severance and other benefits under the 2017 Executive Severance Plan that (i) constitute “parachute payments” within the meaning of Section 280G of the Code (“280G Payments”), and (ii) would otherwise be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the 280G Payments will be either: (i) delivered in full, or (ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the executive officer on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. The Company is not required to provide “gross-ups” for any excise taxes.

The 2017 Executive Severance Plan provides, with respect to participants whose employment with the Company commenced on or after September 1, 2014, that (i) the Board is permitted to terminate an officer for poor performance without triggering severance benefits; and (ii) unpaid severance benefits would be offset by compensation earned by a former employee from a new employer during the applicable severance period.

The benefits provided under the 2017 Executive Severance Plan are in lieu of any other benefits provided under any other Company policy, plan or arrangement, including any benefits provided under any employment agreement. As a condition to receiving benefits under the 2017 Executive Severance Plan, participants must execute a general release.

Restricted stock units granted to executive officers under our 2015 Plan are subject to accelerated vesting in the event the executive officer dies or becomes permanently disabled while still employed by the Company or in the event of a termination of the executive officer by the Company without cause or a voluntary resignation by the executive officer for good reason, in either case after the Company has entered into a definitive change in control agreement. Performance share units granted to our executive officers under our 2015 Plan will automatically terminate in the event the executive officer's employment terminates for any reason prior to the end of the applicable performance period except that the Company would be subject to a prorated settlement obligation in the event of a change in control or the executive officer's death or permanent disability during the applicable measurement period. Stock appreciation performance awards are subject to the following: (i) an accelerated vesting and prorated settlement in the event the executive officer dies or becomes permanently disabled while still employed by the Company or in the event of a termination of the executive officer by the Company without cause or a voluntary resignation by the executive officer for good reason, in either case after the Company has entered into a definitive change in control agreement, provided that the triggering event occurs prior to December 31, 2019; (ii) accelerated vesting in full in the event of a change in control that becomes effective after December 31, 2019; (iii) accelerated vesting in full in the event the executive officer dies or becomes permanently disabled while still employed by the Company or in the event of a termination of the executive officer by the Company without cause or a voluntary resignation by the executive officer for good reason, in either case after the Company has entered into a definitive change in control agreement, provided that the triggering event occurs after December 31, 2019; or (iv) accelerated vesting in full in the event the executive officer dies or becomes permanently disabled while still employed by the Company, after December 31, 2019.

The Company and Mr. Fornaro entered into an employment agreement, dated January 4, 2016 (the “Fornaro Employment Agreement”) setting forth the terms and conditions under which he served as CEO and President for the three-year period ended December 31, 2018 (effective January 1, 2018, Mr. Christie was promoted to President and CFO, and effective January 1, 2019, Mr. Christie succeeded Mr. Fornaro as CEO and President). Under the Fornaro Employment Agreement, Mr. Fornaro was entitled to participate in Company employee benefit plans on the same basis as all other employees, except that he would not be eligible for benefits under the Company's 2017 Executive Severance Plan. If the Company had terminated Mr. Fornaro's employment without cause prior to December 31, 2018, or if a qualifying change in control had occurred prior to December 31, 2018 and Mr. Fornaro terminated his employment for good reason within 180 days following such change in control but prior to December 31, 2018, then Mr. Fornaro would have been entitled to receive (i) base salary from the date of such termination through December 31, 2018, (ii) Company-paid COBRA coverage and, if eligibility for COBRA benefits lapses, health insurance benefits reasonably consistent with Company coverage until the age of 65, and (iii) a lifetime travel pass on the Company's flights, covering Mr. Fornaro, his spouse and dependents, in each case subject to Mr. Fornaro's execution and delivery to the Company of a general release of claims. Mr. Fornaro is not entitled to severance upon expiration of the employment period on December 31, 2018. Under the Fornaro Employment Agreement, Mr. Fornaro is restricted from involvement in any business competing with the Company's business until December 31, 2019. The Fornaro Employment Agreement also contains customary covenants relating to non-disclosure of Company confidential information and Company ownership of intellectual property and work product. Mr. Fornaro recused himself from all Board and Compensation Committee deliberations and decisions relating to his employment agreement.

The Company and Mr. Christie entered into a letter agreement, dated March 15, 2018 (the "Christie Letter Agreement") setting forth the terms and conditions under which he would serve as President and CFO and starting on January 1, 2019, as CEO and President. Under the Christie Letter Agreement, Mr. Christie is eligible for participation in the 2017 Executive Severance Plan; provided, however, that in the event of a non-change in control termination without cause, Mr. Christie shall be entitled to receive a cash severance amount equal to 150% of base salary rather than 100% of base salary and the other terms of the 2017 Executive Severance Plan shall continue to apply. In the event Mr. Christie ceases to be employed by the Company for any reason other than death or a termination by the Company for cause (as defined in the 2017 Executive Severance Plan), subject of his execution of a release of claims in favor of the Company and compliance with a certain non-competition restriction, the Company shall provide him (and his spouse and dependent children) a lifetime travel pass for the Company's flights, enabling them to travel for free in any class of service that is available at the time of reservation. The Christie Letter Agreement also includes restrictive covenants, including a 12-month post termination restriction on competition and solicitation.

**2. Limited Perquisites.** Perquisites are not a significant part of our executive compensation program. As is common in the airline industry, senior executives and their immediate families are entitled to certain travel privileges on our flights, which may be on a positive space basis. Similar travel benefits (which generally are on a space available basis) are afforded to all of our director-level employees and above. The value of such flight benefits for the executives is reported as taxable income. We believe that providing these benefits is a relatively inexpensive way to enhance the competitiveness of the executive's compensation package. We do not provide any other significant perquisites or personal benefits to our NEOs. In addition, in circumstances where the Company is recruiting an executive candidate who would have to relocate to accept our job offer, we provide such executive with relocation assistance, which includes travel, shipping household goods and temporary housing. Relocation benefits are an important tool for us to recruit and retain key management talent.

**3. Stock Ownership Guidelines for Executives.** We maintain stock ownership guidelines for our executive officers. Under the guidelines, our NEOs are required to meet a share ownership level (consisting of shares of common stock and restricted stock units but excluding performance share units) with a minimum value equal to 2 times base salary (5 times salary for the CEO) of which at least one-third must be owned outright in the form of shares of our common stock. Also under the guidelines, our other executive officers (non-NEOs) are required to meet a share ownership level (consisting of shares of common stock and restricted stock units but excluding performance share units) with a minimum level equal to 1.5 times base salary of which one-third must be owned outright in the form of shares of our common stock. The Company's officers are expected to meet their ownership levels within five years of becoming subject to the guidelines. All of our executive officers, including our NEOs, who have served at least five years, are currently in compliance with the revised guidelines. The following table sets forth, as of March 15, 2019, information regarding the equity ownership of our current NEOs as well as Mr. Fornaro who is no longer a Company employee:

| Named Executive Officers           | Shares of Common Stock Owned Outright | Market Value of Shares of Common Stock Owned Outright (1) | Restricted Stock Units Unvested | Performance Share Units Unvested (2) |
|------------------------------------|---------------------------------------|-----------------------------------------------------------|---------------------------------|--------------------------------------|
| Robert L. Fornaro (CEO) (3)        | 107,121                               | \$5,805,958                                               | 1,718                           | 8,130                                |
| Edward M. Christie III (President) | 140,371                               | \$7,608,108                                               | 24,025                          | 50,775                               |
| Scott M. Haralson (SVP)            | 14,243                                | \$771,971                                                 | 7,438                           | 15,007                               |
| John Bendoraitis (EVP)             | 19,885                                | \$1,077,767                                               | 12,162                          | 26,782                               |
| Thomas C. Canfield (SVP)           | 52,834                                | \$2,863,603                                               | 9,928                           | 21,919                               |
| Rocky B. Wiggins (SVP)             | 5,055                                 | \$273,981                                                 | 18,734                          | 20,226                               |

- (1) The market value of shares of common stock owned outright is calculated based on the closing price of our common stock as of March 15, 2019 which was \$54.20.
- (2) Amounts shown in the "Performance Share Units Unvested" column represent the target number of shares issuable with respect to the awards of performance share units (including the 2018 one-time awards of performance share units based on stock appreciation) granted in 2017, 2018 and 2019.
- (3) Pursuant to his employment agreement, Mr. Fornaro's employment with the Company started on January 4, 2016 and terminated on December 31, 2018. The unvested restricted stock units showing for Mr. Fornaro correspond to the annual grant of restricted stock units that he received for his service as a director of the Company, pursuant to the Company's non-employee director compensation program.

4. **Clawback Policy.** In January 2014, the Company adopted a clawback policy (the “Prior Clawback Policy”) providing for the termination and forfeiture of outstanding incentive compensation awards to officers and for the recoupment of gains actually or constructively received by officers pursuant to incentive compensation awards, in each case where the Company is required to prepare a restated financial statement and where a lower incentive payment or award would have been made to or received by the officer had they been based on the restated financial results. In March 2019, with input from the Compensation Committee’s independent compensation consultant and independent legal counsel, the Compensation Committee approved, and the Board ratified, a new clawback policy (the “New Clawback Policy”), primarily expanding the scenarios under which forfeiture and recoupment of incentive compensation would be allowed and also expanding coverage to all executives. The New Clawback Policy applies to all incentive compensation approved, granted or awarded on or after March 19, 2019. The Prior Clawback Policy remains in effect with respect to all incentive compensation approved, granted or awarded prior to March 19, 2019. Under the New Clawback Policy, the Company is required to seek reimbursement of incentive compensation (cash and equity-based) paid, and to forfeiture and cancel incentive compensation yet to be paid, to officers and other executives on the basis of reported financial results that were later the subject of a financial statement restatement, in each case to the extent that the incentive compensation actually received or earned exceeded the amount that would have been received or earned based on the restated financial results, as determined by the Compensation Committee. The New Clawback Policy also gives the Compensation Committee discretionary recoupment rights in scenarios not involving a financial restatement, including fraud, negligence or misconduct that cause reputational or financial harm to the Company and the payment of incentive compensation based on financial or operating performance results that were incorrectly calculated or reported.

In addition, the award agreements applicable to awards under the Company’s long-term incentive plans and awards of annual cash bonus opportunities under the Company’s short-term incentive plans contain clawback provisions providing for the termination and forfeiture of outstanding incentive compensation awards and for the recoupment of gains actually or constructively received pursuant to incentive compensation awards, in each in situations where the executive engages in any activity in competition with the Company or which is inimical, contrary or harmful to the interests of the Company, in the determination of the Compensation Committee.

Taken together, all of the Company’s clawback rights and remedies are believed to be consistent with best corporate governance practices.

5. **Tax and Accounting Considerations.** The Board and the Compensation Committee generally consider the financial accounting and tax implications of their executive compensation decisions. Under Section 162(m) of the Internal Revenue Code, compensation paid to certain of our NEOs (other than our chief financial officer) in excess of \$1.0 million per year was not deductible unless the compensation was “performance-based” as described in the regulations under Section 162(m). Our 2015 Plan was generally designed to comply with Section 162(m) (if applicable and practicable) in order to enable the Company to take company tax deductions in respect of certain performance-based compensation payable to our Section 162(m) executive officers without regard to the limitations of Section 162(m).

The exemption from Section 162(m)’s deduction limit for performance-based compensation was repealed in 2017, effective for taxable years beginning after December 31, 2017, subject to certain grandfathered provisions. Due to uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of certain transition relief under the legislation repealing Section 162(m)’s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will be deductible. The Compensation Committee reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with the Company’s business needs.

Moreover, our Compensation Committee does not believe that compensation decisions should be determined solely by how much compensation is deductible for federal income tax purposes. As a result, our Compensation Committee has authorized non-deductible compensation and reserves its right to, and retains the discretion to, authorize payments that may not be deductible if it believes that such payments are in the best interests of the Company and its stockholders. Moreover, further changes in applicable tax laws and regulations as well as factors beyond the control of the Compensation Committee can adversely impact the deductibility of compensation paid to our executive officers.

## **REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION**

*The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of Spirit under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and the Company’s 2018 Annual Report on Form 10-K.

### **Compensation Committee**

David G. Elkins, Chairman

H. McIntyre Gardner

Myrna M. Soto

Dawn M. Zier

## COMPENSATION TABLES

### *Summary Compensation Table*

The following table sets forth all of the compensation awarded to, earned by or paid to our NEOs during the past three calendar years.

| Name and Principal Position During 2018                                          | Year | Salary (\$)            | Bonus (\$)              | Stock Awards (\$) (1)    | Non-Equity Incentive Plan Compensation (\$) (2) | All Other Compensation (\$) (3) | Total (\$) |
|----------------------------------------------------------------------------------|------|------------------------|-------------------------|--------------------------|-------------------------------------------------|---------------------------------|------------|
| Robert L. Fornaro<br>Chief Executive Officer                                     | 2018 | 647,917                | —                       | 285,994 <sup>(4)</sup>   | 1,453,763                                       | 17,877                          | 2,405,551  |
|                                                                                  | 2017 | 600,000                | —                       | 959,246 <sup>(5)</sup>   | 675,000                                         | 4,110                           | 2,238,356  |
|                                                                                  | 2016 | 548,236                | 30,000 <sup>(6)</sup>   | 5,739,273 <sup>(7)</sup> | 846,800                                         | 8,203                           | 7,172,512  |
| Edward M. Christie III<br>President                                              | 2018 | 543,750                | —                       | 4,113,877                | 987,250                                         | 22,801                          | 5,667,678  |
|                                                                                  | 2017 | 396,417                | —                       | 700,618                  | 285,420                                         | 1,024                           | 1,383,479  |
|                                                                                  | 2016 | 352,750                | —                       | 555,496                  | 381,398                                         | 2,051                           | 1,291,695  |
| Scott M. Haralson (8)<br>Senior Vice President,<br>Chief Financial Officer       | 2018 | 278,500                | —                       | 466,544                  | 276,318                                         | 25,154                          | 1,046,516  |
| John Bendoraitis<br>Executive Vice President<br>and Chief Operating<br>Officer   | 2018 | 398,625                | —                       | 816,093                  | 572,426                                         | 19,104                          | 1,806,248  |
|                                                                                  | 2017 | 366,167                | —                       | 550,554                  | 230,685                                         | 1,716                           | 1,149,122  |
|                                                                                  | 2016 | 352,750                | —                       | 555,496                  | 381,398                                         | 8,175                           | 1,297,819  |
| Thomas C. Canfield<br>Senior Vice President,<br>General Counsel and<br>Secretary | 2018 | 364,167                | —                       | 747,358                  | 457,575                                         | 14,377                          | 1,583,477  |
|                                                                                  | 2017 | 354,317                | —                       | 450,417                  | 223,220                                         | 373                             | 1,028,327  |
|                                                                                  | 2016 | 345,100                | —                       | 555,496                  | 373,126                                         | 206                             | 1,273,928  |
| Rocky B. Wiggins (9)<br>Senior Vice President and<br>Chief Information Officer   | 2018 | 344,167                | —                       | 658,549                  | 432,445                                         | 21,506                          | 1,456,667  |
|                                                                                  | 2017 | 335,000                | —                       | 450,417                  | 211,050                                         | 28,894                          | 1,025,361  |
|                                                                                  | 2016 | 85,038 <sup>(10)</sup> | 175,000 <sup>(11)</sup> | 927,537                  | 91,945 <sup>(12)</sup>                          | 11,091                          | 1,290,611  |

- (1) Amounts shown in the “Stock Awards” column for 2018 represent the aggregate grant date fair value of shares of restricted stock units, performance share units and/or the one-time stock appreciation performance awards granted during that year, as indicated and computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions and accounting expense recognized, see Note 11, “Stock-Based Compensation”, to our Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018. For information on the valuation assumptions with respect to grants made prior to 2018, please refer to the notes to our financial statements in our applicable annual report on Form 10-K. The measures that determine the number of units to be earned for the performance share units granted during 2018 are our total shareholder return and adjusted operating margin, compared to the applicable performance peer group and computed over the performance period, which are market and performance conditions, respectively, as defined under FASB ASC 718. The measure that determines the number of units to be earned for the one-time stock appreciation performance awards is based on the extent to which the Company's stock price has appreciated over the performance period, which is a market condition, as defined under FASB ASC 718. For purposes of the table above, the amount disclosed for stock appreciation awards is based on the estimated value at grant date, which was reached by multiplying each executive officer's salary as of grant date by an estimated multiplier determined under a Monte Carlo valuation which estimates the performance of the Company's stock price over the two-year performance period.
- (2) Amounts shown in the “Non-Equity Incentive Plan Compensation” column for 2018 represent cash bonuses under the Company's 2018 short term cash bonus program awarded in January 2018 and paid in February 2019, as disclosed more fully under the "Compensation Discussion and Analysis" section of this Proxy Statement.
- (3) Amounts under the “All Other Compensation” column consist of 401(k) company-matching contribution, company-paid life insurance and accidental death and dismemberment insurance premiums, travel benefits, relocation payments, health care premiums and contributions, and short-term and long-term disability premiums. The amounts for 2018 are as follows:

| Name            | 401(k) Plan Company Contributions (\$)(*) | Company-Paid Life Insurance and Accidental Death and Dismemberment Insurance Premiums (\$) | Travel Benefits (\$) | Relocation Payments (\$) | Health Care Premiums & Contributions (\$) | Short-term and Long-term Disability Premiums (\$) |
|-----------------|-------------------------------------------|--------------------------------------------------------------------------------------------|----------------------|--------------------------|-------------------------------------------|---------------------------------------------------|
| Mr. Fornaro     | 4,813                                     | 220                                                                                        | 203                  | —                        | 9,794                                     | 2,847                                             |
| Mr. Christie    | 6,625                                     | 220                                                                                        | 1,352                | —                        | 11,757                                    | 2,847                                             |
| Mr. Haralson    | 8,250                                     | 220                                                                                        | 2,080                | —                        | 11,757                                    | 2,847                                             |
| Mr. Bendoraitis | 8,379                                     | 220                                                                                        | 1,579                | —                        | 6,079                                     | 2,847                                             |
| Mr. Canfield    | —                                         | 220                                                                                        | 711                  | —                        | 10,599                                    | 2,847                                             |
| Mr. Wiggins     | —                                         | 220                                                                                        | 719                  | 3,618                    | 14,102                                    | 2,847                                             |

(\*) See Note 16 (Defined Contribution 401(k) Plan) to our Financial Statements in our 2018 Annual Report for a description of employer matching contributions made under our defined contribution 401(k) plans.

- (4) Amount shown represents the aggregate grant date fair value of the one-time stock appreciation performance award granted to Mr. Fornaro (and other executive officers, including NEOs) in 2018. See Footnote 1 above for a more detailed description of valuation, and refer to the "Equity-based long-term incentives" subsection above for a more detailed description of the award.
- (5) Amount shown represents the grant date fair value of shares of the performance share units granted to Mr. Fornaro in March 2017, computed in accordance with FASB ASC Topic 718. In March 2017, after consultation with Willis Towers Watson, in order to better align Mr. Fornaro's currently held performance share units (granted in January 2016 pursuant to his employment agreement) to the performance share units awarded to other officers in 2017 - specifically, the introduction of relative adjusted operating margin as another performance metric - the Compensation Committee agreed with Mr. Fornaro to modify his original grant by canceling 18,717 of his currently-held performance share units that were based on relative total shareholder return measured over a three-year period, and replacing them with an award of 18,717 performance share units based on relative adjusted operating margin, subject to a two-year performance cycle commencing on January 1, 2017 and ending on December 31, 2018 (the date when his employment term is scheduled to end). This adjustment was agreed in order to bring the elements of Mr. Fornaro's long-term equity based incentive more closely into alignment with other Company officers. In March 2017, the total shareholder return for the 18,717 performance share units was 125% and would have resulted in payment of 23,396 shares assuming the performance period ended on such date; however, Mr. Fornaro voluntarily accepted the 18,717 adjusted operating margin performance share units at target in order to further align with management. The 18,717 units represent 20% of the equity-based award that Mr. Fornaro would have been awarded for 2017 and 2018 had he not received a front-loaded award in 2016, as more fully described above.
- (6) Upon his appointment as President and CEO effective January 4, 2016, Mr. Fornaro received a signing bonus in the amount of \$30,000.
- (7) Upon his appointment as President and CEO effective January 4, 2016, Mr. Fornaro was awarded a three-year front-loaded equity based award of 140,376 units (70,188 restricted stock units and 70,188 performance share units subject to a three-year performance measurement period). The amount shown represents the aggregate grant date fair value of such units computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions and accounting expense recognized, see footnote (1) above.
- (8) Mr. Haralson was not a NEO in 2017 or 2016.
- (9) Mr. Wiggins joined the Company as SVP and CIO on September 30, 2016.
- (10) Mr. Wiggins' 2016 base salary was prorated to reflect his September 30, 2016 employment start date.
- (11) Upon commencement of employment on September 30, 2016, Mr. Wiggins received a signing bonus in the amount of \$175,000.
- (12) Mr. Wiggins short-term cash incentive bonus was prorated to reflect his September 30, 2016 employment start date.

## Grants of Plan-Based Awards in 2018

The following table sets forth certain information with respect to grants of plan-based awards to our NEOs for 2018.

| Name                   | Grant Date | Committee Action Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1) (\$) |         |           | Estimated Future Payouts Under Equity Incentive Plan Awards (2) (#) |        |         | All Other Stock Awards: Number of Shares of Stock or Units (3) (#) | Grant Date Fair Market Value of Stock Awards (4) (\$) |
|------------------------|------------|-----------------------|----------------------------------------------------------------------------|---------|-----------|---------------------------------------------------------------------|--------|---------|--------------------------------------------------------------------|-------------------------------------------------------|
|                        |            |                       | Threshold                                                                  | Target  | Maximum   | Threshold                                                           | Target | Maximum |                                                                    |                                                       |
| Robert L. Fornaro      | —          | —                     | 406,250                                                                    | 812,500 | 1,625,000 | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 5,952                                                               | —      | 22,022  | —                                                                  | 285,994                                               |
| Edward M. Christie III | —          | —                     | 275,000                                                                    | 550,000 | 1,100,000 | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 4,120                                                               | 16,479 | 32,958  | —                                                                  | 825,873                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 5,036                                                               | —      | 18,633  | —                                                                  | 241,980                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | —                                                                   | —      | —       | 65,917                                                             | 3,046,025                                             |
| Scott M. Haralson      | —          | —                     | 77,257                                                                     | 154,514 | 309,028   | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 906                                                                 | 3,625  | 7,250   | —                                                                  | 181,675                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 2,472                                                               | —      | 9,146   | —                                                                  | 118,780                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | —                                                                   | —      | —       | 2,417                                                              | 111,690                                               |
|                        | 10/16/2018 | 10/16/2018            | —                                                                          | —       | —         | —                                                                   | —      | —       | 1,080                                                              | 54,400                                                |
| John Bendoraitis       | —          | —                     | 160,000                                                                    | 320,000 | 640,000   | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 1,978                                                               | 7,910  | 15,820  | —                                                                  | 396,421                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 3,663                                                               | —      | 13,553  | —                                                                  | 176,007                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | —                                                                   | —      | —       | 5,273                                                              | 243,665                                               |
| Thomas C. Canfield     | —          | —                     | 127,750                                                                    | 255,500 | 511,000   | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 1,813                                                               | 7,251  | 14,502  | —                                                                  | 363,396                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 3,342                                                               | —      | 12,365  | —                                                                  | 160,583                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | —                                                                   | —      | —       | 4,834                                                              | 223,379                                               |
| Rocky B. Wiggins       | —          | —                     | 120,750                                                                    | 241,500 | 483,000   | —                                                                   | —      | —       | —                                                                  | —                                                     |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 1,566                                                               | 6,262  | 12,524  | —                                                                  | 313,833                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | 3,159                                                               | —      | 11,688  | —                                                                  | 151,790                                               |
|                        | 1/16/2018  | 1/16/2018             | —                                                                          | —       | —         | —                                                                   | —      | —       | 4,175                                                              | 192,927                                               |

- (1) The amounts in the table above reflect the threshold, target and maximum payouts under the Company's 2018 short term cash bonus program, as disclosed more fully under the "Compensation Discussion and Analysis" section of this Proxy Statement.
- (2) The amounts in the table above reflect the threshold, target and maximum number of shares issuable with respect to performance share units granted in January 2018. The performance share units are settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's total shareholder return and adjusted operating margin performance, as applicable, compared to that of the Performance Share TSR Peer Group or Performance Share Op Margin Peer Group, as applicable, over the three-year period commencing on January 1, 2018 and ending on December 31, 2020. The column also reflects the threshold and maximum number of shares issuable with respect to the stock appreciation performance awards, which are settled in shares of common stock, in an amount from 0% to 370% (with a threshold level of 100%), based on the extent to which the Company's stock price has appreciated over the performance period (see "Summary Compensation Table, Footnote 1" for a more detailed description of valuation).
- (3) Amounts in the table reflect restricted stock units awarded on January 16, 2018, vesting 25% on January 16, 2019, 25% on January 16, 2020, 25% on January 16, 2021 and 25% on January 16, 2022. For Mr. Christie, in addition to the foregoing annual equity-based grant, amount shown also includes a one-time promotional equity-based grant of restricted stock units, vesting 50% on January 16, 2020, 25% on January 16, 2021 and 25% on January 16, 2022. For Mr. Haralson, in addition to the foregoing annual equity-based grant, amount shown also includes a one-time promotional equity-based grant of restricted stock units, vesting 50% on October 16, 2020, 25% on October 16, 2021 and 25% on October 16, 2022.
- (4) Amounts shown in this column represent the aggregate grant date fair value of shares of restricted stock units, performance share units and, only for 2018, stock appreciation performance awards, granted on each year as indicated and computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions and accounting expense recognized, see Note 11, "Stock-Based Compensation", to our Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

## ***Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards***

### ***Employment Agreements and Offer Letters***

**Robert L. Fornaro.** As noted above, the Company and Mr. Fornaro entered into the Fornaro Employment Agreement, dated January 4, 2016, setting forth the terms and conditions under which he would serve as CEO and President for the three-year period ending December 31, 2018. Under the Fornaro Employment Agreement, Mr. Fornaro was entitled to participate in Company employee benefit plans on the same basis as all other employees, but was not eligible for benefits under the Company's 2017 Executive Severance Plan. If the Company had terminated Mr. Fornaro's employment without cause prior to December 31, 2018, or if a qualifying change in control had occurred prior to December 31, 2018 and Mr. Fornaro terminated his employment for good reason within 180 days following such change in control but prior to December 31, 2018, then Mr. Fornaro would have been entitled to receive (i) base salary from the date of such termination through December 31, 2018, (ii) Company-paid COBRA coverage and, if eligibility for COBRA benefits lapses, health insurance benefits reasonably consistent with Company coverage until the age of 65, and (iii) a lifetime travel pass on the Company's flights, covering Mr. Fornaro, his spouse and dependents, in each case subject to Mr. Fornaro's execution and delivery to the Company of a general release of claims. Mr. Fornaro is not entitled to severance upon expiration of the employment period on December 31, 2018. Under the Employment Agreement, Mr. Fornaro is restricted from involvement in any business competing with the Company's business until December 31, 2019 (and for so long thereafter as he may be entitled to receive severance payments from the Company). The Employment Agreement also contains customary covenants relating to non-disclosure of Company confidential information and Company ownership of intellectual property and work product.

**Edward M. Christie III.** On February 29, 2012, we entered into an offer letter with Edward M. Christie III, to join our Company as Senior Vice President and Chief Financial Officer. Under that letter agreement, Mr. Christie was entitled to receive an annual base salary from us initially set at \$300,000 and a target bonus initially set at 70% of base salary with a maximum payout capped at 200% of base salary. In addition, the agreement provided for a sign-on grant of 95,000 units of equity-based long-term incentive, under our 2011 Plan, which grant was comprised 50% of time-vested restricted stock units and 50% of performance share units, on the same terms as the 2012 grants for other senior officers. The letter agreement also provided a relocation allowance for Mr. Christie and his family of up to \$75,000 (subject to documentation of expenses actually incurred) and positive space travel on our airline for the executive and his immediate family. In January 2017, the Board promoted Mr. Christie to Executive Vice President and Chief Financial Officer.

As noted above, the Company and Mr. Christie entered into the Christie Letter Agreement, dated March 15, 2018, setting forth the terms and conditions under which he would serve as President and CFO and, starting on January 1, 2019, as CEO and President. Mr. Christie also became a member of the Board, effective as of January 1, 2018. Under the Christie Letter Agreement, Mr. Christie received an annual base salary from us of \$550,000 for 2018, which was increased to \$700,000 for 2019 and a target bonus of 100% of base salary for 2018 and 125% of base salary for 2019 with a maximum payout for each year capped at 200% of target bonus. In addition, pursuant to the Christie Letter Agreement, Mr. Christie was granted a one-time off-cycle promotion equity-based incentive award of restricted stock unit with a grant date value of \$2,500,000, vesting over four years subject to Mr. Christie's continued service on each vesting date. Mr. Christie will also be eligible to receive annual long-term incentive equity awards while employed with the Company, with his 2018 grant having a target grant date value of \$1,250,000 and his 2019 grant having a target grant date value of \$1,750,000. Under the Christie Letter Agreement, Mr. Christie is eligible for participation in the 2017 Executive Severance Plan; provided, however, that in the event of a non-change in control termination without cause, Mr. Christie, shall be entitled to receive a cash severance amount equal to 150% of base salary rather than 100% of base salary and the other terms of the 2017 Executive Severance Plan shall continue to apply. In the event Mr. Christie ceases to be employed by the Company for any reason other than death or a termination by the Company for cause (as defined in the 2017 Executive Severance Plan), subject of his execution of a release of claims in favor of the Company and compliance with a certain non-competition restriction, the Company shall provide him (and his spouse and dependent children) a lifetime travel pass for the Company's flights, enabling them to travel for free in any class of service that is available at the time of reservation. The Christie Letter Agreement also includes restrictive covenants, including a 12-month post termination restriction on competition and solicitation.

**Scott M. Haralson.** On August 1, 2012, we entered into an offer letter with Scott Haralson to join our Company as Vice President, Financial Planning and Analysis. Under that letter agreement, Mr. Haralson is entitled to receive an annual base salary from us initially set at \$225,000 and a target bonus initially set at 50% of base salary with a maximum payout capped at 190% of base salary. The letter agreement also provided for a relocation allowance for Mr. Haralson and his family of up to \$50,000 (subject to documentation of expenses actually incurred) and positive space travel on our airline for the executive and his immediate family. Mr. Haralson was most recently promoted to Senior Vice President and Chief Financial Officer, effective October 16, 2018. The compensation elements associated with such promotion are discussed in more detail in the "Compensation Discussion and Analysis" section.

**John Bendoraitis.** On September 7, 2013, we entered into an offer letter with John Bendoraitis to join our Company as Senior Vice President and Chief Operating Officer. Under that letter agreement, Mr. Bendoraitis is entitled to receive an annual base salary from us initially set at \$320,000 and a target bonus initially set at 70% of base salary with a maximum payout capped at 200% of base salary. In addition, his employment letter agreement provided for a sign-on grant of 32,394 units of equity-based long-term incentive, under our 2011 Plan, which grant was comprised 50% of time-vested restricted stock units and 50% of performance share units, on the same terms as the 2013 grants for other senior officers. The letter agreement also provided for a signing cash bonus of \$115,000, a relocation allowance for Mr. Bendoraitis and his family of up to \$60,000 (subject to documentation of expenses actually incurred) and positive space travel on our airline for the executive and his immediate family. Mr. Bendoraitis was promoted from Senior Vice President and Chief Operating Officer to Executive Vice President and Chief Operating Officer, effective December 13, 2017. The compensation elements associated with such promotion are discussed in more detail in the "Compensation Discussion and Analysis" section.

**Thomas C. Canfield.** On September 10, 2007, we entered into an offer letter with Thomas C. Canfield, our current Senior Vice President, General Counsel and Secretary. Under the agreement, Mr. Canfield is entitled to receive an annual base salary from us initially set at \$275,000, and a target bonus initially set at 50% of base salary with the maximum payout capped at 200% of base salary. In addition, the agreement provided for a grant of 75,000 shares of restricted stock to Mr. Canfield in connection with his commencement of employment, in accordance with the terms of our 2005 Stock Plan. The letter agreement also provides for positive space travel on our airline for the executive and his immediate family.

**Rocky B. Wiggins.** On July 25, 2016, we entered into an offer letter with Rocky B. Wiggins, our current Senior Vice President and Chief Information Officer. Under that letter agreement, Mr. Wiggins is entitled to receive an annual base salary from us initially set at \$335,000 and a target bonus level of 70% of base salary with a maximum payout capped at 200% of base salary. In addition, the agreement provided for a sign-on grant of 21,809 units of equity-based long-term incentive, under our 2015 Plan, which grant was comprised of time-vested restricted stock units, vesting 50% on September 30, 2018, 25% on September 30, 2019 and 25% on September 30, 2020. The letter agreement also provided a relocation allowance for Mr. Wiggins and his family of up to \$100,000 (subject to documentation of expenses actually incurred) and positive space travel on our airline for the executive and his immediate family.

## Outstanding Equity Awards at December 31, 2018

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2018.

| Name                   | Vesting Commencement Date |     | Stock Awards                                       |                                                              |                                                                                                   |               | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested \$(1) |
|------------------------|---------------------------|-----|----------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------|
|                        |                           |     | Number of Shares or Units that Have Not Vested (#) | Market Value of Shares or Units that Have Not Vested (\$)(1) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That have Not Vested (#) | (2)Vested (#) |                                                                                                                     |
| Robert L. Fornaro      | 1/16/2018                 | (3) | —                                                  | —                                                            | 8,130                                                                                             |               | 470,890                                                                                                             |
| Edward M. Christie III | 1/16/2018                 | (4) | 65,917                                             | 3,817,913                                                    | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/16/2018                 |     | —                                                  | —                                                            | 29,058                                                                                            |               | 1,683,039                                                                                                           |
|                        | 1/16/2018                 | (3) | —                                                  | —                                                            | 8,756                                                                                             |               | 507,148                                                                                                             |
|                        | 1/24/2017                 | (5) | 3,751                                              | 217,258                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/24/2017                 |     | —                                                  | —                                                            | 8,027                                                                                             |               | 464,924                                                                                                             |
|                        | 2/18/2016                 | (6) | 2,522                                              | 146,074                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 2/18/2015                 | (7) | 797                                                | 46,162                                                       | —                                                                                                 |               | —                                                                                                                   |
| Scott M. Haralson      | 1/16/2018                 | (4) | 3,497                                              | 202,546                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/16/2018                 |     | —                                                  | —                                                            | 6,392                                                                                             |               | 370,225                                                                                                             |
|                        | 1/16/2018                 | (3) | —                                                  | —                                                            | 4,065                                                                                             |               | 235,445                                                                                                             |
|                        | 1/24/2017                 | (5) | 1,339                                              | 77,555                                                       | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/24/2017                 |     | —                                                  | —                                                            | 2,866                                                                                             |               | 165,999                                                                                                             |
|                        | 2/18/2016                 | (6) | 1,121                                              | 64,928                                                       | —                                                                                                 |               | —                                                                                                                   |
|                        | 2/18/2015                 | (7) | 354                                                | 20,504                                                       | —                                                                                                 |               | —                                                                                                                   |
| John Bendoraitis       | 1/16/2018                 | (4) | 5,273                                              | 305,412                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/16/2018                 |     | —                                                  | —                                                            | 13,948                                                                                            |               | 807,868                                                                                                             |
|                        | 1/16/2018                 | (3) | —                                                  | —                                                            | 5,504                                                                                             |               | 318,792                                                                                                             |
|                        | 1/24/2017                 | (5) | 2,947                                              | 170,690                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/24/2017                 |     | —                                                  | —                                                            | 6,308                                                                                             |               | 365,359                                                                                                             |
|                        | 2/18/2016                 | (6) | 2,522                                              | 146,074                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 2/18/2015                 | (7) | 797                                                | 46,162                                                       | —                                                                                                 |               | —                                                                                                                   |
| Thomas C. Canfield     | 1/16/2018                 | (4) | 4,834                                              | 279,985                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/16/2018                 |     | —                                                  | —                                                            | 12,786                                                                                            |               | 740,565                                                                                                             |
|                        | 1/16/2018                 | (3) | —                                                  | —                                                            | 4,691                                                                                             |               | 271,703                                                                                                             |
|                        | 1/24/2017                 | (5) | 2,411                                              | 139,645                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/24/2017                 |     | —                                                  | —                                                            | 5,160                                                                                             |               | 298,867                                                                                                             |
|                        | 2/18/2016                 | (6) | 2,522                                              | 146,074                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 2/18/2015                 | (7) | 797                                                | 46,162                                                       | —                                                                                                 |               | —                                                                                                                   |
| Rocky B. Wiggins       | 1/16/2018                 | (4) | 4,175                                              | 241,816                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/16/2018                 |     | —                                                  | —                                                            | 11,042                                                                                            |               | 639,553                                                                                                             |
|                        | 1/16/2018                 | (3) | —                                                  | —                                                            | 4,503                                                                                             |               | 260,814                                                                                                             |
|                        | 1/24/2017                 | (5) | 2,411                                              | 139,645                                                      | —                                                                                                 |               | —                                                                                                                   |
|                        | 1/24/2017                 |     | —                                                  | —                                                            | 5,160                                                                                             |               | 298,867                                                                                                             |
|                        | 9/30/2016                 | (8) | 10,904                                             | 631,560                                                      | —                                                                                                 |               | —                                                                                                                   |

- (1) The market value of shares or units that have not vested is calculated based on the closing price of our common stock as of December 31, 2018 which was \$57.92.
- (2) Except for the stock appreciation performance awards (identified and described in Footnote 3 below), the number of performance share units shown represents the number of units that may be earned based on actual performance through December 31, 2018. The performance share units are settled in shares of common stock, in an amount from 0% to 200% of the number of units awarded, based on the Company's total shareholder return and adjusted operating margin, as applicable, compared to that of the Performance Share TSR Peer Group or Performance Share Op Margin Peer Group, as applicable, over the three-year period commencing on January 1, 2017 and ending on December 31, 2019 for the 2017 grants, and commencing on January 1, 2018 and ending on December 31, 2020 for the 2018 grants. Based on actual total shareholder return results through December 31, 2018, the Company's total shareholder return ranked fourth among its peer group as to the 2017 grant of performance share units based on total shareholder return and first among its peer group as to the 2018 grant of performance share units based on total shareholder return. For the 2017 and 2018 grants of performance share units based on total shareholder return, the SEC rules dictate that the number of units payable at maximum level (200% of target grant) be disclosed, as the number of units that would have been earned based on actual results for 2017 and 2018 (instead of through the end of the performance period on December 31, 2019 and December 31, 2020) falls above the target level of performance. Payouts at 200% of target grant for the 2017 and 2018 grants of performance share units based on total shareholder returns through December 31, 2018 would be the following: Mr. Christie: 31,974 shares (\$1,851,934); Mr. Haralson: 8,406 shares (\$486,875); Mr. Bendoraitis: 18,406 shares (\$1,066,075); Mr. Canfield: 16,098 shares (\$932,397); Mr. Wiggins: 14,780 shares (\$856,058). Based on actual adjusted operating margin results through December 31, 2018, the Company's adjusted operating margin ranked fourth among its peer groups as to the 2017 and 2018 grants of performance share units based on adjusted operating margin. Notwithstanding the same ranking (*i.e.*, fourth) for both 2017 and 2018 grants of performance share units based on adjusted operating margin, payouts may vary based on the linear interpolation calculation mentioned in the "Compensation Discussion and Analysis" above. For the 2017 and 2018 grants of performance share units based on adjusted operating margin, the SEC rules dictate that the number of units payable at target level (100% of target grant) and at maximum level (200% of target grant) be disclosed, respectively, as the number of units that would have been earned based on actual results for 2017 and 2018 (instead of through the end of the performance period on December 31, 2019 and December 31, 2020) falls above the threshold level of performance for the 2017 grant and above the target level of performance for the 2018 grant. Payouts at 100% of target grant for the 2017 grants of performance share units based on adjusted operating margin results through December 31, 2018 would be the following: Mr. Christie: 2,501 shares (\$144,858); Mr. Haralson: 893 shares (\$51,723); Mr. Bendoraitis: 1,965 shares (\$113,813); Mr. Canfield: 1,608 shares (\$93,135); Mr. Wiggins: 1,608 shares (\$93,135). Payouts at 200% of target grant for the 2018 grants of performance share units based on adjusted operating margin results through December 31, 2018 would be the following: Mr. Christie: 10,986 shares (\$636,309); Mr. Haralson: 2,416 shares (\$139,935); Mr. Bendoraitis: 5,274 shares (\$305,470); Mr. Canfield: 4,834 shares (\$279,985); Mr. Wiggins: 4,174 shares (\$241,758).
- (3) The number of units shown represents the number of units that may be earned based on actual stock performance through December 31, 2018. The measure that determines the number of units to be earned for the one-time stock appreciation performance awards is based on the extent to which the Company's stock price has appreciated over the applicable performance period (2018). For purposes of the table above, the amount disclosed for stock appreciation awards is based on the estimated value at grant date, which was reached by multiplying each executive officer's salary as of grant date by an estimated multiplier determined by the stock appreciation performance through December 31, 2018.
- (4) The time-vested restricted stock units vest 25% on each of the four anniversary dates following January 16, 2018. For Mr. Christie, in addition to the regular annual equity-based grant, number shown also includes a one-time promotional equity-based grant of restricted stock units, vesting 50% on January 16, 2020, 25% on January 16, 2021 and 25% on January 16, 2022. For Mr. Haralson, in addition to the regular annual equity-based grant, amount shown also includes a one-time promotional equity-based grant of restricted stock units, vesting 50% on October 16, 2020, 25% on October 16, 2021 and 25% on October 16, 2022.
- (5) The remaining unvested restricted stock units (75% of the original grant amount) vest 25% on January 24, 2019 and 50% on January 24, 2020.
- (6) The remaining unvested restricted stock units (50% of the original grant amount) vest 25% on February 18, 2019 and 25% on February 18, 2020.
- (7) The remaining unvested shares of restricted stock (25% of the original grant amount) vest 25% on February 18, 2019.
- (8) The remaining unvested shares of restricted stock (50% of the original grant amount) vest 25% on September 30, 2019 and 25% on September 30, 2020.

### ***Stock Vested in 2018***

The following table summarizes the stock award vestings for each of our NEOs for the year ended December 31, 2018.

| Name               | Stock Awards                             |                                    |
|--------------------|------------------------------------------|------------------------------------|
|                    | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (1) (\$) |
| Robert L. Fornaro  | 135,425                                  | 7,843,826                          |
| Edward M. Christie | 22,129                                   | 1,060,178                          |
| Scott M. Haralson  | 5,731                                    | 299,975                            |
| John Bendoraitis   | 21,801                                   | 1,046,545                          |
| Thomas C. Canfield | 21,683                                   | 1,041,656                          |
| Rocky B. Wiggins   | 11,709                                   | 530,004                            |

(1) Represents the vesting date closing market price of a share of our common stock multiplied by the number of shares that have vested.

### **Pension Benefits**

None of our NEOs participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

### **Nonqualified Deferred Compensation**

None of our NEOs participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

### **Potential Payments upon Termination or Change in Control**

The information below describes and quantifies certain compensation and benefits that would have become payable to each of our NEOs if our NEO's employment had terminated on December 31, 2018 as a result of each of the termination scenarios described below, taking into account the named executive's compensation as of that date. In the case of Messrs. Fornaro and Christie, the table below captures the provisions under their respective employment agreements with the Company, described in more detail above.

| Name of Executive Officer | Termination Scenario                                              | Severance (\$ (1)) | Value of Unvested Equity-Based Awards (\$ (2)) | Value of Continued Health Care Coverage Premiums (\$ (3)) | Life Insurance Proceeds (\$ (4)) | Other (\$ (5)) | Total (\$) |
|---------------------------|-------------------------------------------------------------------|--------------------|------------------------------------------------|-----------------------------------------------------------|----------------------------------|----------------|------------|
| Robert L. Fornaro         | Termination without Cause (6)                                     | 1,453,763          | —                                              | 9,794                                                     | —                                | 22,044         | 1,485,601  |
|                           | Resignation                                                       | —                  | —                                              | —                                                         | —                                | —              | —          |
|                           | Change of Control without Termination for Cause (7)               | —                  | 235,445                                        | —                                                         | —                                | —              | 235,445    |
|                           | Qualifying Termination in Connection with a Change in Control (8) | —                  | 235,445                                        | 9,794                                                     | —                                | 22,044         | 267,283    |
|                           | Death or Disability                                               | —                  | 235,445                                        | —                                                         | 75,000                           | —              | 310,445    |
| Edward M. Christie        | Termination without Cause (6)                                     | 825,000            | —                                              | 11,757                                                    | —                                | 42,414         | 879,171    |
|                           | Change of Control without Termination for Cause (7)               | —                  | 5,343,228                                      | —                                                         | —                                | —              | 5,343,228  |
|                           | Qualifying Termination in Connection with a Change in Control (8) | 3,187,250          | 5,343,228                                      | 11,757                                                    | —                                | 42,414         | 8,584,649  |
|                           | Death or Disability                                               | —                  | 5,343,228                                      | —                                                         | 75,000                           | —              | 5,418,228  |
| Scott M. Haralson         | Termination without Cause (6)                                     | 325,000            | —                                              | 11,757                                                    | —                                | 7,052          | 343,809    |
|                           | Change of Control without Termination for Cause (7)               | —                  | 715,015                                        | —                                                         | —                                | —              | 715,015    |
|                           | Qualifying Termination in Connection with a Change in Control (8) | 1,235,346          | 715,015                                        | 11,757                                                    | —                                | 7,052          | 1,969,170  |
|                           | Death or Disability                                               | —                  | 715,015                                        | —                                                         | 75,000                           | —              | 790,015    |
| John Bendoraitis (10)     | Termination without Cause (6)                                     | 400,000            | —                                              | 6,079                                                     | —                                | 1,238          | 407,317    |
|                           | Change of Control without Termination for Cause (7)               | —                  | 1,335,450                                      | —                                                         | —                                | —              | 1,335,450  |
|                           | Qualifying Termination in Connection with a Change in Control (8) | 2,012,426          | 1,335,450                                      | 6,079                                                     | —                                | 1,238          | 3,355,193  |
|                           | Death or Disability                                               | —                  | 1,335,450                                      | —                                                         | 75,000                           | —              | 1,410,450  |
| Thomas C. Canfield        | Termination without Cause (6)                                     | 365,000            | —                                              | 10,599                                                    | —                                | 5,889          | 381,488    |
|                           | Change of Control without Termination for Cause (7)               | —                  | 1,189,369                                      | —                                                         | —                                | —              | 1,189,369  |
|                           | Qualifying Termination in Connection with a Change in Control (8) | 1,698,575          | 1,189,369                                      | 10,599                                                    | —                                | 5,889          | 2,904,432  |
|                           | Death or Disability                                               | —                  | 1,189,369                                      | —                                                         | 75,000                           | —              | 1,264,369  |
| Rocky B. Wiggins          | Termination without Cause (6)                                     | 345,000            | —                                              | 14,102                                                    | —                                | 4,726          | 363,828    |
|                           | Change of Control without Termination for Cause (7)               | —                  | 1,551,750                                      | —                                                         | —                                | —              | 1,551,750  |
|                           | Qualifying Termination in Connection with a Change in Control (8) | 1,605,445          | 1,551,750                                      | 14,102                                                    | —                                | 4,726          | 3,176,023  |
|                           | Death or Disability                                               | —                  | 1,551,750                                      | —                                                         | 75,000                           | —              | 1,626,750  |

- (1) Generally represents continuation of salary payments for twelve months (as further explained below - see footnotes 6 and 8), except for Messrs. Fornaro and Christie. Per the terms of his employment agreement, Mr. Fornaro would have been entitled to receive (i) an amount in cash equal to his annual base salary that he would receive after termination date until December 31, 2018, payable in equal installments over a twelve-month period and (ii) any unpaid bonus for the fiscal year preceding the fiscal year in which his termination occurs and a pro rata bonus for the year of termination. Consequently, since pursuant to his employment agreement Mr. Fornaro's employment with the Company ended on December 31, 2018, the amount shown for Mr. Fornaro represents his short-term incentive payout in respect of 2018. For Mr. Christie, per the terms of his employment agreement with the Company, the amount shown under termination without cause represents a cash severance amount equal to 150% of his salary payable in equal installments over a twelve-month period.

- (2) Represents the aggregate value of the executive's unvested restricted stock units that would have vested on an accelerated basis, determined by multiplying the number of accelerating shares by the closing price of our common stock (\$57.92 as of December 31, 2018). Unvested restricted stock unit awards become fully vested in the event of a change in control, only to the extent not assumed by a successor. Also includes the value of 66% of the performance share units granted in 2017 which, in the event of a change of control, death or disability occurring prior to the end of the three-year measurement period, vest pro rata according to the time elapsed from January 1, 2017 to the date of the change of control, death or disability based on actual performance up to such date. Also includes the value of 33% of the performance share units granted in 2018 which, in the event of a change of control, death or disability occurring prior to the end of the three-year measurement period, vest pro rata according to the time elapsed from January 1, 2018 to the date of the change of control, death or disability based on actual performance up to such date. Pursuant to our 2017 executive severance plan, payment would be triggered by a termination without cause in connection with a change in control or within eighteen months following a change in control or a resignation for good reason within eighteen months following a change in control.
- (3) Represents continued coverage under COBRA for twelve months under the 2017 executive severance plan based on the incremental cost of our contribution as of December 31, 2018 to provide this coverage. In the case of Mr. Fornaro, whether the Company terminates his employment without cause or he resigns from his employment, he would be entitled to receive continued coverage under COBRA and, once COBRA lapses, continued health insurance coverage until he reaches 65 years of age (which, in this case, would not be applicable given Mr. Fornaro's age as of December 31, 2018).
- (4) Our NEOs each receive life insurance proceeds of \$75,000 upon death, which amounts have been included in the table. We pay the premiums for term life insurance for all eligible employees providing coverage ranging between \$20,000 and \$100,000.
- (5) For NEOs other than Messrs. Fornaro and Christie, represents the value of a free family travel pass for twelve months and use of a Company-owned mobile phone for thirty days in order to allow the participant to transition to another device. The value of the flight benefits for twelve months was calculated using an incremental cost approach, assuming that executives and eligible family members would each take ten round trip flights during the period, each with an incremental cost that includes the estimated cost of incremental fuel, insurance, security, station cleaning, facility rent and station baggage rent, but excludes fees and taxes paid by the named executive officer for the air transportation. In the case of Messrs. Fornaro and Christie, in the event of a termination other than due to death or a termination following a change in control, represents the value of a lifetime travel pass (including immediate family) on our flights, as provided under his employment agreement. The present value of the lifetime flight benefit was calculated using a discount rate of 7.00% and mortality assumptions based on the United States Statistics Life Expectancy Tables. The value was calculated using an incremental cost approach, assuming that Messrs. Fornaro and Christie and their eligible family members would each take ten round trip flights during each year, each with an incremental cost that includes the estimated cost of incremental fuel, insurance, security, station cleaning, facility rent and station baggage rent, but excludes fees and taxes paid by Messrs. Fornaro and Christie for the air transportation.
- (6) Represents the benefits payable to Messrs. Fornaro and Christie under their respective employment agreements with the Company (see footnote 1 above) and the benefits payable to each other NEO under the 2017 executive severance plan. Severance benefits are triggered under our 2017 executive severance plan when the executive is terminated without cause, and include a cash severance amount equal to the NEO's annual base salary in effect on termination date payable in equal installments over twelve months.
- (7) Represents the benefits payable to the NEOs under the 2017 executive severance plan. In the event that a successor company in a change of control refuses to assume or substitute for an outstanding equity award, such award shall become fully vested and, if applicable, exercisable, and all forfeiture restrictions shall lapse, in each case, as of immediately prior to the consummation of the change in control.
- (8) Except for Mr. Fornaro, represents the benefits payable to each NEO under the 2017 executive severance plan in the event of a termination without cause in connection with a change in control or within eighteen months following a change in control or a termination for good reason within eighteen months following a change in control, and include (i) a cash severance amount equal to the sum of two times the executive's annual base salary in effect on the termination date, plus two times his target incentive bonus for the year of termination, payable in equal installments over twenty four months, and (ii) his incentive bonus for the year of termination, prorated from the beginning of the year to the date of termination based on actual incentive plan performance as of the date of termination. In the case of Mr. Fornaro, he would have been entitled to receive an amount in cash equal to his annual base salary that he would receive after termination date until December 31, 2018, payable in equal installments over a twenty four-month period and any unpaid bonus for the fiscal year preceding the fiscal year in which his termination occurs. Consequently, the amount shown for Mr. Fornaro is zero.

## Equity Compensation Plan Information

The table below provides information relating to our equity compensation plans under which our common stock is authorized for issuance as of December 31, 2018:

| Plan Category                                              | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in first column) |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Equity Compensation Plans Approved by Security Holders (1) | 779,180 (2)                                                                                 | \$7.80 (3)                                                                  | 1,883,037                                                                                                                                     |
| Equity Compensation Plans Not Approved by Security Holders | —                                                                                           | —                                                                           | —                                                                                                                                             |
| <b>Total</b>                                               | <b>779,180</b>                                                                              | <b>\$7.80</b>                                                               | <b>1,883,037</b>                                                                                                                              |

(1) Includes the Spirit Airlines, Inc. 2011 Equity Incentive Award Plan ("2011 Plan"), as it relates to any equity awards granted under the 2011 Plan, and the Spirit Airlines, Inc. 2015 Incentive Award Plan (the "2015 Plan").

(2) Includes restricted stock units and performance share units issuable, and stock options exercisable, pursuant to outstanding award agreements under the 2011 Plan and 2015 Plan. With respect to performance share units and stock appreciation awards, assumes maximum settlement payout achievement. For the performance share units based on total shareholder return and adjusted operating margin, actual achievement may result in the issuance of shares of common stock ranging between 0% to 200% of target, based on the Company's total shareholder return and adjusted operating margin, as applicable, compared to a peer group over the applicable three-year period. For the stock appreciation awards, actual achievement may result in the issuance of shares of common stock ranging between 0% to 370% (with a threshold level of 100%), based on the extent to which the Company's stock price has appreciated over the performance period (January 1, 2018 through December 31, 2019).

(3) The weighted-average exercise price does not take into account shares issuable upon vesting of outstanding shares of restricted stock, restricted stock units, performance share units and stock appreciation awards.

## Compensation Risk Assessment

In March 2019, the Compensation Committee was presented with the results of management's analysis on our compensation policies and practices for our employees to determine if these policies and practices give rise to risks that are reasonably likely to have a material adverse effect on us or encourage our employees to take excessive risks in order to receive larger awards.

This risk assessment process included a review by management of our compensation policies and practices and identification of risks and risk controls related to the programs. Although management reviewed all compensation programs, it focused on the programs with variability of payout, which means the participant is able to directly affect payout. Management assessed our compensation programs against potential compensation risks relating to pay mix, performance metrics, payment timing and adjustments, equity incentives, performance appraisals, and leadership and culture. The Compensation Committee agreed with management findings that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us.

In reaching its conclusion that our compensation policies and practices do not give rise to risks that are reasonably likely to have a material adverse effect on us or encourage our employees to take excessive risks in order to receive larger awards, management considered the following:

- For most of our employees, cash compensation is fixed in the form of base salaries or hourly cash compensation. For our officers and director-level employees, the majority of cash compensation is also fixed in the form of base salaries. Fixed compensation in the form of base salaries or hourly compensation provide income regardless of our short-term performance and do not create an incentive for employees to take unnecessary risks.
- In evaluating our performance for purposes of our cash incentive plans, the Compensation Committee reviews our performance under a mix of financial and operating measures to provide a balanced perspective.
- The Compensation Committee exercises broad discretion in determining compensation amounts, and qualitative factors beyond quantitative financial and operating metrics are a key consideration in the determination of individual

cash bonuses and long-term equity awards. For example, for 2018, the determination of bonus payouts under our short-term incentive plan was not purely formulaic and was based in part on the Compensation Committee's evaluation of qualitative factors beyond quantitative financial metrics.

- The financial opportunity in our long-term incentive program is best realized through long-term appreciation of our stock price, which mitigates excessive short-term risk-taking. Annual equity-based awards vest over multiple years, in the case of restricted stock units or restricted shares, or are settled in a single payment after three years, in the case of our performance share units, in each case subject to the holder's continuing service with us. This promotes alignment of our employees' interests with our long-term objectives and interests and with stockholders' interests.
- The following risk mitigating controls: (i) stock ownership guidelines for non-employee directors and executive officers; (ii) code of business conduct and ethics and anti-hedging and anti-pledging policy applicable to NEOs and members of the Board; (iii) clawback policy on compensation to executive officers; (iv) basing our short term incentive plan on more than one performance measurement, including both financial and operational metrics; (v) periodic review of our compensation policies and programs by the Company's internal audit group; (vi) using different performance metrics for our long-term incentive performance share units; (vii) overlapping the performance periods for our long-term incentive performance share units; and (viii) using our internal audit group and our independent consultants to review calculations of short-term and long-term incentive payouts.
- We maintain caps on the maximum payouts under our short-term incentive plan and our long-term incentive performance share units.
- We utilize individual performance assessments in determining executive compensation. These assessments take into account whether or not the individual's behavior was consistent with our code of business conduct and ethics and with our ethics-based corporate culture.

This Proxy Statement, including the preceding paragraphs, contains forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events. Forward-looking statements contained in this Proxy Statement should be considered in light of the many uncertainties that affect our business and specifically those factors discussed from time to time in our public reports filed with the SEC, such as those discussed under the heading, "Risk Factors," in our most recent Annual Report on Form 10-K, and as may be updated in subsequent SEC filings.

## CEO PAY RATIO DISCLOSURE

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are hereby disclosing the ratio of the median of the annual total compensation of all employees to the annual total compensation of our CEO.

We determined the pay ratio under the requirements of Item 402(u) of Regulation S-K. Mr. Fornaro was our principal executive officer during all of 2018, and his annual total compensation is disclosed, in detail, in the "Summary Compensation Table" in this Proxy Statement.

We identified the median employee by examining the 2018 total compensation for all individuals, excluding Mr. Fornaro, who were employed by us on December 31, 2018, the last day of our payroll year. For the identified median employee, we did not make any assumptions, adjustments, or estimates to calculate the pay ratio, and only employees who were employed by us as of December 31, 2018 were included. After identifying the median employee, we calculated annual total compensation for such employee using the same methodology we use for our NEOs as outlined in the "Summary Compensation Table" in this Proxy Statement. The SEC rules allow for varying methodologies for companies to identify their median employee. Other companies may have different employment and compensation practices and may utilize different methodologies, estimates and assumptions in calculating their own pay ratios. Therefore, the pay ratios reported by other companies are unlikely to be relevant for purposes of comparison to our pay ratio.

The median of the annual total compensation of all employees in 2018 was \$47,871. The annual total compensation of Mr. Fornaro in 2018 was \$2,405,551. Accordingly, for 2018, the ratio of annual total compensation of our principal executive officer to the annual total compensation of our median employee was 50:1, compared to 62:1 for 2017.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

*The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of Spirit under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The primary purpose of the Audit Committee is to oversee our financial reporting processes on behalf of the Board. The Audit Committee’s functions are more fully described in its charter, which is available on our website at <http://ir.spirit.com>. Management has the primary responsibility for our financial statements and reporting processes, including our systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management Spirit’s audited consolidated financial statements as of and for the year ended December 31, 2018.

The Audit Committee has discussed with Ernst & Young LLP, the Company’s independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards (“SAS”) No. 16, as adopted by the Public Company Accounting Oversight Board (“PCAOB”). In addition, the Audit Committee discussed with Ernst & Young LLP their independence, and received from Ernst & Young LLP the written disclosures and the letter required by Ethics and Independence Rule 3526 of the PCAOB. Finally, the Audit Committee discussed with Ernst & Young LLP, with and without management present, the scope and results of Ernst & Young LLP’s audit of such financial statements.

Based on these reviews and discussions, the Audit Committee has recommended to the Board that such audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC. The Audit Committee also has selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019 and is seeking ratification of such selection by the stockholders.

### **Audit Committee**

Carlton D. Donaway

Barclay G. Jones, Chairman

Robert D. Johnson

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board monitors and reviews any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which the Company is to be a participant, the amount involved exceeds \$120,000 and a related party had or will have a direct or indirect material interest, including purchases of goods or services by or from the related party or entities in which the related party has a material interest, indebtedness, guarantees of indebtedness and employment by us of such related party. Furthermore, the Company's directors and executive officers complete an annual questionnaire that requires them to identify and describe any transactions that they or their respective related parties may have with the Company.

Other than the compensation arrangements with our directors and executive officers described elsewhere in this Proxy Statement, set forth below is the description of the indemnification agreements we have entered into with our directors and executive officers.

### **Indemnification**

We enter into indemnification agreements with each of our current directors and executive officers. These agreements provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism, or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of the Company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. Under the indemnification agreements, indemnification will only be provided in situations where the indemnified parties acted in good faith and in a manner they reasonably believed to be in or not opposed to our best interest, and, with respect to any criminal action or proceeding, to situations where they had no reasonable cause to believe the conduct was unlawful. In the case of an action or proceeding by or in the right of the Company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification.

## **OTHER MATTERS**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy card to vote on such matters in accordance with their best judgment.

## ANNUAL REPORTS

Our Annual Report on Form 10-K for the year ended December 31, 2018 (the “2018 Annual Report”), which is not a part of our proxy soliciting materials, is being mailed with this Proxy Statement to those stockholders that request and receive a copy of the proxy materials in the mail. Stockholders that received the Notice of Internet Availability of Proxy Materials can access this Proxy Statement and our 2018 Annual Report on Form 10-K at [www.proxyvote.com](http://www.proxyvote.com), which does not have “cookies” that identify visitors to the site. Requests for copies of our 2018 Annual Report on Form 10-K may also be directed to Spirit Airlines, Inc., c/o Secretary, 2800 Executive Way, Miramar, Florida 33025.

**We have filed our 2018 Annual Report on Form 10-K with the SEC. It is available free of charge at the SEC’s web site at [www.sec.gov](http://www.sec.gov). Exhibits to the 2018 Annual Report on Form 10-K are available upon payment of a reasonable fee, which is limited to our expenses in furnishing the requested exhibits. All requests should be directed to Spirit Airlines, Inc., c/o Secretary, 2800 Executive Way, Miramar, Florida 33025.**

By Order of the Board of Directors

/s/ Thomas Canfield

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Thomas Canfield  
Secretary

April 4, 2019



**SPIRIT AIRLINES INC.**  
**2800 EXECUTIVE WAY**  
**MIRAMAR, FL 33025**

#### VOTE BY INTERNET

Before The Meeting - Go to [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019)

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

#### VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

#### VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E71951-P18481

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

#### SPIRIT AIRLINES INC.

##### The Board of Directors recommends you vote FOR the following:

1. To elect the following three Class II directors to hold office until the 2022 annual meeting of stockholders or until their successors are elected:

##### Nominees:

- 01) Carlton D. Donaway  
02) H. McIntyre Gardner  
03) Myrna M. Soto

For All ☐ Withhold All ☐ For All Except ☐

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

##### The Board of Directors recommends you vote FOR the following proposals:

For Against Abstain

2. To ratify the selection, by the Audit Committee of the Board of Directors, of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2019; and ☐ ☐ ☐
3. To approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in our 2019 Proxy Statement pursuant to executive compensation disclosure rules under the Securities Exchange Act of 1934, as amended. ☐ ☐ ☐

**Note:** To transact such other business as may properly come before the 2019 annual meeting or any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] \_\_\_\_\_  
Date \_\_\_\_\_

Signature (Joint Owners) \_\_\_\_\_  
Date \_\_\_\_\_

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

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**SPIRIT AIRLINES INC.  
2019 Annual Meeting of Stockholders  
May 14, 2019 9:00 a.m. ET  
This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) Thomas C. Canfield and Edward M. Christie III, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of SPIRIT AIRLINES INC. that the stockholder(s) is/are entitled to vote at the 2019 Annual Meeting of Stockholders to be held virtually, via live webcast at [www.virtualshareholdermeeting.com/SAVE2019](http://www.virtualshareholdermeeting.com/SAVE2019), on May 14, 2019, at 9:00 a.m. ET, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**