**Risk Factors Comparison 2024-02-09 to 2023-02-06 Form: 10-K**

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This Annual Report on Form 10- K contains forward- looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the " Securities Act "), and Section 21E of the Securities Exchange Act of 1934, as amended (the " Exchange Act ") which are subject to the " safe harbor " created by those sections. Forward- looking statements are based on our management' s beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are " forward- looking statements " for purposes of these provisions. In some cases, you can identify forward- looking statements by terms such as " may, " " will, " " should, " " could, " " would, " " expect, " " plan, " " anticipate, " " believe, " " estimate, " " project, " " predict, " " potential, " and similar expressions intended to identify forward- looking statements. Such forward- looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward- looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below. Furthermore, such forward- looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward- looking statements to reflect events or circumstances after the date of such statements. Additional risks or uncertainties (i) that are not currently known to us, (ii) that we currently deem to be immaterial, or (iii) that could apply to any company, could also materially adversely affect our business, financial condition, or future results. You should carefully consider the risks described below and the other information in this report. If any of the following risks materialize, our business could be materially harmed, and our financial condition and results of operations could be materially and adversely affected. References in this report to " Spirit, " " we, " " us, " " our, " or the " Company " shall mean Spirit Airlines, Inc., unless the context indicates otherwise. Risks Related to Recent Events ~~We have agreed to certain restrictions on our business by accepting financing under the legislation enacted in response to the COVID- 19 pandemic. On March 27, 2020, the CARES Act was signed into law. The CARES Act provided liquidity in the form of loans, loan guarantees, and other investments to air carriers, such as us, that incurred, or are expected to incur, covered losses such that the continued operations of the business are jeopardized, as determined by the United States Department of the Treasury (the" Treasury"). On April 20, 2020, we entered into a Payroll Support Program (" PSP") agreement with the Treasury, pursuant to which we received a total of $ 344. 4 million used exclusively to pay for salaries, wages and benefits for our employees through September 30, 2020. Of that amount, $ 73. 3 million is in the form of a low- interest 10- year loan. In addition, in connection with its participation in the PSP, we issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 520, 797 shares of our common stock, at a strike price of $ 14. 08 per share (the closing price for the shares of our common stock on April 9, 2020) with a fair value of $ 3. 9 million. We registered the resale of the warrants pursuant to the warrant agreement with the Treasury in September and October 2020. The remaining amount of $ 267. 2 million is in the form of a grant and was recognized in special credits in our consolidated statement of operations for the year ended December 31, 2020. The warrants expire in five years from the date of issuance, are transferable, have no voting rights and contain customary terms regarding anti- dilution. If the Treasury or any subsequent warrant holder exercises the warrants, the interest of our holders of common stock would be diluted and we would be partially owned by the U. S. government, which could have a negative impact on our common stock price, and which could require increased resources and attention by our management. On December 27, 2020, the Consolidated Appropriations Act 2021 was signed into law which extended the PSP portion of the CARES Act through March 31, 2021 (" PSP2") and provided an additional $ 15 billion to fund PSP2 for employees of passenger air carriers. We entered into a new payroll support program agreement with the Treasury on January 15, 2021. During the first and second quarters of 2021, we received a total of $ 212. 1 million through PSP2, used exclusively to pay for salaries, wages and benefits for our Team Members through March 31, 2021. Of that amount, $ 33. 6 million is in the form of a low- interest 10- year loan. In addition, in connection with its participation in PSP2, we issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 137, 753 shares of our common stock at a strike price of $ 24. 42 per share (the closing price for the shares of our common stock on December 24, 2020) with a fair value of $ 2. 8 million. The remaining amount of $ 175. 6 million is in the form of a grant and was recognized in special credits in our consolidated statement of operations for the year ended December 31, 2021. American Rescue Plan Act of 2021 (" ARP"), enacted on March 11, 2021, also authorized Treasury to provide additional assistance to passenger air carriers that received financial assistance under PSP2 (" PSP3"). Under the ARP, Treasury provided approximately $ 14 billion to fund PSP3 for employees of passenger air carriers. During the second quarter of 2021, we received $ 197. 9 million under PSP3. Of that amount, $ 29. 4 million is in the form of a low- interest 10- year loan. In addition, in connection with its participation in PSP3, we issued to the Treasury warrants pursuant to a warrant agreement to purchase up to 80, 539 shares of our common stock at a strike price of $ 36. 45 per share (the closing price for the shares of our common stock on March 10, 2021) with a fair value of $ 1. 5 million. The remaining amount of $ 167. 0 million is in the form of a grant and was recognized in special credits in our consolidated statement of operations for the year ended December 31, 2021. Total warrants issued in connection with the PSP, PSP2 and PSP3 represent less than 1 % of the outstanding shares of our common stock as of December 31, 2022. In connection with our participation in PSP3, we are subject to certain restrictions and limitations, including, but not limited to: • Limits on executive compensation through April 1, 2023; and • Reporting requirements. These restrictions and requirements could materially adversely impact our business, results of operations and financial condition by, among other things, requiring us to change certain of our business practices and to maintain or increase cost levels to maintain scheduled service with little or no offsetting revenue, affecting retention of key personnel and limiting~~

~~our ability to effectively compete with others in our industry who may not be receiving funding and may not be subject to similar limitations. The CARES Act also provided an employee retention credit (" CARES Employee Retention credit ") which was a refundable tax credit against certain employment taxes. We qualified for the credit beginning on April 1, 2020 and received additional credits for qualified wages through December 31, 2020. The Consolidated Appropriations Act extended and expanded the availability of the CARES Employee Retention credit through June 30, 2021. Subsequently, the ARP extended and expanded the availability of the CARES Employee Retention credit through December 31, 2021, however, certain provisions apply only after December 31, 2020. During the first and second quarters of 2021, we recorded $ 37. 5 million related to the CARES Employee Retention credit within special credits on our condensed consolidated statements of operations and within accounts receivable, net on our condensed consolidated balance sheet. We did not qualify for the employee retention credit for the third and fourth quarter of 2021. As of December 31, 2022, $ 40. 8 million remained in accounts receivable, net on our consolidated balance sheet related to the CARES employee retention credit for the fourth quarter of 2020 and first and second quarters of 2021. Finally, the CARES Act also provided for deferred payment of the employer portion of social security taxes through the end of 2020, with 50 % of the deferred amount due December 31, 2021 and the remaining 50 % due December 31, 2022. During 2020, we deferred $ 23. 2 million in social security tax payments. We cannot predict whether additional assistance will be required or available in the future, if needed. There can be no assurance that loans or other assistance will be available through the CARES Act or any future legislation, or whether we will be eligible to receive any additional assistance, if needed. The deployment of new 5G C- band service by wireless communications service providers could have a material adverse effect on our operations, which in turn could negatively impact our business, results of operations and financial condition. On January 17, 2022, various executives of U. S. passenger airlines and cargo carriers, and airline industry associations, warned the U. S. federal government of the potential adverse impact the imminent deployment of AT & T and Verizon' s new 5G C- band service would have on U. S. aviation operations. According to aviation leaders, the deployment of the new 5G C- band service could cause, among other consequences, operational and security issues, interference with critical aircraft instruments and adverse impact to low- visibility operations. Any of these consequences could potentially cause flight cancellations, diversions and delays, or could result in damage to our aircraft and other equipment and a diminished margin of safety in airline operations. The DOT and the FAA are currently working with AT & T and Verizon to create appropriate safeguards in the deployment of their new 5G C- band service, which includes the installation of buffer zones around airports. The DOT and the FAA have required that all U. S. based carriers have 5G C- Band- tolerant radio altimeters or install approved filters by February 2024. Any additional requirements or restrictions imposed on airlines by the DOT, the FAA or other government agencies are uncertain, but could have an adverse effect on our operations. Any sustained impact to our operations could adversely affect our business, results of operations and financial condition.~~ The pendency of the proposed Merger may cause disruption in our business. On July 28, 2022, we entered into the Merger Agreement with JetBlue and Merger Sub, pursuant to which and subject to the terms and conditions therein, Merger Sub will merge with and into Spirit, with Spirit continuing as the surviving entity **. On March 7, 2023, the DOJ filed suit to block the Merger and a trial was held in late 2023. On January 16, 2024, the District Court granted the Injunction. On January 19, 2024, Spirit and JetBlue filed a notice of appeal to reverse the Injunction and allow Spirit and JetBlue to complete the Merger. On January 25, 2024, JetBlue informed us that certain closing conditions required by the Merger Agreement may not be satisfied prior to the outside dates set forth in the Merger Agreement and, accordingly, the Merger Agreement may be terminable on and after January 28, 2024. We do not believe there is a basis for terminating the Merger Agreement, and we will continue to abide by all of our obligations under the Merger Agreement. On January 29, 2024, Spirit and JetBlue filed a request with the Court of Appeals seeking an expedited hearing of their appeal of the Injunction. On February 2, 2024, the Court of Appeals granted our motion, stating it would hear arguments in June 2024** . The Merger Agreement restricts us from taking specified actions without JetBlue' s consent until the Merger is completed or the Merger Agreement is terminated, including amending our organizational documents, issuing shares of our common stock, divesting certain assets (including certain intellectual property rights), declaring or paying dividends, making certain significant acquisitions or investments, entering into any new lines of business, incurring certain indebtedness in excess of certain thresholds, amending or modifying certain material contracts, making non- ordinary course capital expenditures, making certain non- ordinary course changes to personnel and employee compensation, changing the cabin configuration or amenities on our aircraft and taking actions that may result in the loss of our FAA airworthiness certification or takeoff and landing slots. These restrictions and others more fully described in the Merger Agreement may affect our ability to execute our business strategies and attain our financial and other goals and may impact our business, results of operations and financial condition. The pendency of the proposed Merger could cause disruptions to our business or business relationships, which could have an adverse impact on our results of operations. Parties with which we have business relationships, including Guests, pilots, employees, suppliers, third- party service providers and third- party distribution channels, may be uncertain as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties or seek to alter their present business relationships with us. Parties with whom we otherwise may have sought to establish business relationships may seek alternative relationships with third parties. The pursuit of the Merger and the preparation for our integration with JetBlue' s business is expected to place a significant burden on our management and internal resources. The diversion of management' s attention away from day- to- day business concerns and any difficulties encountered in the transition and integration process could adversely affect our business, results of operations and financial condition. We have incurred and will continue to incur significant costs, expenses and fees for professional services and other transaction costs in connection with the Merger. The substantial majority of these costs will be non- recurring expenses relating to the Merger, and many of these costs are payable regardless of whether or not the Merger is consummated. We also have been subject to, and may face additional, litigation related to the proposed Merger, which could prevent or delay the consummation of the Merger and result in significant costs and expenses. Failure to complete the Merger in a timely manner or at all could negatively impact the market price of our common stock, as well as our future business and our results of operations and financial condition. The Merger cannot be completed until conditions to closing are satisfied or (if permissible under applicable law) waived. The Merger is subject to numerous closing conditions, including among other things, (1) approval of the transactions by our stockholders (which was received on October 19, 2022); (2) receipt of applicable regulatory approvals, including approvals from the FCC, FAA and DOT and the expiration or early termination of the statutory waiting period under the Hart- Scott- Rodino Antitrust Improvements Act of 1976, as amended, and other competition laws, and other required regulatory approvals; (3) the absence of any law or order prohibiting the consummation of the transactions; and (4) the absence of any material adverse effect (as defined in the Merger Agreement) on the Company. The failure to satisfy the required conditions could delay the completion of the Merger for a significant period of time or prevent it from occurring. ~~Further, there~~ **There** can be no assurance that the conditions to the closing of the Merger will be satisfied or waived **, that our appeal of the District Court' s decision will be successful** or that the Merger will be completed. ~~If~~ **Following the Injunction, and in the event** the Merger is not completed in a timely manner or at all, our ongoing business may be adversely affected as follows: • we ~~may~~ **have experienced and continue to** experience negative reactions from the financial markets, and our stock price **has declined and** could **continue to** decline to the extent that the current market price reflects an assumption that the Merger will be completed; • we may experience negative reactions from employees, Guests, suppliers or other third parties; • we may be subject to litigation, which could result in significant costs and expenses; • management' s focus may be diverted from day- to- day business operations and from pursuing other opportunities that could have been beneficial to the Company; and • our costs of pursuing the Merger may be higher than anticipated. Additionally, in approving the Merger Agreement, the Board of Directors considered a number of factors and potential benefits, including the fact that the merger consideration to be received by holders of common stock represented a significant premium over the last closing stock price prior to announcement of the Merger. If the Merger is not completed, the holders of our common stock will not realize this benefit of the Merger. In addition to the above risks, we may be required, under certain circumstances, to pay JetBlue a breakup fee equal to $ 94. 2 million and / or to reimburse or indemnify JetBlue for certain of its expenses. If the Merger is not consummated due to the inability to receive regulatory approval, JetBlue would be required to pay Spirit a reverse termination fee of $ 70 million. The reverse termination fee may not be sufficient to cover all of the expenses Spirit incurred in connection with the Merger, which may have an adverse effect on our liquidity and results of operations. If the Merger is not consummated, there can be no assurance that these risks will not materialize and will not materially adversely affect our stock price, business, results of operations and financial condition. In order to complete the Merger, the Company and JetBlue must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, completion of the Merger may be jeopardized or the anticipated benefits of the Merger could be reduced. Although the Company and JetBlue have agreed to use reasonable best efforts, subject to certain limitations, to make certain governmental filings and obtain the required governmental approvals, including from the FCC, FAA and DOT, or expiration or earlier termination of relevant waiting periods, as the case may be, there can be no assurance that the relevant waiting periods will expire or be terminated or that the relevant approvals will be obtained. As a condition to approving the Merger, these governmental authorities may impose conditions, terms, obligations or restrictions or require divestitures or place restrictions on the conduct of the combined company' s business after completion of the Merger. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying or preventing completion of the Merger or imposing additional material costs on or materially limiting the revenues of the combined company following the Merger, or otherwise adversely affecting, including to a material extent, our business, results of operations and financial condition after completion of the Merger. If we are required to divest assets or businesses, there can be no assurance that we will be able to negotiate such divestitures expeditiously or on favorable terms or that the governmental authorities will approve the terms of such divestitures. We can provide no assurance that these conditions, terms, obligations or restrictions will not result in the abandonment of the Merger. ~~Any~~ **On March 7, 2023, the DOJ filed suit to block the Merger. A trial was held in late 2023. On January 16, 2024, the District Court granted the Injunction. On January 19, 2024, Spirit and JetBlue filed a notice** of **appeal to reverse the District Court' s decision and allow Spirit and JetBlue to complete the Merger. On January 29, 2024, Spirit and JetBlue filed a request with the Court of Appeals seeking an expedited schedule for** ~~the~~ **their appeal. On February 2, 2024, the Court of Appeals granted our motion, stating it would hear arguments in June 2024. The appeal of the Injunction will be time- consuming and expensive and there can be no assurance that we or JetBlue would ultimately be successful, or that if the Injunction is reversed, that the DOJ would not further appeal. Furthermore, any of the other** governmental authorities from which we need approvals may also sue us and JetBlue in U. S. federal court to prevent the Merger from being consummated. Defending any such lawsuit will be time- consuming and expensive and there can be no assurance that we and JetBlue would ultimately be successful. Additionally, if the Merger is not consummated, Spirit stockholders and holders of Spirit' s convertible notes and warrants will not receive the merger consideration that would have been paid at the closing of the Merger. You must be a Spirit stockholder as of the specified record dates to receive the prepayments of merger consideration. The prepayments of merger consideration by JetBlue will only be made to Spirit stockholders as of the specified record dates. If you are not a Spirit stockholder as of that record date, you will not receive the relevant prepayment even if you are a Spirit stockholder at the time of consummation of the Merger. As a result, if you are not a Spirit stockholder at each relevant time, you will receive less than $ 33. 50 (or less than the up to $ 34. 15 maximum amount of merger consideration, depending on the timing of Closing) in total for each share of Spirit common stock you own upon the consummation of the Merger. Risks Related to Our Industry We operate in an extremely competitive industry. We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with traditional network airlines, other low- cost airlines and regional airlines on many of our routes. Competition in most of the destinations we presently serve is intense, sometimes due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face little competition. Most of our competitors are larger than us and have significantly greater financial and other resources than we do. The airline industry is particularly susceptible to price discounting because once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition has adversely affected, and may continue to adversely affect, our revenue generation. Moreover, many other airlines have begun to unbundle services by charging separately for services such as baggage and advance seat selection. This unbundling and other cost reducing measures could enable competitor airlines to reduce fares on routes that we serve. Beginning in 2015, and continuing through 2019, more widespread availability of low fares, including from legacy network carriers, coupled with an increase in domestic capacity led to dramatic changes in pricing behavior in many U. S. markets. Many domestic carriers began matching lower cost airline pricing, either with limited or unlimited inventory. Additionally, changes in practices, including with respect to change and cancellation fees, as a result of the COVID- 19 pandemic has led to further pricing changes among our competitors. Airlines increase or decrease capacity in markets based on perceived profitability, market share objectives, competitive considerations and other reasons. Decisions by our competitors that increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, could have a material adverse impact on our business. If a traditional network airline were to successfully develop a low- cost structure, compete with us on price or if we were to experience increased competition from other low- cost carriers, our business could be materially adversely affected. Many of the traditional network airlines in the United States have on one or more occasions initiated bankruptcy proceedings in attempts to restructure their debt and other obligations and reduce their operating costs. They also have completed large mergers that have increased their scale and share of the travel market. The mergers between AMR Corporation and US Airways Group, Inc., between Delta Air Lines and Northwest Airlines, between United Airlines and Continental Airlines, between Southwest Airlines and AirTran Airways, and between Alaska Airlines and Virgin America, have created five large airlines, with substantial national and international networks which create a more challenging competitive environment for smaller airlines like us. In the future, there may be additional consolidation in our industry. **For example, on December 3, 2023, Alaska Airlines and Hawaiian Airlines announced a proposed merger.** Any business combination could significantly alter industry conditions and competition within the airline industry, which could have an adverse effect on our business. Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies, new pricing policies designed to compete with ULCCs or new market entrants. Any such competitor may have greater financial resources and access to less expensive sources of capital than we do, which could enable them to operate their business with a lower cost structure, or enable them to operate with lower marginal revenues without substantial adverse effects, than we can. If these competitors adopt and successfully execute a ULCC business model, we could be materially adversely affected. In 2015, Delta Air Lines began to market and sell a " Basic Economy " product which was designed in part to provide its customers with a low base fare similar to Spirit. In 2017, American Airlines and United Airlines announced their own " Basic Economy " product and beginning in late 2019, other airlines like Alaska Airlines and JetBlue, have followed suit. The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to ancillary services required to sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition. Our low- cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs. Our low- cost structure is one of our primary competitive advantages. However, we have limited control over many of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, airport costs and related infrastructure taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of our collective bargaining agreements. We cannot guarantee we will be able to maintain a cost advantage over our competitors. If our cost structure increases and we are no longer able to maintain a sufficient cost advantage over our competitors, it could have a material adverse effect on our business, results of operations and financial condition. The airline industry is heavily influenced by the price and availability of aircraft fuel. Continued volatility in fuel costs or significant disruptions in the supply of fuel, including hurricanes and other events affecting the Gulf Coast in particular, could materially adversely affect our business, results of operations and financial condition. Aircraft fuel costs represented ~~34~~ **31** . 1 %, **34. 1 % and** 27. 8 ~~% and 18. 6~~ % of our total operating expenses for **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. As such, our operating results are significantly affected by changes in the availability and the cost of aircraft fuel, especially aircraft fuel refined in the U. S. Gulf Coast region, on which we are highly dependent. Both the cost and the availability of aircraft fuel are subject to many meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. For example, a major hurricane making landfall along the Gulf Coast could disrupt oil production, refinery operations and pipeline capacity in that region, possibly resulting in significant increases in the price of aircraft fuel and diminished availability of aircraft fuel supply. Any disruption to oil production, refinery operations, or pipeline capacity in the Gulf Coast region could have a disproportionate impact on our operating results compared to other airlines that have more diversified fuel sources. Fuel prices also may be affected by geopolitical and macroeconomic conditions and events that are outside of our control, including volatility in the relative strength of the U. S. dollar, the currency in which oil is denominated. Instability within major oil producing regions, such as the Middle East and Venezuela, Russia' s ongoing conflict in Ukraine, **the conflict in Gaza,** changes in demand from major petroleum users such as China, and secular increases in competing energy sources are examples of these trends. Aircraft fuel prices have been subject to high volatility, fluctuating substantially over the past several years. For example, our fuel prices spiked at a high of $ 3. 82 per gallon, in the third quarter of 2022, and fell as low as $ 1. 05 per gallon in the second quarter of 2020. We cannot predict the future availability, price volatility or cost of aircraft fuel. Due to the large proportion of aircraft fuel costs in our total operating cost base, even a relatively small increase or decrease in the price of aircraft fuel can have a significant negative impact on our operating costs or revenues and on our business, results of ~~operations and financial condition. The International Maritime Organization' s (" IMO ") new low- sulfur fuel oil requirements for ships came into effect on January 1, 2020. Considering the general decline in jet fuel demand during 2020 due to the COVID- 19 pandemic, it is still uncertain how the availability and price of jet fuel around the world will be affected by the implementation of the IMO 2020 Regulations. Increased costs and / or decreased supply of jet fuel may be material and could adversely affect the results of our~~ operations and financial condition. Fuel derivative activity, if any, may not reduce fuel costs. From time to time, we may enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices, refining risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. Our derivatives may generally consist of United States Gulf Coast jet fuel swaps (" jet fuel swaps ") and United States Gulf Coast jet fuel options (" jet fuel options "). Both jet fuel swaps and jet fuel options can be used at times to protect the refining risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. As of December 31, ~~2022~~ **2023** , we had no outstanding jet fuel derivatives, and we have not engaged in fuel derivative activity since 2015. There can be no assurance that we will be able to enter into fuel derivative contracts in the future if we are required or choose to do so. In the past we have not had, and in the future we may not have, sufficient creditworthiness or liquidity to post the collateral necessary to hedge our fuel requirements. Our liquidity and general level of capital resources impacts our ability to hedge our fuel requirements. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our derivative contracts will provide sufficient protection against increased fuel costs or that our counterparties will be able to perform under our derivative contracts, such as in the case of a counterparty' s insolvency. Furthermore, our ability to react to the cost of fuel, absent hedging, is limited because we set the price of tickets in advance of incurring fuel costs. Our ability to pass on any significant increases in aircraft fuel costs through fare increases could also be limited. In the event of a reduction in fuel prices compared to our hedged position, if any, our hedged positions could counteract the cost benefit of lower fuel prices and may require us to post cash margin collateral. In a falling fuel price environment, we may be required to make cash payments to our counterparties which may impair our liquidity position and increase our costs. Please see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Trends and Uncertainties Affecting Our Business — Aircraft Fuel. " Restrictions on, or increased taxes applicable to, charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition. During **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , we generated non- ticket revenues of $ **3, 024. 4 million, $** 2, 612. 6 million ~~,~~ **and** $ 1, **087** ~~807. 8 million and $ 1, 053~~ . 8 million, respectively. Our non- ticket revenues are generally generated from charges for, among other things, baggage, bookings through certain of our distribution channels, advance seat selection, itinerary changes and loyalty programs. The DOT has rules governing many facets of the airline- consumer relationship, including, for instance, price advertising, tarmac delays, bumping of passengers from flights, ticket refunds and the carriage of disabled passengers. If we are not able to remain in compliance with these rules, the DOT may subject us to fines or other enforcement action, including requirements to modify our passenger reservations system, which could have a material adverse effect on our business. The U. S. Congress and federal administrative agencies have investigated the increasingly common airline industry practice of unbundling the pricing of certain products and services. If new taxes are imposed on non- ticket revenues, or if other laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, our business, results of operations and financial condition could be harmed. Congressional and other government scrutiny may also change industry practice or public willingness to pay for ancillary services. See also " Risks Related to Our Business — We are subject to extensive and increasing regulation by the FAA, DOT, TSA and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results. " The airline industry is particularly sensitive to changes in economic conditions. Adverse economic conditions would negatively impact our business, results of operations and financial condition. Our business and the airline industry in general are affected by many changing economic conditions beyond our control, including, among others: • changes and volatility in general economic conditions, including the severity and duration of any downturn in the U. S. or global economy and financial markets **and the rate of inflation** ; • changes in consumer preferences, perceptions, spending patterns or demographic trends, including any increased preference for higher- fare carriers offering higher amenity levels, and reduced preferences for low- fare carriers offering more basic transportation; • higher levels of unemployment and varying levels of disposable or discretionary income in part due to the effect of high inflation rates and rising interest rates in the United States; • depressed housing and stock market prices; and • lower levels of actual or perceived consumer confidence. These factors can adversely affect, and from time to time have adversely affected, our results of operations, our ability to obtain financing on acceptable terms and our liquidity. Unfavorable general economic conditions, such as higher unemployment rates, a constrained credit market, housing- related pressures and increased focus on reducing business operating costs, can reduce spending for price- sensitive leisure and business travel. For many travelers, in particular the price- sensitive travelers we serve, air transportation is a discretionary purchase that they may reduce or eliminate from their spending in difficult economic times. The overall decrease in demand for air transportation in the United States in 2008 and 2009 resulting from record high fuel prices and the economic recession required us to take significant steps to reduce our capacity, which reduced our revenues. Additionally, in 2020 and 2021, we were required to reduce our capacity as a result of a dramatic drop in demand due to, and restrictions imposed as a result of, the COVID- 19 pandemic **and demand has not fully recovered to pre- COVID- 19 levels** . Unfavorable economic conditions could also affect our ability to raise prices to counteract the effect of increased fuel, labor or other costs, resulting in a material adverse effect on our business, results of operations and financial condition. The airline industry faces ongoing security concerns and related cost burdens, furthered by threatened or actual terrorist attacks or other hostilities, that could significantly harm our industry and our business.

The terrorist attacks of September 11, 2001 and their aftermath negatively affected the airline industry. The primary effects experienced by the airline industry included: • substantial loss of revenue and flight disruption costs caused by the grounding of all commercial air traffic in or headed to the United States by the FAA for days after the terrorist attacks; • increased security and insurance costs; • increased concerns about future terrorist attacks; • airport shutdowns and flight cancellations and delays due to security breaches and perceived safety threats; and • significantly reduced passenger traffic and yields due to the subsequent dramatic drop in demand for air travel. Since September 11, 2001, the Department of Homeland Security and the TSA have implemented numerous security measures that restrict airline operations and increase costs, and are likely to implement additional measures in the future. For example, following the widely publicized attempt of an alleged terrorist to detonate plastic explosives hidden underneath his clothes on a Northwest Airlines flight on Christmas Day in 2009, passengers became subject to enhanced random screening, which included pat- downs, explosive detection testing and body scans. Enhanced passenger screening, increased regulation governing carry- on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to consumers in the form of higher prices. Any future terrorist attacks or attempted attacks, even if not made directly on the airline industry, or the fear of such attacks or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats) would likely have a material adverse effect on our business, results of operations and financial condition and on the airline industry in general. Airlines are often affected by factors beyond their control, any of which could harm our business, operating results and financial condition. Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, major construction or improvements at airports at which we operate, adverse weather conditions, increased security measures, new travel- related taxes, the outbreak of disease, new regulations or policies from the presidential administration and Congress, and supply chain disruptions, in particular those causing inability to obtain, or delays in obtaining, aircraft or spare parts such as engines. Factors that cause flight delays frustrate passengers and increase costs, which in turn could adversely affect profitability. The federal government currently controls all U. S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U. S. air travel. U. S. and foreign air- traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. A significant portion of our operations is concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays. Adverse weather conditions and natural disasters, such as hurricanes affecting southern Florida and the Caribbean (such as Hurricanes Irma and Maria in September 2017, Hurricane Dorian in August 2019, Hurricane Laura in August 2020 ~~and~~ **,** Hurricane Ian in September 2022 **and Hurricane Idalia in August 2023** ) as well as southern Texas (such as Hurricane Harvey in August 2017), winter snowstorms or earthquakes (such as the September 2017 earthquakes in Mexico City, Mexico and the December 2019 and January 2020 earthquakes in Puerto Rico) can cause flight cancellations, significant delays and facility disruptions. For example, during 2017, the timing and location of Hurricanes Irma and Maria produced a domino effect on our operations, resulting in approximately 1, 400 flight cancellations and numerous flight delays, which resulted in an adverse effect on our results of operations. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security, staffing shortages, or other factors may affect us to a greater degree than other, larger airlines that may be able to recover more quickly from these events, and therefore could harm our business, results of operations and financial condition to a greater degree than other air carriers. For example, during 2022, a number of adverse weather events, as well as increases in air traffic control programs and restrictions, led to a significant number of flight delays and cancellations. Because of our high utilization, point- to- point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines reaccommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. Similarly, outbreaks of pandemic or contagious diseases, such as Ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, Zika virus and COVID- 19, could result in significant decreases in passenger traffic, the imposition of government restrictions in service, supply chain bottlenecks or issues, and staffing shortages and could have a material adverse impact on the airline industry. For example, in 2020 and 2021, the U. S. government and government authorities in other countries around the world implemented travel bans, testing requirements and other restrictions in response to the COVID- 19 pandemic and recommended against air travel, which drastically reduced consumer demand for air travel. Any resurgence of COVID- 19 or another pandemic or public health crisis that results in similar or other restrictions could have a material adverse effect on our business and results of operations. Air travel is continuing its resurgence following widespread adoption of vaccines, but the situation is fluid and actual capacity adjustments could be different than what we currently expect. Any increases in travel- related taxes could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition. Moreover, U. S. federal government shutdowns may cause delays and cancellations or reductions in discretionary travel due to longer security lines, including as a result of furloughed government employees, or reductions in staffing levels, including air traffic controllers. U. S. government shutdowns may also impact our ability to take delivery of aircraft and commence operations in new domestic stations. Any extended shutdown like the one in January 2019 may have a negative impact on our operations and financial results. In addition, supply chain issues have led to delays in aircraft deliveries and negatively impacted our ability to source spare parts and complete maintenance on a timely basis, which could have an adverse effect on our business and results of operations. Restrictions on or litigation regarding third-party membership discount programs could harm our business, operating results and financial condition. We generate a relatively small but growing portion of our revenue from commissions, revenue share and other fees paid to us by third- party merchants for customer click- throughs, distribution of third- party promotional materials and referrals arising from products and services of the third- party merchants that we offer to our customers on our website. Some of these third- party referral- based offers are for memberships in discount programs or similar promotions made to customers who have purchased products from us, and for which we receive a payment from the third- party merchants for every customer that accepts the promotion. Certain of these third- party membership discount programs have been the subject of consumer complaints, litigation and regulatory actions alleging that the enrollment and billing practices involved in the programs violate various consumer protection laws or are otherwise deceptive. Any private or governmental claim or action that may be brought against us in the future relating to these third- party membership programs could result in our being obligated to pay damages or incurring legal fees in defending claims. These damages and fees could be disproportionate to the revenues we generate through these relationships. In addition, customer dissatisfaction or a significant reduction in or termination of the third- party membership discount offers on our website as a result of these claims could have a negative impact on our brand, and could have a material adverse effect on our business, results of operations and financial condition. We face competition from air travel substitutes. In addition to airline competition from traditional network airlines, other low- cost airlines and regional airlines, we also face competition from air travel substitutes. On our domestic routes, we face competition from some other transportation alternatives, such as bus, train or automobile. In addition, technology advancements may limit the demand for air travel. For example, video teleconferencing and other methods of electronic communication may reduce the need for in- person communication and add a new dimension of competition to the industry as travelers seek lower- cost substitutes for air travel. If we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition. Increased labor costs, union disputes, employee strikes and other labor- related disruption may adversely affect our business, results of operations and financial conditions. Our business is labor intensive, with labor costs representing approximately **27. 6 %,** 22. 1 % ~~,~~ **and** 32. 4 ~~% and 39. 3~~ % of our total operating costs for **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. As of December 31, ~~2022~~ **2023** , approximately ~~81~~ **85** % of our workforce was represented by labor unions. We cannot assure that our labor costs going forward will remain competitive, because in the future our labor agreements may be amended or become amendable and new agreements could have terms with higher labor costs; one or more of our competitors may significantly reduce their labor costs, thereby reducing or eliminating our comparative advantages as to one or more of such competitors; or our labor costs may increase in connection with our growth. As further described below, our aircraft maintenance technicians (" AMTs") voted to be represented by the Aircraft Mechanics Fraternal Association (the “ AMFA ”). We are currently negotiating a collective bargaining agreement. Any such negotiation may cause us to incur higher labor costs for our AMTs over the term of the agreement than we would have incurred absent such agreement. We may also become subject to additional collective bargaining agreements in the future given the possibility that other non- unionized workers may unionize. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, collective bargaining agreements generally contain “ amendable dates ” rather than expiration dates, subject to standard opener provisions, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi- stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement or the parties have been released to “ self- help ” by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self- help measures such as lockouts and strikes. During 2017, we experienced operational disruption from pilot- related work action which adversely impacted our results. We obtained a temporary restraining order to enjoin further illegal labor action. In January 2018, under the guidance of the NMB- assigned mediators, the parties reached a tentative agreement. In February 2018, the pilot group voted to approve the current five- year agreement with us. During the fourth quarter of 2022, we reached an agreement with ALPA for a new two- year agreement, which was ratified by ALPA members on January 10, 2023. **The ratified** ~~Per the terms of the new~~ agreement **includes** ~~, in 2023 we expect an increase~~ **increased** ~~of approximately $ 180 million in salaries, wages and benefits expense primarily related to increases in~~ pay rates and **other enhanced benefits** ~~401 (k) employer contributions~~ . In March 2016, under the supervision of the NMB, we reached a tentative agreement for a five- year contract with our flight attendants. Our flight attendants ratified the agreement in May 2016. In February 2021, we entered into a Letter of Agreement with the AFA- CWA to change the amendable date of the collective bargaining agreement from May 4, 2021 to September 1, 2021. All other terms of the collective bargaining agreement remained the same. In June 2021, the AFA- CWA notified us, as required by the RLA, that it intended to submit proposed changes to the collective bargaining agreement covering our flight attendants. We commenced negotiations with the AFA- CWA on September 27, 2021. **In February** ~~As of December 31, 2022~~ **2023** , we ~~continued to negotiate~~ **reached an agreement** with **our flight attendants which was ratified by the flight attendants on April 13, 2023 and becomes amendable in January 2026. The ratified agreement includes increased pay rates and** ~~the~~ **other enhanced benefits** ~~AFA- CWA~~ . Our dispatchers are represented by the PAFCA. In October 2018, we reached a tentative agreement with PAFCA for a new five- year agreement, which was ratified by the PAFCA members in October 2018 **. In May 2023, PAFCA provided notice that it intends to amend its Collective Bargaining Agreement with our dispatchers. The parties began negotiating changes to the CBA on July 12, 2023. As of December 31, 2023, we continued to negotiate with PAFCA** . Our ramp service agents are represented by IAMAW. Representation only applies to our Fort Lauderdale station where we have direct employees in the ramp service agent classification. In February 2020, the IAMAW notified us, as required by the RLA, that it intended to submit proposed changes to the collective bargaining agreement covering our ramp service agents which became amendable in June 2020. On September 28, 2021, we filed an “ Application for Mediation Services ” with the NMB. We were able to reach a tentative agreement with the IAMAW with the assistance of the NMB on October 16, 2021. Our ramp service agents ratified the five- year agreement in November 2021. In June 2018, our passenger service agents voted to be represented by the TWU, but the representation only applies to our Fort Lauderdale station where we have direct employees in the passenger service classification. We began meeting with the TWU in late October 2018 to negotiate an initial collective bargaining agreement. During February 2022, we reached a tentative agreement with the TWU. Our passenger service agents ratified the five- year agreement on February 21, 2022. In August 2022, our AMTs voted to be represented by AMFA as their collective bargaining agent. In November 2022, AMFA notified us of its intent to negotiate a CBA and began negotiations. **In October** ~~As of December 31, 2022~~ **2023** , **AMFA filed for mediation with the NMB, and** we **are currently waiting for mediation dates from the NMB to** ~~continued~~ - **continue** ~~to negotiate~~ **negotiating** with AMFA. If we are unable to reach an agreement with any of our unionized work groups in current or future negotiations regarding the terms of their CBAs, we may be subject to work interruptions or stoppages, such as the strike by our pilots in June 2010 and the operational disruption from pilot- related work action experienced in 2017. A strike or other significant labor dispute with our unionized employees is likely to adversely affect our ability to conduct business. Any agreement we do reach could increase our labor and related expenses. ~~The Patient Protection and Affordable Care Act was enacted in 2010. A decision in the Supreme Court regarding this law is pending and it may be repealed in its entirety or certain aspects may be changed or replaced. If the law is repealed or significantly modified or if new healthcare legislation is passed, such action could significantly increase cost of the healthcare benefits provided to our U. S. employees. In addition, the failure to comply materially with such existing and new laws, rules and regulations could adversely affect our business, results of operations and financial conditions.~~ A deterioration in worldwide economic conditions may adversely affect our business, operating results, financial condition, liquidity and ability to obtain financing or access capital markets. The general worldwide economy has in the past experienced downturns due to the effects of the COVID- 19 pandemic, the European debt crisis, unfavorable U. S. economic conditions and slowing growth in certain Asian economies, including general credit market crises, collateral effects on the finance and banking industries, energy price volatility, concerns about inflation, ~~rising~~ **higher** interest rates, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions, geopolitical conflict, pandemic risks, government constraints on international trade and liquidity concerns. We cannot accurately predict the nature, extent, duration, effect or likelihood of any economic slowdown or the timing, strength or sustainability of a subsequent economic recovery worldwide or in the United States or the impact of the foregoing on the aviation industry. Negative conditions in the general economy both in the United States and globally, including conditions resulting from changes in gross domestic product growth, declines in consumer confidence, labor shortages, inflationary pressures, rising interest rates, and financial and credit market fluctuations could result in decreases in spending on air travel and otherwise, increases in labor costs and delayed deliveries of aircraft, all of which could materially and adversely affect the growth of our business. In particular, although inflation in the United States has been relatively low in recent years, the U. S. economy has recently experienced a significant inflationary effect from, among other things, supply chain disruptions and governmental stimulus or fiscal policies adopted in response to the COVID- 19 pandemic. While we cannot predict any future trends in the rate of inflation, there is currently significant uncertainty in the near- term economic outlook. Continued inflation would further raise our costs for labor, materials and services, which could negatively impact our profitability and cash flows. Additionally, we may be unable to raise our fares in amounts equal to the rate of inflation. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus, IAE and Pratt & Whitney over the next several years, and we will need to finance these purchases. We may not have sufficient liquidity or creditworthiness to fund the purchase of aircraft and engines, including payment of pre- delivery deposit payments (" PDPs "), or for other working capital. Factors that affect our ability to raise financing or access the capital markets include market conditions in the airline industry, economic conditions, the perceived residual value of aircraft and related assets, the level and volatility of our earnings, our relative competitive position in the markets in which we operate, our ability to retain key personnel, our operating cash flows and legal and regulatory developments. Regardless of our creditworthiness, at times the market for aircraft purchase or lease financing has been very constrained due to such factors as the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We rely on maintaining a high daily aircraft utilization rate to implement our low- cost structure, which makes us especially vulnerable to flight delays or cancellations or aircraft unavailability. We maintain a high daily aircraft utilization rate. Our average daily aircraft utilization was **11. 1 hours for 2023 and** 10. 7 hours for 2022. During ~~2020 and, to a lesser extent,~~ 2021, we operated our aircraft at **a slightly** lower utilization ~~levels~~ - **level** due to the COVID- 19 pandemic **leading to** ~~and~~ - **an** ~~as such our~~ average daily aircraft utilization of ~~6. 9 hours and~~ 9. 7 hours, **which was** ~~respectively, were low~~ **lower** compared to prior years. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Our revenue per aircraft can be increased by high daily aircraft utilization, which is achieved in part by reducing turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, outbreaks of pandemics or contagious diseases or other changes in business conditions. A significant portion of our operations are concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance, the occurrence of which will increase as our fleet ages, may materially reduce our average fleet utilization and require that we seek short- term substitute capacity at increased costs. **Similarly, removing aircraft from service to inspect and repair the PW1100G engines could reduce our average fleet utilization.** Due to the relatively small size of our fleet and high daily aircraft utilization rate, the unavailability of aircraft and resulting reduced capacity could have a material adverse effect on our business, results of operations and financial condition. Our maintenance costs will increase as our fleet ages, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet. As of December 31, ~~2022~~ **2023**, the average age of our aircraft was approximately ~~7~~ **6**. ~~0~~ **6** years. Our relatively new aircraft require less maintenance now than they will in the future. Our fleet will require more maintenance as it ages and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. For our leased aircraft, we expect that the final heavy maintenance events will be amortized over the remaining lease term rather than until the next estimated heavy maintenance event, because we account for heavy maintenance under the deferral method. This will result in significantly higher depreciation and amortization expense related to heavy maintenance in the last few years of the leases as compared to the costs in earlier periods. Moreover, because our current fleet was acquired over a relatively short period, significant maintenance that is scheduled on each of these planes is occurring at roughly the same time, meaning we will incur our most expensive scheduled maintenance obligations, known as heavy maintenance, across our present fleet around the same time. These more significant maintenance activities result in out- of- service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service. In addition, the terms of some of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our consolidated balance sheet. Depending on their recoverability, these maintenance reserves may be expensed as supplemental rent. We expect scheduled and unscheduled aircraft maintenance expenses to increase over the next several years. Any significant increase in maintenance and repair expenses would have a material adverse effect on our business, results of operations and financial condition. Our lack of marketing alliances could harm our business. Many airlines, including the domestic traditional network airlines (American, Delta and United) have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as OneWorld, SkyTeam and Star Alliance, generally provide for code- sharing, **loyalty** ~~frequent flyer~~ program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline' s segment of flights connecting with alliance partners. We currently do not have any alliances with U. S. or foreign airlines. Our lack of marketing alliances puts us at a competitive disadvantage to traditional network carriers who are able to attract passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our passenger traffic, business, results of operations and financial condition. Airlines are subject to extensive and increasing regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, Congress has passed laws, and the DOT, FAA and TSA have issued regulations, relating to the operation of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with government regulations. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. The DOT has been aggressive in enforcing regulations for violations of the tarmac delay rules, passenger with disability rules, advertising rules and other consumer protection rules that could increase the cost of airline operations or reduce revenues. In December 2020, the DOT issued a Final Rule on Traveling by Air with Service Animals. This rule limits service animals to a dog that is individually trained to do work or perform tasks for the benefit of a person with a disability, and no longer considers an emotional support animal to be a service animal. This eliminates the requirement to carry emotional support animals for free, and will likely reduce costs. Additionally, in December 2020, the DOT withdrew a Request for Information soliciting information on whether airline restrictions on the distribution or display of airline flight information constitute an unfair and deceptive business practice and / or an unfair method of competition. The DOT said that decisions on how and where to sell their services should be left to the airlines. In its first day in office, the Biden Administration issued an executive order that froze review and approval of any new rulemaking. This freeze led the DOT to withdraw the Final Rule on Tarmac Delay and the Advance Notice of Proposed Rulemaking (ANPRM) on Airfare Advertising. The ANPRM may not be reissued. In October 2018, Congress passed the FAA Reauthorization Act of 2018, which extends FAA funds through fiscal year 2023. The legislation contains provisions which could have effects on our results of operations and financial condition. Among other provisions, the new law requires the DOT to lift the payment cap on denied boarding compensation, create new requirements for the treatment of disabled passengers, and treble the maximum civil penalty for damage to wheelchairs and other assistive devices or for injuring a disabled passenger. Under the Act, the FAA is required to issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length. The Act also establishes new rest requirements for flight attendants and requires, within one year, that the FAA issue an order mandating installation of a secondary cockpit barrier on each new aircraft **. In December 2023, Congress passed the Airport and Airway Extension Act of 2023, Part II, which extends FAA funds through March 8, 2024 while Congress works to pass a long- term extension. A five- year extension of FAA funds has passed the House of Representatives, but remains stalled in the Senate. In the event that authorization of FAA funds lapses, our operations and results of operations could be materially adversely affected**. In January 2021, the DOT issued a final rule, effective April 2021, to clarify that the maximum amount of Denied Boarding Compensation (DBC) that a carrier may provide to a passenger denied boarding involuntarily is not limited. We cannot forecast how eliminating this maximum amount of payment will affect our costs. In 2021 and 2022, the DOT issued several NPRMs relating to air travel and airline ticketing and fees. In July 2021, the DOT issued a NRPM requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In November 2021, the DOT reopened the comment period on a NPRM regarding short- term improvements to lavatory accessibility, including new proposed requirements for OBWs (Part 1). This NPRM was to gather information about all aspects of OBW design, including stowage, before issuing any final binding regulation on the topic. In March 2022, the DOT issued a NPRM (Part 2) requiring airlines to ensure that at least one lavatory on new single- aisle aircraft with at least ~~124~~ **125** passenger seats is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft' s on- board wheel chair. If enacted as currently proposed, this NPRM (Part 2) would apply to new aircraft ordered 18 years or delivered 20 years after the effective date of a final rule. In August 2022, the DOT issued a NPRM requiring airlines and ticket agents to provide non- expiring travel vouchers or credits to consumers holding non- refundable tickets for scheduled flights to, from or within the United States as a result of the carrier cancelling or making a significant change to a scheduled flight, a serious communicable disease or for several other reasons. The NPRM will further define the terms " significant change " and " cancellation " and will require airlines and ticket agents to provide refunds if they receive significant financial assistance from the government as a result of a public health emergency. As of December 31, ~~2022~~ **2023** , a final rule has not been issued; however, it is our understanding that the DOT will combine this NPRM with the July 2021 NPRM, regarding the refunding of certain checked bag fees ancillary fees ~~, and that the DOT anticipates issuing a final rule in November 2023~~ . In October 2022, the DOT issued a NRPM which would require airlines to increase disclosure of bag fees, change and cancellation fees, and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. The comment period closed on January 23, 2023. If any of these NPRMs are enacted as proposed, they may increase our costs and our results of operations could be materially adversely affected. We cannot assure that these and other laws or regulations enacted in the future will not harm our business. In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per ticket tax on passengers and a tax on airlines. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements. Our ability to operate as an airline is dependent on our maintaining certifications issued to us by the DOT and the FAA. The FAA has the authority to issue mandatory orders relating to, among other things, the grounding of aircraft, inspection of aircraft, installation of new safety- related items and removal and replacement of aircraft parts that have failed or may fail in the future. A decision by the FAA to ground, or require time consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business and financial results. Federal law requires that air carriers operating large aircraft be continuously " fit, willing and able " to provide the services for which they are licensed. Our " fitness " is monitored by the DOT, which considers factors such as unfair or deceptive competition, advertising, baggage liability and disabled passenger transportation. While the DOT has seldom revoked a carrier' s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations. The U. S. government is under persistent pressure to implement cost cutting and efficiency initiatives. In addition, the U. S. government has recently and may in the future experience delays in the completion of its budget process which could delay funding for government departments and agencies that regulate or otherwise are tied to the aviation industry, including the DOT and FAA. To the extent that any such initiatives or budgeting delays affect the operations of these government departments and agencies, including by forcing mandatory furloughs of government employees, our operations and results of operations could be materially adversely affected. International routes are regulated by treaties and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by our ability to obtain the necessary certificates to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals and restrictions on competitive practices. We are subject to numerous foreign regulations based on the large number of countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see " Business — Government Regulation. " ~~For example, pursuant to the PSP, PSP2 and PSP3 Agreements with the Treasury, we were required to provide continued air service to certain markets for certain periods of time and we are subject to restrictions, along with additional reporting and recordkeeping requirements relating to the funds received under the three PSP programs and other programs to provide relief.~~ Government- imposed travel requirements and entry bans from certain countries based on emerging **viruses or** variants of **existing** ~~the COVID- 19 virus~~ **viruses** could be imposed in the future. We will continue to comply with all contagious disease requirements issued by the U. S. and foreign governments, but we cannot forecast what additional requirements may be imposed in the future or the extent of any pre- travel testing requirements that may be under consideration in the United States and that may be in place, or renewed, in any foreign jurisdiction we serve, including the effect of such requirements on passenger demand or the costs or revenue impact that would be associated with complying with such requirements. Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on, our business. Changes in, and uncertainty with respect to, legislation, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. For example, the Tax Cuts and Jobs Act, enacted on December 22, 2017, limits deductions for borrowers for net interest expense on debt. Specific legislative and regulatory proposals that could have a material impact on us in the future include, but are not limited to, infrastructure renewal programs; changes to immigration policy; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to financial legislation, including the partial or full repeal of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010 (the " Dodd- Frank Act ") or the Tax Cuts and Jobs Act; public company reporting requirements; environmental regulation and antitrust enforcement. Any such changes may make it more difficult and / or more expensive for us to obtain new aircraft or engines and parts to maintain existing aircraft or engines or make it less profitable or prevent us from flying to or from some of the destinations we currently serve. To the extent that any such changes have a negative impact on us or the airline industry, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows. Any tariffs imposed on commercial aircraft and related parts imported from outside the United States may have a material adverse effect on our fleet, business, financial condition and our results of operations. Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U. S. government on the importation of such products or services could materially increase the amounts we pay for them. In early October 2019, the World Trade Organization ruled that the United States could impose $ 7. 5 billion in retaliatory tariffs in response to illegal European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including a 10 % tariff on new commercial aircraft. In February 2020, the United States announced an increase to this tariff from 10 % to 15 %. These tariffs apply to aircraft that we are already contractually obligated to purchase. In June 2021, the United States Trade Representative announced that the United States and European Union had agreed to suspend reciprocal tariffs on large civilian aircraft for five years, pending discussions to resolve their trade dispute. However, these tariffs are under continuing review and at any time could be increased, decreased, eliminated or applied to a broader range of products we use. The imposition of these tariffs may substantially increase the cost of, among other things, imported new Airbus aircraft and parts required to service our Airbus fleet, which in turn could have a material adverse effect on our business, financial condition and / or results of operations. We may also seek to postpone or cancel delivery of certain aircraft currently scheduled for delivery, and we may choose not to purchase as many aircraft as we intended in the future. Any such action could have a material adverse effect on the size of our fleet, business, financial condition and / or results of operations. We may not be able to implement our growth strategy. Our growth strategy includes acquiring additional aircraft, increasing the frequency of flights and size of aircraft used in markets we currently serve, and expanding the number of markets we serve where our low- cost structure would likely be successful. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to: • maintain profitability; • acquire delivery positions of and / or financing for new or used aircraft; • access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy; • acquire new and used aircraft in accordance with our intended delivery schedule, and obtain sufficient spare parts or related support services from our suppliers on a timely basis; • gain access to international routes; • access sufficient gates and other services at airports we currently serve or may seek to serve; and • maintain efficient utilization and capacity of our existing aircraft. Our growth is dependent upon our ability to maintain a safe and secure operation and requires additional personnel, equipment and facilities. An inability to hire and retain personnel, timely secure the required equipment and facilities in a cost- effective manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. In addition, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and / or offer special promotions to deter our entry into a new market or to stop our growth into existing markets or new markets. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets. Some of our target growth markets in the Caribbean and Latin America include countries with less developed economies that may be vulnerable to unstable economic and political conditions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, high inflation, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us and the resulting instability may adversely affect our ability to implement our growth strategy. In 2008, in response to record high fuel prices and rapidly deteriorating economic conditions, we modified our growth plans by terminating our leases for seven aircraft. We incurred significant expenses relating to our lease terminations, and have incurred additional expenses to acquire new aircraft in place of those under the terminated leases as we expanded our network. **In November 2023, we announced that we will discontinue service at Denver International Airport, effective January 9, 2024, as a result of underperforming routes and Pratt & Whitney' s GTF engine availability issues. See " — We depend on a limited number of suppliers for our aircraft and engines. "** We may in the future determine to reduce further our future growth plans from previously announced levels, which may impact our business strategy and future profitability. We rely heavily on technology and automated systems to operate our business and any failure of these technologies or systems or failure by their operators could harm our business. We are highly dependent on technology and automated systems to operate our business and achieve low operating costs. These technologies and systems include our computerized airline reservation system, flight operations system, financial planning, management and accounting system, telecommunications systems, website, maintenance systems and check- in kiosks. The performance and reliability of our technology are critical to our ability to operate and compete effectively. The execution of our strategic plans could be negatively affected by (i) our ability to timely and effectively implement, transition, and maintain related information technology systems and infrastructure; (ii) our ability to effectively balance our investment of incremental operating expenses and capital expenditures related to our strategies against the need to effectively control cost; and (iii) our dependence on third parties with respect to our ability to implement our strategic plans. We cannot assure you that our security measures, change control procedures and disaster recovery plans will be adequate to prevent disruptions or delays. Disruption in or changes to these systems could result in an interruption to our operations or loss of important data. Any of the foregoing could result in a material adverse effect on our business, reputation, results of operations and financial condition. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information with a high degree of reliability. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long- term contract by a third- party service provider, to be able to issue, track and accept these electronic tickets. If our third- party service provider experiences operational failures or claims that it cannot perform as a result of a force majeure, due to the effects of COVID- 19 or otherwise, we may not be able to operate our reservation system. If our reservation system fails or experiences interruptions, and we are unable to book seats for any period of time, we could lose a significant amount of revenue as customers book seats on competing airlines. We have experienced short duration reservation system outages from time to time and may experience similar outages in the future. For example, in November 2010, we experienced a significant service outage with our third- party reservation service provider on the day before Thanksgiving, one of the industry' s busiest travel days and in August 2013, we experienced a 13- hour outage that affected our sales and customer service response times. We also rely on third- party service providers of our other automated systems for technical support, system maintenance and software upgrades. If our automated systems are not functioning or if the current providers were to fail to adequately provide technical support or timely software upgrades for any one of our key existing systems, we could experience service disruptions, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems' vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all and any transition time to a new system may be significant. In addition, our automated systems cannot be completely protected against events that are beyond our control, including natural disasters, cyber attacks, disruption of electrical grid or telecommunications failures. Substantial or sustained system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We have implemented security measures and change control procedures and have disaster recovery plans; however, we cannot assure you that these measures are adequate to prevent disruptions. Disruption in, changes to or a breach of, these systems could result in a disruption to our business and the loss of important data. Moreover, in the event of system outages or interruptions, we may not be able to recover from our information technology and software providers all or any portion of the costs or business losses we may incur. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition. We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks. Our business employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees, suppliers and others, including personal identification information, credit card data and other confidential information. Security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. Although we take steps to secure our management information systems, and although auditors review and approve the security configurations and management processes of these systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, the security measures we have implemented may not be effective, and our systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, natural or man- made disasters, cyber attacks (including ransom attacks in which malicious persons encrypt our systems, steal data, or both, and demand payment for decryption of systems or to avoid public release of data), computer viruses, power loss or other disruptive events. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. Attacks may be targeted at us, our customers and suppliers, or others who have entrusted us with information. In addition, attacks not targeted at us, but targeted solely at suppliers, may cause disruption to our computer systems or a breach of the data that we maintain on customers, employees, suppliers and others. Actual or anticipated attacks may cause us (and at times have caused us) to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants, or costs incurred in connection with the notifications to employees, suppliers or the general public as part of our notification obligations to the various governments that govern our business. Advances in computer capabilities, new technological discoveries, or other developments may result in the breach or compromise of technology used by us to protect transaction or other data. In addition, data and security breaches can also occur as a result of non- technical issues, including breaches by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Our reputation, brand and financial condition could be adversely affected if, as a result of a significant cyber event or other security issues: our operations are disrupted or shut down; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information; we must dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation or other costs. Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation. In the processing of our customer transactions, we receive, process, transmit and store a large volume of identifiable personal data, including financial data such as credit card information. This data is increasingly subject to legislation and regulation, such as the California Consumer Privacy Act and the Fair Accurate Credit Transparency Act and Payment Card Industry legislation, typically intended to protect the privacy of personal data that is collected, processed and transmitted. More generally, we rely on consumer confidence in the security of our system, including our website on which we sell the majority of our tickets. Our business, results of operations and financial condition could be adversely affected if we are unable to comply with existing privacy obligations or legislation or regulations are expanded to require changes in our business practices. We may not be able to maintain or grow our non- ticket revenues. Our business strategy includes expanding our portfolio of ancillary products and services. There can be no assurance that passengers will pay for additional ancillary products and services or that passengers will continue to choose to pay for the ancillary products and services we currently offer. Further, regulatory initiatives could adversely affect ancillary revenue opportunities. Failure to maintain our non- ticket revenues would have a material adverse effect on our results of operations and financial condition. Please see " Risks Related to Our Industry — Restrictions on, or increased taxes applicable to, charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition. " Our inability to expand or operate reliably or efficiently out of our key airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition. We are highly dependent on markets served from airports where we maintain a large presence. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at airports, including, but not limited to: • increases in airport rates and charges; • limitations on take- off and landing slots, airport gate capacity or other use of airport facilities; • termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us; • increases in airport capacity that could facilitate increased competition; • international travel regulations such as customs and immigration; • increases in taxes; • changes in the law that affect the services that can be offered by airlines in particular markets and at particular airports; • restrictions on competitive practices; • the adoption of statutes or regulations that impact customer service standards, including security standards; and • the adoption of more restrictive locally- imposed noise regulations or curfews. In general, any changes **or disruptions** in airport operations could have a material adverse effect on our business, results of operations and financial condition. We rely on third- party service providers to perform functions integral to our operations. We have entered into agreements with third- party service providers to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and there can be no assurance that we will be able to obtain the necessary services at acceptable rates. Although we seek to monitor the performance of third parties that provide us with our reservation system, ground handling, catering, passenger handling, engineering, maintenance services, refueling and airport facilities, the efficiency, timeliness and quality of contract performance by third- party service providers are often beyond our control, and any failure by our service providers to perform their contracts, including as a result of operational failures or a force majeure, due to the effects of COVID- 19 or otherwise, may have an adverse impact on our business and operations. For example, in 2008, our call center provider went bankrupt. Though we were able to quickly switch to an alternative vendor, we experienced a significant business disruption during the transition period and a similar disruption could occur in the future if we changed call center providers or if an existing provider ceased to be able to serve us. We expect to be dependent on such third- party arrangements for the foreseeable future. We rely on third- party distribution channels to distribute a portion of our airline tickets. We rely on third- party distribution channels, including those provided by or through global distribution systems, or GDSs, conventional travel agents and online travel agents, or OTAs, to distribute a portion of our airline tickets, and we expect in the future to rely on these channels to an increasing extent to collect ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our call centers and our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third- party distribution channels, while maintaining an industry- competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility, and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets, and may not provide the functionality we require to maximize ancillary revenues. Any inability to manage our third- party distribution costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third- party sales channels impractical, uncompetitive or obsolete. Our reputation and business could be materially adversely affected in the event of an emergency, accident or similar incident involving our aircraft. We are exposed to potential significant losses in the event that any of our aircraft is subject to an emergency, accident, terrorist incident or other similar incident, and significant costs related to passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. There can be no assurance that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums. Please see " **Risks Related to Our Business** — Increases in insurance costs or significant reductions in coverage could have a material adverse effect on our business, financial condition and results of operations. " In addition, any future aircraft emergency, accident or similar incident, even if fully covered by insurance or even if it does not involve our airline, may create a public perception that our airline or the equipment we fly is less safe or reliable than other transportation alternatives, or could cause us to perform time consuming and costly inspections on our aircraft or engines which could have a material adverse effect on our business, results of operations and financial condition. Negative publicity regarding our customer service or otherwise could have a material adverse effect on our business. In the past, we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems. In particular, we generally experience a higher volume of complaints when we make changes to our unbundling policies, such as charging for baggage. In addition, in 2009, we entered into a consent order with the DOT for our procedures for bumping passengers from oversold flights and our handling of lost or damaged baggage. Under the consent order, we were assessed a civil penalty of $ 375, 000, of which we were required to pay $ 215, 000 based on an agreement with the DOT and not having similar violations in the year after the date of the consent order. Further, media reports about incidents on our aircraft unrelated to customer complaints could negatively impact our reputation and our operations. If we do not meet our customers' expectations with respect to reliability and service, customers could decide not to fly with us, which would materially adversely affect our business and reputation. We depend on a limited number of suppliers for our aircraft and engines. One of the elements of our business strategy is to save costs by operating a single- family aircraft fleet- currently Airbus A320- family, single- aisle aircraft, powered by engines manufactured by IAE and Pratt & Whitney. If any of Airbus, IAE or Pratt & Whitney become unable to perform its contractual obligations, or if we are unable to acquire or lease aircraft or engines from these or other owners, operators or lessors on acceptable terms, we would have to find other suppliers for a similar type of aircraft or engine. In late 2022, we were notified by Airbus that a number of the aircraft we originally had scheduled for delivery in 2023 will be delayed into 2024 and beyond. These delays have required us to reduce capacity expectations for the next year or so. If we have to lease or purchase aircraft from another supplier, we would lose the significant benefits we derive from our current single fleet composition. We may also incur substantial transition costs, including costs associated with retraining our employees, replacing our manuals and adapting our facilities and maintenance programs. Our operations could also be harmed by the failure or inability of aircraft, engine and parts suppliers to provide sufficient spare parts or related support services on a timely basis, particularly in connection with new- generation introductory technology. Our business would be significantly harmed if a design defect or mechanical problem with any of the types of aircraft, engines or components currently on order or that we operate were discovered that would halt or delay our aircraft delivery stream or that would ground any of our aircraft while the defect or problem was corrected, assuming it could be corrected at all. Since the addition of A320neo aircraft in 2016, we had experienced introductory issues with the new- generation PW1100G engines, designed and manufactured by Pratt & Whitney, which had previously resulted in diminished service availability of such aircraft. Beginning in the second half of 2020, the A320neo aircraft fleet reliability had stabilized and the PW1100G engine technical issues had improved. However, beginning in the second half of 2022, we began experiencing reliability issues with the PW1100G engines once again resulting in diminished service availability of aircraft. Supply chain delivery issues and limited capacity at engine maintenance, repair, and overhaul (" MRO ") shops available to service PW1100G engines have resulted in extended turnaround time to perform **these inspections and** the modifications required to improve the reliability of these engines. These impacts are expected to continue throughout ~~2023~~ **2024 and beyond** , until supply chain and engine MRO shop capacity returns to required levels to support our growth **. In addition, in July 2023, Pratt & Whitney announced that it had determined that a rare condition in the powdered metal used to manufacture certain engine parts will require accelerated inspection of the GTF fleet, which powers the A320neo aircraft. As of December 31, 2023, we have removed five engines from service, three of which are currently awaiting induction for inspection. Pratt & Whitney notified us that all GTF engines in its fleet, including the engines slotted for future aircraft deliveries, for a yet to be determined period, may be subject to the removal and inspection, or replacement, of the powdered metal high- pressure turbine and compressor discs. We currently estimate these engines will require removal and inspection in 2024, but continuing through 2026. For 2024, we estimate the average number of grounded neo aircraft will climb steadily from 13 in January 2024 to 41 in December 2024, averaging 26 grounded for the full year 2024. Lower capacity resulting from manufacturer or supplier issues may lead to significant impact on our business and operating results. For instance, partially as a result of the Pratt & Whitney engine issues, in November 2023, we announced that we will discontinue service at Denver International Airport, effective January 9, 2024** . We cannot be certain that new technical issues may be mitigated given the relatively short life these engines have been in service. We continuously work with the engine manufacturer to secure support and relief in connection with possible engine related operation disruptions. Should appropriate design or mechanical modifications not be implemented or not be effective, this could materially adversely affect our business, results of operations and financial condition. These types of events, if appropriate design or mechanical modifications cannot be implemented **, and related operations disruptions, including from required inspections** , could materially adversely affect our business, results of operations and financial condition. Moreover, the use of our aircraft could be suspended or restricted by regulatory authorities in the event of actual or perceived mechanical or design problems. Our business would also be significantly harmed if the public began to avoid flying with us due to an adverse perception of the types of aircraft, engines or components that we operate stemming from safety concerns or other problems, whether real or perceived, or in the event of an accident involving those types of aircraft, engines or components. Carriers that operate a more diversified fleet are better positioned than we are to manage such events. Reduction in demand for air transportation, or governmental reduction or limitation of operating capacity, in the domestic U. S., Caribbean or Latin American markets could harm our business, results of operations and financial condition. A significant portion of our operations are conducted to and from the domestic U. S., Caribbean or Latin American markets. Our business, results of operations and financial condition could be harmed if we lost our authority to fly to these markets, by any circumstances causing a reduction in demand for air transportation, or by governmental reduction or limitation of operating capacity, in these markets, such as adverse changes in local economic or political conditions, negative public perception of these destinations, unfavorable weather conditions, public health concerns or terrorist- related activities. Furthermore, our business could be harmed if jurisdictions that currently limit competition allow additional airlines to compete on routes we serve. Many of the countries we serve are experiencing either economic slowdowns or recessions, which may translate into a weakening of demand and could harm our business, results of operations and financial condition. We carry insurance for third- party liability, passenger liability, property damage and all- risk coverage for damage to our aircraft. As a result of the September 11, 2001 terrorist attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war risk insurance). Accordingly, our insurance costs increased significantly and our ability to continue to obtain certain types of insurance remains uncertain. While the price of commercial insurance has declined since the period immediately after the terrorist attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected. We currently maintain commercial airline insurance with several underwriters. However, there can be no assurance that the amount of such coverage will not be changed, or that we will not bear substantial losses from accidents. We could incur substantial claims resulting from an accident in excess of related insurance coverage that could have a material adverse effect on our results of operations and financial condition. Renewing coverage may result in higher premiums and more restrictive terms. Our business, results of operations and financial condition could be materially adversely affected if we are unable to obtain adequate insurance. Failure to comply with applicable environmental regulations could have a material adverse effect on our business, results of operations and financial condition. We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water and the management of hazardous substances, oils and waste materials. Compliance with all environmental laws and regulations can require significant expenditures and any future regulatory developments in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. For example, climate change legislation was previously introduced in Congress and such legislation could be re- introduced in the future by Congress and state legislatures, and could contain provisions affecting the aviation industry, compliance with which could result in the creation of substantial additional costs to us. Similarly, the EPA issued a rule that regulates larger emitters of greenhouse gases. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and could have a material adverse effect on our business, results of operations and financial condition. There is also an increasing international focus on climate change, carbon emissions and environmental regulation. The principal deputy assistant secretary for aviation and international affairs at the DOT spent the last 25 years working on international aviation climate change policy at Environmental Defense Fund. This may signal increased emphasis on new environmental regulation on commercial aviation. Members of the International Civil Aviation Organization (" ICAO ") have been negotiating a global agreement in greenhouse gas emissions for the aviation industry. In October 2016, the ICAO adopted the Carbon Offsetting and Reduction Scheme for International Aviation (" CORSIA "), which is a global, market- based emissions offset program designed to encourage carbon- neutral growth beyond 2020. Further, in June 2018 the ICAO adopted standards pertaining to the collection and sharing of information in international aviation emissions beginning in 2019. We are a participant in the CORSIA program. The CORSIA will increase operating costs for Spirit and other U. S. airlines that operate internationally. The CORSIA is being implemented in phases beginning with a voluntary pilot which began in 2021 and will continue through 2023. The COVID- 19 pandemic has depressed international aviation such that 2020 emissions will not be included in setting a baseline. Airlines will have until January 2025 to cancel eligible emissions units to comply with their total offsetting requirements for the pilot phase. From 2021, all flights will be subject to offsetting with certain exceptions. Certain details are still being developed and the impact cannot be fully predicted. Compliance with CORSIA could significantly increase our operating costs. The potential impact of CORSIA or other emissions- related requirements on our costs will ultimately depend on a number of factors, including baseline emissions, the price of emission allowances or offsets that we would need to acquire, the efficiency of our fleet and the number of flights subject to these requirements. These costs have not been completely defined and could fluctuate. Governmental authorities in several U. S. and foreign cities are also considering or have already implemented aircraft noise reduction programs, including the imposition of nighttime curfews and limitations on daytime take- offs and landings. We have been able to accommodate local noise restrictions imposed to date, but our operations could be adversely affected if locally- imposed regulations become more restrictive or widespread. If we are unable to attract and retain qualified personnel or fail to maintain our company culture, our business, results of operations and financial condition could be harmed. Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. The airline industry has from time to time experienced a shortage of qualified personnel, particularly with respect to pilots and maintenance technicians. In addition, we currently face, and may continue to face, high employee turnover, including with respect to our pilots. We may be required to increase wages and / or benefits in order to attract and retain qualified personnel. If we are unable to hire, train and retain qualified employees, our operations and business could be harmed and we may be unable to implement our growth plans. Since 2021, we have experienced a shortage of qualified workers as the U. S. labor market tightened, in particular shortages of qualified pilots. As a result, our operations were negatively impacted and our labor costs have increased substantially in 2021 and **through** ~~2022, and we expect to continue to face labor shortages and higher costs in~~ 2023. In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing high- quality customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed. Our business, results of operations and financial condition could be materially adversely affected if we lose the services of our key personnel. Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team. Competition for highly qualified personnel is intense. For example, the **pendency of** ~~executive compensation limitations under~~ the **Merger** ~~PSP programs~~ may ~~hinder our ability~~ **make it difficult** to retain **and hire qualified personnel** ~~our executive officers or other key employees~~. The loss of any executive officer or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key- person life insurance on our management team. The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified board members. As a public company, we incur significant legal, accounting and other expenses, including costs associated with public company reporting requirements. We also have incurred and will continue to incur costs associated with the Sarbanes- Oxley Act of 2002, as amended, the Dodd- Frank Act and related rules implemented or to be implemented by the SEC and the New York Stock Exchange. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time- consuming and costly. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as our executive officers and may divert management' s attention. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation. Risks Related to Our Programs The success of the Free Spirit Program and the Spirit Saver $ Club ® program depend on the success of the Company. The Free Spirit Program and the Spirit Saver $ Club ® program depend on our continued success as a commercial airline and our continued performance under certain Free Spirit Agreements. The success or failure of our business will have a direct impact the success and the value of the Free Spirit Program and the Spirit Saver $ Club ® program. Business decisions made by the Company, including with respect to ticket prices, routes, the location of hubs, cabin designs, safety procedures, any initiatives to retain customers and otherwise, could have an adverse impact on our appeal to air travelers, which could negatively affect participation in the Free Spirit Program and the Spirit Saver $ Club ® program, damage our reputation or harm our relationships with the Free Spirit Partners. For instance, certain business decisions may negatively adjust the rate at which points are purchased by third parties under the terms of the applicable Free Spirit Agreement, and decisions by the Company with respect to mergers, divestitures or other corporate events may provide for termination rights of third parties under Free Spirit Agreements, each of which could have a material adverse effect on the financial and operational success, as well as the appraised value of the Free Spirit Program and the Spirit Saver $ Club ® program. The success of the Free Spirit Program and the Spirit Saver $ Club ® program may be harmed by decisions or actions of our partners that are beyond our control. The Free Spirit Program and the Spirit Saver $ Club ® program depend in part on the decisions or actions of our partners. For example, issuers of our co- branded credit cards have certain rights to alter terms and conditions of the credit card accounts of their customers, including finance charges and other fees and required minimum monthly payments, in order to maintain their competitive position in the credit card industry or to comply with, among other things, regulatory guidelines, relevant law or prudent business practices. Changes in the terms of such credit card accounts may reduce the number of new accounts, the volume of credit card spend or negatively impact account retention, which in turn may reduce the number of points accrued and sold or impact the Free Spirit Program. Although issuers of our co- branded credit cards may consult the Company prior to implementing any such changes, no assurance can be given that issuers of our co- branded credit cards will not take actions that adversely affect the success of Free Spirit Program and the Spirit Saver $ Club ® program. Covenant restrictions on the Free Spirit Program and the Spirit Saver $ Club ® program in our debt agreements will impose restrictions on our operations, and if we are not able to comply with such covenants, our creditors could accelerate our indebtedness or exercise other remedies. The covenants in the indenture governing the Secured Notes contains a number of provisions that impose restrictions on the Free Spirit Program and the Spirit Saver $ Club ® program which, subject to certain exceptions, limit the ability of the Company to, among other things, amend the policies and procedures of the Free Spirit Program and the Spirit Saver $ Club ® program in a manner that would be reasonably expected to have a material adverse effect, compete with the Free Spirit Program and the Spirit Saver $ Club ® by establishing another mileage or loyalty program (subject to certain exceptions) and sell pre- paid miles in excess of $ 25. 0 million annually and $ 125. 0 million in the aggregate. The indenture contains additional restrictions on the Free Spirit Program and the Spirit Saver $ Club ® program, including the ability to terminate or modify certain licenses and certain material Free Spirit Agreements. The indenture also requires Spirit to maintain a minimum liquidity of at least $ 400. 0 million on a daily basis. Such covenants are in addition to the other restrictions in the indenture, such as restrictions on the ability of the issuers and guarantors of the Secured Notes to make restricted payments, incur additional indebtedness, enter into certain transactions with affiliates, create or incur certain liens on the collateral, merge, consolidate, or sell assets, sell, transfer or otherwise convey the collateral and designate certain subsidiaries as unrestricted. Complying with these covenants and other restrictive covenants that may be contained in any future debt agreements will limit our ability to operate our business and may limit our ability to take advantage of business opportunities that are in our long- term interest. The failure to comply with any of these covenants or restrictions could result in a default under the indenture governing the Secured Notes or any future debt agreement, which could lead to an acceleration of the debt under such instruments and, in some cases, the acceleration of debt under other instruments that contain cross- default or cross- acceleration provisions, each of which could have a material adverse effect on the Company. In the case of an event of default, or in the event of a cross- default or cross- acceleration, we may not have sufficient funds available to make the required payments under our debt agreements. Risks Related to Our Leverage and Liquidity We have a significant amount of aircraft- related fixed obligations and we have incurred, and may incur in the future, significant additional debt, that could impair our liquidity and thereby harm our business, results of operations and financial condition. The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of December 31, ~~2022~~ **2023** , we had $ 1, ~~870~~ **667** . 7 million in aircraft- related debt and $ 1, 771. ~~7~~ **4** million of other long- term debt on our consolidated balance sheet. In **2023 and** 2022 ~~and 2021~~ , we made scheduled principal payments of $ **337. 5 million and $** 193 ~~. 0 million and $ 470~~ . 0 million on our outstanding debt obligations, respectively. **In addition. during the fourth quarter of 2023, the Company early extinguished $ 323. 3 million of outstanding fixed- rate term loans.** As of December 31, ~~2022~~ **2023** , we had future principal debt obligations of $ 3. ~~6~~ **4** billion, of which $ ~~336~~ **305** . ~~6~~ **2** million is due in **2024. In** 2023 **and** ~~. In~~ 2022 ~~and 2021~~ , we paid the lessors rent of $ **389. 6 million and $** 286. 0 million ~~and $ 252. 2 million~~ , respectively. As of December 31, ~~2022~~ **2023** , we had future aircraft and spare engine operating lease obligations of approximately $ ~~4~~ **5** . ~~0~~ **6** billion. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus, IAE, and Pratt & Whitney for delivery over the next several years. Our ability to pay the fixed and other costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, weakening or improvement in the U. S. economy, as well as general economic and political conditions and other factors that are beyond our control **. From time to time and subject to market conditions and any applicable contractual requirements, we may refinance portions of our debt, including our 2025 maturities, which, at current interest rates and**

**market conditions, may negatively impact our interest expense or result in higher dilution** . The amount of our aircraft- related fixed obligations, our obligations under our other debt arrangements, and the related need to obtain financing could have a material adverse effect on our business, results of operations and financial condition and could: • require a substantial portion of cash flow from operations for operating lease and maintenance deposit payments, and principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our ability to make required pre- delivery deposit payments, or PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order; • limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all; • make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to have insufficient cash flows from operations to make our scheduled payments; • reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with fewer fixed payment obligations or which are subject to fewer limitations or restrictions; and • cause us to lose access to one or more aircraft and forfeit our rent deposits if we are unable to make our required aircraft lease rental and debt payments and our lessors or lenders exercise their remedies under the lease and debt agreements, including cross default provisions in certain of our leases and mortgages. A failure to pay our operating lease, debt and other fixed cost obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease or debt payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition. Downgrades in our credit ratings could increase future debt financing costs and limit the future availability of debt financing. Our credit ratings are important to our cost and availability of capital. The major rating agencies routinely evaluate our credit profile and assign credit ratings to us. This evaluation is based on a number of factors, which include financial strength, business and financial risk, transparency with rating agencies, and timeliness of financial reporting **, as well as overall industry risk** . We have ~~recently~~ experienced downgrades in our credit ratings based on our increased level of credit risk as a result of the financial impacts of the COVID- 19 pandemic and a **continued lack of profitability** ~~recent deterioration in the general macroeconomic environment~~ . ~~Our~~ **Beginning in 2020 with the onset of the COVID- 19 pandemic and through January 2024, on occasion, our corporate** credit rating ~~was~~ **and the credit ratings of our Spirit Airlines Pass Through Trust Certificates have been** downgraded by Fitch ~~to BB- and again to B in April 2020 and November 2022~~ , ~~respectively, and by~~ S & P Global ~~to~~ **and / or Moody' s. As of January 2024, our Fitch, S & P Global and Moody' s credit ratings were** B ~~in June~~ **-, CCC and Caa2, respectively. As of January** ~~2020~~ **2024** ~~. In September 2022~~ , the **S & P Global** credit ~~rating~~ **ratings** of our Spirit Airlines Pass Through Trust Certificates Series 2015- 1 Class ~~C and our Spirit Airlines Pass Through Trust Certificates Series 2017- 1 Class C was downgraded by Fitch from BBB to BBB-. In June 2020, the credit ratings of our Spirit Airlines Pass Through Trust Certificates Series 2017- 1 Class~~ A and B were ~~downgraded by S & P Global to BBB and~~ BB ~~-~~ **and B** , respectively ~~. In November 2022~~ , ~~the credit ratings of our Spirit Airlines Pass Through Trust Certificates Series 2015- 1 Class B~~ and ~~Series 2017- 1 Class B were downgraded by Fitch to BBB- from BBB, respectively. In November 2020,~~ the credit ratings of our Spirit Airlines Pass Through Trust Certificates Series 2017- 1 Class AA **, A** and ~~C~~ **B** were ~~downgraded by S & P Global to~~ **BBB, BB and B, respectively. As of January 2024, the Fitch credit ratings of our Spirit Airlines Pass Through Trust Certificate Series 2015- 1 Class B and 2017- 1 Class B were BB and the Fitch credit ratings of our Spirit Airlines Pass Through Trust Certificate Series 2017- 1 Class** AA **was A** ~~- and BB, respectively~~ . If our credit ratings were to be further downgraded, or general market conditions were to ascribe higher risk to our ratings levels, the airline industry, or us, it could increase future debt financing costs and limit the future availability of debt financing, which would have an adverse effect on our business, results of operations and financial condition. Despite our current indebtedness levels, we may incur additional indebtedness in the future, which could further increase the risks associated with our leverage. We may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. Our debt agreements do not prohibit us from incurring additional unsecured indebtedness or certain secured indebtedness. If other such indebtedness is incurred in the future, our debt service obligations will increase. The more leveraged we become, the more we will be exposed to the risks created by our current substantial indebtedness. Our ability to incur secured indebtedness is subject to compliance with certain covenants in the indenture governing the Secured Notes and, in certain circumstances, the liens securing such additional indebtedness will be permitted to be pari passu with the liens securing the Secured Notes. To the extent that the terms of our current or future debt agreements would prevent us from incurring additional indebtedness, we may be able to obtain amendments to those agreements that would allow us to incur such additional indebtedness, and such additional indebtedness could be material. For additional information, refer to " Notes to Consolidated Financial Statements — ~~12~~ **13** . Debt and Other Obligations " and " Notes to Consolidated Financial Statements — ~~9~~ **10** . Equity. " We are highly dependent upon our cash balances and operating cash flows. As of December 31, ~~2022~~ **2023** , we have a revolving credit facility, maturing in ~~2024~~ **2025** , for up to $ 300. 0 million which was undrawn and available as of December 31, ~~2022~~ **2023** . For additional information, refer to " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and " Notes to Consolidated Financial Statements — ~~12~~ **13** . Debt and Other Obligations. " This credit facility is not adequate to finance our operations, and we will continue to be dependent on our operating cash flows and cash balances to fund our operations and to make scheduled payments on our aircraft- related fixed obligations. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations ~~in order to mitigate the impact of COVID- 19 on our financial position and operations, including through the payroll support program or loan program with the Treasury and offerings of our common stock, Secured Notes and Convertible Notes~~ . ~~For additional information, refer to " Notes to Consolidated Financial Statements — 12. Debt and Other Obligations " and " Notes to Consolidated Financial Statements — 9. Equity. "~~ In addition, our credit card processors are entitled to withhold receipts from customer purchases from us, under certain circumstances. **If** ~~Although our credit card processors currently do not have a right to hold back credit card receipts to cover repayment to customers, if~~ we fail to maintain certain liquidity and other financial covenants, their rights to holdback would ~~be reinstated~~ **become operative** , which would result in a reduction of unrestricted cash that could be material ~~. In addition, we are required by some of our aircraft lessors to fund reserves in cash in advance for scheduled maintenance, and a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases~~ . If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating lease and fixed obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition. Our net operating losses may be limited for U. S. federal income tax purposes under Section 382 of the U. S. Internal Revenue Code. If a corporation with net operating losses (" NOLs ") undergoes an " ownership change " within the meaning of Section 382 of the U. S. Internal Revenue Code of 1986, as amended (the " Code "), then such corporation' s use of such " pre- change " NOLs to offset income incurred following such ownership change generally will be subject to an annual limitation specified in Section 382 of the Code. Such limitation also may apply to certain losses or deductions that are " built- in " (i. e., attributable to periods prior to the ownership change, but not yet taken into account for tax purposes) as of the date of the ownership change that are subsequently recognized. An ownership change generally occurs when there is either (i) a shift in ownership involving one or more " 5 % shareholders, " or (ii) an " equity structure shift " and, as a result, the percentage of stock of the corporation owned by one or more 5 % shareholders (based on value) has increased by more than 50 percentage points over the lowest percentage of stock of the corporation owned by such shareholders during the " testing period " (generally the three years preceding the testing date). If the use of our net operating losses to offset our income is subject to such an annual limitation, it is possible that our cash flows, business operations or financial conditions could be adversely affected. Risks Related to Our Securities The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, or warrants issued to the Treasury under the ~~PSP~~ **PSP1** , PSP2 or PSP3, could depress the trading price of our common stock and Convertible Notes. We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations or fund acquisitions, or for other purposes. In connection with our participation in ~~the PSP~~ **PSP1** , PSP2 and PSP3, we issued to the Treasury 739, 089 warrants which may be exercised for shares of our common stock in consideration for the receipt of funding from the Treasury. ~~See " Risks Related to Recent Events — We~~ **The warrants expire in five years from the date of issuance, are transferable,** have ~~agreed to certain restrictions~~ **no voting rights and contain customary terms regarding anti- dilution. If the Treasury or any subsequent warrant holder exercises the warrants, the interest of our holders of common stock would be diluted and we would be partially owned by the U. S. government, which could have a negative impact** on our ~~business~~ **common stock price, and which could require increased resources and attention** by **our management** ~~accepting financing under the legislation enacted in response to the COVID- 19 pandemic~~ . ~~"~~ Additionally, in 2020 we issued 9, 000, 000 shares pursuant to our ATM Program and in 2021 we completed the registered direct placement of 10, 594, 073 shares of our voting common stock. Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the price of our common stock could decline substantially. The indenture for the 4. 750 % convertible senior notes due 2025 (the " 2025 Convertible Notes ") and the 1. 00 % convertible senior notes due 2026 (the " 2026 Convertible Notes ", and together with the 2025 Convertible Notes, the " Convertible Notes ") does not restrict our ability to issue additional equity securities in the future. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock, and, accordingly, the Convertible Notes, may significantly decline. In addition, any issuance of additional shares of common stock will dilute the ownership interests of our existing common stockholders, including holders of our Convertible Notes who have received shares of our common stock upon conversion of their Convertible Notes. Conversion of the Convertible Notes may dilute the ownership interest of existing stockholders, including holders of the Convertible Notes who have previously converted their Convertible Notes. At our election, we may settle Convertible Notes tendered for conversion partly or, in the case of the 2025 Convertible Notes, entirely, in shares of our common stock. As a result, the conversion of some or all of the Convertible Notes may dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion of the Convertible Notes could adversely affect prevailing market prices of our common stock and, in turn, the price of the Convertible Notes. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could depress the price of our common stock. Provisions in the indenture governing the Convertible Notes could delay or prevent an otherwise beneficial takeover of us. Certain provisions in the Convertible Notes and the indenture governing the Convertible Notes could make the Merger or another third party attempt to acquire us more difficult or expensive. For example, if a takeover, including the Merger, constitutes a fundamental change, then holders of the Convertible Notes will have the right to require us to repurchase their notes for cash. In addition, if a takeover, including the Merger, constitutes a make- whole fundamental change, then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the Convertible Notes and the indenture governing the Convertible Notes could increase the cost of the Merger or acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that holders of the Convertible Notes or holders of our common stock may view as favorable. The market price of our common stock **has been, and** may **continue to** be **,** volatile, which could cause the value of an investment in our stock to decline. The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including: • **announcements** ~~the severity~~ , **media reports, analyst**

**reports** ~~extent and duration of the ongoing COVID- 19 pandemic and its impact on our -~~ **or** ~~business, results of operations, financial condition and credit ratings, as well as on the~~ **other publications regarding** ~~travel industry and consumer spending more broadly,~~ the **Merger** ~~actions taken to reduce the spread of the virus, the effectiveness of our -~~ **or** ~~cost reduction and liquidity preservation measures, and~~ the **litigation concerning** ~~speed and extent of~~ the **Merger** ~~recovery across the broader travel industry~~ ; • announcements concerning our competitors, the airline industry or the economy in general; • strategic actions by us or our competitors, such as acquisitions or restructurings; • increased price competition; • media reports and publications about the safety of our aircraft or the aircraft type we operate; • new regulatory pronouncements and changes in regulatory guidelines; • changes in the price of aircraft fuel; • announcements concerning the availability of the type of aircraft we use; • general and industry- specific economic conditions, including the level of inflation; • changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations; • sales of our common stock or other actions by investors with significant shareholdings; • trading strategies related to changes in fuel or oil prices; and • general market, political and economic conditions ~~, including as a result of the efficacy of, ability to administer and extent of adoption of any COVID- 19 vaccines domestically and globally~~ . The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock **. The price of our common stock has recently declined substantially in response to the announcement of the Injunction and statements by JetBlue related to the Merger and the Injunction. Any significant future declines in the price of our common stock could have an adverse impact on investor confidence and employee retention, which could have a material adverse effect on our business, results of operations and financial condition** . In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management' s attention and resources and harm our business or results of operations. We may be unable to purchase the Secured Notes or the Convertible Notes upon the occurrence of an applicable change of control or other event. Upon the occurrence of a Parent Change of Control, as defined in the indenture governing the Secured Notes, the issuers of the Secured Notes would be required to offer to purchase such notes for cash at a price equal to 101 % of their aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including, the repurchase date. Additionally, holders of the Convertible Notes may require us to repurchase their notes following a fundamental change, as defined in the indenture governing the Convertible Notes, at a cash repurchase price generally equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our common stock. Applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Secured Notes or Convertible Notes or pay the cash amounts due upon conversion of the Convertible Notes. Moreover, the exercise by holders of the Secured Notes or Convertible Notes of the right to require the issuers to repurchase their respective notes, or the failure to repurchase such notes, could cause a default under our other debt, even if the event itself does not result in a default under such debt, due to the financial effect of such repurchase. In addition, we may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Convertible Notes or the Secured Notes, or pay the cash amounts due upon conversion of the Convertible Notes. Therefore, we cannot assure you that sufficient funds will be available when necessary to make any required repurchases. In addition, the indenture governing the Secured Notes sets forth certain Mandatory Prepayment Events, as defined in the indenture governing the Secured Notes. Upon the occurrence of any such Mandatory Prepayment Event, we would be required to prepay the Secured Notes pro rata to the extent of any net cash proceeds received in connection with such event, at a price equal to 100 % of the principal amount to be redeemed plus an applicable premium and accrued and unpaid interest, if any, thereon to, but excluding, the prepayment date. Our failure to complete any such mandatory prepayment would result in a default under the indenture governing the Secured Notes. Such a default may, in turn, constitute a default under any other of our debt agreements that may then be outstanding. Finally, the indenture governing the Secured Notes sets forth certain Mandatory Repurchase Offer Events, as defined in the indenture governing the Secured Notes. Upon the occurrence of any such Mandatory Repurchase Offer Event, we would be required to offer to repurchase the Secured Notes pro rata to the extent of any net cash proceeds received in connection with such event, at a price equal to 100 % of the principal amount to be repurchased plus accrued and unpaid interest thereon to, but excluding, the repurchase date. Our failure to discharge this obligation would result in a default under the indenture governing the Secured Notes. Such a default may, in turn, constitute a default under other of our debt agreements that may then be outstanding. The indenture governing the Secured Notes impose certain restrictions which may adversely affect our business and liquidity. The indenture governing the Secured Notes imposes certain restrictions on the issuers of the Secured Notes and certain guarantors. These restrictions limit their ability to, among other things: (i) make restricted payments, (ii) incur additional indebtedness, (iii) create certain liens on the collateral, (iv) sell or otherwise dispose of the collateral and (v) consolidate, merge, sell or otherwise dispose of all or substantially all of the issuers' assets, among other restrictions. As a result of these restrictions, we may be limited in how we conduct our business, in our ability to compete effectively or in our ability to implement changes or take advantage of business opportunities — including by making strategic acquisitions, investments or alliances, restructuring our organization or financing capital needs — that would be in our interest. We may also be unable to raise additional indebtedness or equity financing to operate during general economic or business downturns. If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline. Our antitakeover provisions may delay or prevent a change of control, which could adversely affect the price of our common stock. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make it difficult to remove our board of directors and management and may discourage or delay " change of control " transactions, which could adversely affect the price of our common stock. These provisions include, among others: • our board of directors is divided into three classes, with each class serving for a staggered three- year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting; • actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent; • special meetings of our stockholders can be called only by the Chairman of the Board or by our corporate secretary at the direction of our board of directors; and • advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer' s own slate of directors or otherwise attempting to obtain control of our company. Our corporate charter and bylaws include provisions limiting voting by non- U. S. citizens and specifying an exclusive forum for stockholder disputes. To comply with restrictions imposed by federal law on foreign ownership of U. S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict voting of shares of our common stock by non- U. S. citizens. The restrictions imposed by federal law currently require that no more than 25 % of our stock be voted, directly or indirectly, by persons who are not U. S. citizens, and that our president and at least two- thirds of the members of our board of directors and senior management be U. S. citizens. Our amended and restated bylaws provide that the failure of non- U. S. citizens to register their shares on a separate stock record, which we refer to as the " foreign stock record, " would result in a suspension of their voting rights in the event that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. As of December 31, ~~2022~~ **2023** , we believe we were in compliance with the foreign ownership rules. As of December 31, ~~2022~~ **2023** , there are no shares of non- voting common stock outstanding. When shares of non- voting common stock are outstanding, the holders of such stock may convert such shares, on a share- for- share basis, in the order reflected on our foreign stock record as shares of common stock are sold or otherwise transferred by non- U. S. citizens to U. S. citizens. Our amended and restated certificate of incorporation also specifies that the Court of Chancery of the State of Delaware shall be the exclusive forum for substantially all disputes between us and our stockholders. Because the applicability of the exclusive forum provision is limited to the extent permitted by applicable law, we do not intend for the exclusive forum provision to apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and acknowledge that federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act. We note that there is uncertainty as to whether a court would enforce the provision as it applies to the Securities Act and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. This provision may have the effect of discouraging lawsuits against our directors and officers. We do not intend to pay cash dividends for the foreseeable future. We have never declared or paid cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and fund share repurchases under programs approved by our Board of Directors. We do not intend to pay cash dividends in the foreseeable future. The Merger Agreement restricts us from declaring or paying dividends without JetBlue' s consent until the Merger is completed or the Merger Agreement is terminated. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments, business prospects and such other factors as our Board of Directors deems relevant. The timing of any share repurchases under share repurchase programs will depend upon market conditions, our capital allocation strategy and other factors. Additionally, the Merger Agreement restricts us from repurchasing shares of our common stock without JetBlue' s consent until the Merger is completed or the Merger Agreement is terminated. 