Mobileye N.V.
Form F-3ASR
August 26, 2015

As filed with the Securities and Exchange Commission on August 25, 2015

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form F-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Mobileye N.V.

(Exact Name of Registrant as Specified in Its Charter)

The Netherlands

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification Number)

Har Hotzvim, 13 Hartom Street

P.O. Box 45157

Jerusalem 9777513, Israel

+972 2 541 7333

(Address and telephone number of registrant's principal executive offices)

Mobileye, Inc.

99 Jericho Turnpike

Jericho, NY 11753

877-867-4900

(Name, address, and telephone number of agent for service)

Please send copies of all communications to:

Ofer Maharshak	**James R. Tanenbaum, Esq.**
Chief Financial Officer	**Anna T. Pinedo, Esq.**
Mobileye N.V.	**Morrison & Foerster LLP**
Har Hotzvim, 13 Hartom Street	**250 West 55th Street**
P.O. Box 45157	**New York, NY 10019-5201**
Jerusalem 9777513, Israel	**(212) 468-8000**
+972 2 541 7333	

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement:

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered/ Proposed Maximum Aggregate Offering Price/ Amount of Registration Fee (1)**
Ordinary shares, nominal value €0.01	
Debt securities	

(1) An indeterminate aggregate offering price or number of securities of each identified class is being registered as may from time to time be issued at indeterminate prices. Separate consideration may not be received for registered securities that are issuable on exercise, conversion or exchange of other securities. In accordance with Rules 456(b) and 457(r) under the Securities Act, the Registrant is deferring payment of all of the registration fee.

Explanatory Note

The prospectus contained herein relates to both of the following:

- the initial offering of newly issued ordinary shares and debt securities by the company, on a continuous or delayed basis, at indeterminate aggregate initial public offering prices; and

- the offering of ordinary shares by selling shareholders, at indeterminate aggregate public offering prices.

When the prospectus is delivered to an investor, the investor will be informed of that fact in the confirmation of sale.

PROSPECTUS

MOBILEYE N.V.

(Jerusalem, Israel)

Ordinary Shares

Debt Securities

Mobileye N.V. from time to time may offer to sell ordinary shares and debt securities. The selling shareholders, who will be named in a prospectus supplement, from time to time may offer to sell ordinary shares. Our ordinary shares are listed on the New York Stock Exchange under the symbol "MBLY."

When we offer securities, we will provide you with a prospectus supplement describing the terms of the specific issue of securities including their offering price and the specific manner in which they may be offered. You should read this prospectus and the accompanying supplement carefully before you invest. We may offer and sell the securities directly to purchasers, through underwriters, dealers or agents, or through any combination of these methods, on a continuous or delayed basis. In addition, the selling shareholders, who will be named in a prospectus supplement, may sell our securities in one or more offerings pursuant to this registration statement. The prices and terms of the securities that we or any selling shareholder will offer will be determined at the time of their offering and will be described in a supplement to this prospectus. We will not receive any of the proceeds from the sale of securities by any selling shareholder.

Investing in the securities involves risks. See the section entitled "Risk Factors" beginning on page 8 of this prospectus, and other risk factors contained in the applicable prospectus supplement and in the documents incorporated by reference herein and therein.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated August 25, 2015

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-3 that we filed with the SEC using a "shelf" registration or continuous offering process. Under this shelf process, we or the selling shareholders may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the ordinary shares and debt securities that we may offer and the ordinary shares that selling shareholders may offer, which we will refer to collectively as the "securities." Each time that we or selling shareholders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement will provide information regarding certain tax consequences of the purchase, ownership and disposition of the offered securities. The prospectus supplement may also add to, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. We will file each prospectus supplement with the SEC. You should read both this prospectus and the applicable prospectus supplement, together with the additional information and the documents incorporated by reference described under the heading "Additional Information."

Unless otherwise specified in this prospectus, references to "Mobileye N.V.," "Mobileye," the "Company," "we," "our," "ours, or similar terms refer to Mobileye N.V. together with its subsidiaries.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference into this prospectus as further described below under "Available Information." This summary does not contain all the information that you should consider before investing in the securities being offered by this prospectus. You should carefully read the entire prospectus, the documents incorporated by reference into this prospectus and the prospectus supplement relating to the securities that you propose to buy, especially any description of investment risks that we may include in the prospectus supplement.

Mobileye N.V.

We were founded in Israel in 1999 by Professor Amnon Shashua, our Chief Technology Officer, Chairman and a director, and Mr. Ziv Aviram, our President, Chief Executive Officer and a director, whom we refer to together as our "Founders." In 2001, we incorporated Mobileye B.V. as the holding company in The Netherlands for all of our worldwide activities. In July 2003, Mobileye B.V. was converted into Mobileye N.V., a Dutch limited liability company. Our management is located in Israel. On August 6, 2014, we closed our IPO in which we issued 8.325 million new ordinary shares for net proceeds of $197.4 million (including proceeds from options that were exercised in connection with our IPO). We also listed our ordinary shares on the New York Stock Exchange (the "NYSE") and they are traded under the symbol "MBLY." For further information about Mobileye N.V. and its subsidiaries, please refer to the section entitled "Available Information."

The Securities We and the Selling Shareholders Are Offering

We may offer any of the following securities from time to time:

· ordinary shares; and

· debt securities.

The selling shareholders, who will be named in a prospectus supplement, may offer ordinary shares from time to time.

When we use the term "securities" in this prospectus, we mean any of the securities we or the selling shareholders may offer pursuant to this prospectus and a prospectus supplement, unless we say otherwise. This prospectus, including the following summary, describes the general terms that may apply to the securities. The specific terms of any particular securities that we or the selling shareholders may offer will be described in a separate supplement to this prospectus.

Debt Securities

For any particular debt securities we offer, your prospectus supplement will describe the specific designation, the aggregate principal or face amount and the purchase price, the ranking, the stated maturity, if any, the redemption terms, if any, the rate, or manner of calculating the rate, and the payment dates for interest, if any, the amount or manner of calculating the amount payable at maturity and any other specific terms.

We will issue the debt securities, if any, under an indenture that we will enter into with a national banking association or other eligible party, as trustee, to be named in a prospectus supplement.

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Form of Securities

Our ordinary shares are issued in registered form only and are only available in the form of an entry in our share register, without issuance of any share certificate. Our shareholders' register is maintained upon our instruction by our transfer agent and registrar, American Stock Transfer & Trust Company, LLC ("AST"). Transfer of record ownership of shares is effected by a written deed of transfer acknowledged by us, or by our transfer agent and registrar AST acting on our behalf.

We will issue the securities in book-entry form through one or more depositaries, such as The Depository Trust Company ("DTC"), Euroclear Bank S.A./N.V., as operator of the Euroclear system ("Euroclear"), or Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream"), named in your prospectus supplement. Each sale of a security in book-entry form will settle in immediately available funds through the depositary, unless otherwise stated. We will generally issue debt securities only in registered form, without coupons, although we may issue debt securities in bearer form if so specified in your prospectus supplement.

Listing

Our ordinary shares are listed on the NYSE under the symbol "MBLY." If any debt securities are to be listed on a securities exchange or quoted on a quotation system, your prospectus supplement will say so.

Use of Proceeds

Unless we indicate otherwise in your prospectus supplement, we intend to use the net proceeds from the initial sales of securities to provide additional funds for our operations and for other general corporate purposes. We will not receive any of the net proceeds from the sale of ordinary shares by the selling shareholders.

Manner of Offering By the Company

The securities offered by the Company will be offered in connection with their initial issuance.

When we issue new securities, we may offer them for sale to or through underwriters, dealers and agents, or directly to purchasers. Your prospectus supplement will include any required information about the firms we use and the discounts or commissions we may pay them for their services.

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AVAILABLE INFORMATION

We file annual reports on Form 20-F with, and furnish other reports and information on Form 6-K to, the U.S. Securities and Exchange Commission (the "SEC"). You may also read and copy any document we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the operations of the Public Reference Room. Our filings with the SEC are also available through the SEC's Internet site at http://www.sec.gov and through the NYSE, Inc., 20 Broad Street, New York, New York 10005, on which our ordinary shares are listed.

We have filed a registration statement on Form F-3 under the Securities Act of 1933, as amended (the "Securities Act"), with the SEC covering the securities. For further information on the securities of Mobileye N.V., you should review our registration statement and its exhibits. This prospectus is a part of the registration statement and summarizes material provisions of the contracts and other documents to which we refer you. Since this prospectus may not contain all the information that you may find important, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement.

The SEC allows us to "incorporate by reference" the information we file with them, which means:

- incorporated documents are considered part of this prospectus;
- we can disclose important information to you by referring you to those documents; and
- information that we file with the SEC in the future and incorporate by reference herein will automatically update and supersede information in this prospectus and information previously incorporated by reference herein.

We incorporate by reference the following documents or information which is filed with or furnished to the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 20-F for the year ended December 31, 2014, filed on March 5, 2015;
- our registration statement on Form 8-A filed on July 24, 2014, describing the ordinary shares, including any further amendments or reports filed for the purpose of updating those descriptions;

- our Current Reports on Form 6-K filed January 21, 2015, February 26, 2015, March 4, 2015, March 11, 2015, March 17, 2015, March 20, 2015, May 18, 2015 and June 25, 2015; and

- any filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as any Form 6-K furnished to the SEC to the extent such Form 6-K expressly states that we incorporate such form by reference, on or after the date of this prospectus and before the termination of any offering of securities hereunder.

You may request, orally or in writing, a copy of any filings referred to above, excluding exhibits, other than those specifically incorporated by reference into the documents you request, at no cost, by contacting us at the following address: Mobileye N.V., Attention: Investor Relations, Har Hotzvim, 13 Hartom Street, Jerusalem 9777513, Israel, telephone: +972-2-541-7333.

You should rely only on the information contained or incorporated by reference in this prospectus or any applicable prospectus supplement(s). We and the selling shareholders have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling shareholders are making an offer to sell these securities in any jurisdiction where the offer or sale is prohibited. You should assume that the information appearing in this prospectus or any applicable prospectus supplement(s), as well as information we previously filed with, or furnished to, the SEC and incorporated by reference, is accurate as of the date on the front cover of such documents only. Our business, financial condition, results of operations and prospects may have changed since that date.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus, the related prospectus supplement and certain documents incorporated by reference herein may contain “forward-looking statements.” These statements are forward looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements regarding our strategy, future operations, future financial position, future revenues, projected expenses, prospects and plans and objectives of management. These forward-looking statements are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements. Actual results, performance or events may differ materially from those expressed or implied in such statements due to, without limitation:

- our growth strategies;
- competition from existing or new entrants in the market and changes to the competitive landscape;
- the primacy of monocular camera processing as the dominant sensor modality in the Advanced Driver Assistance Systems (“ADAS”) industry;
- our belief that our relationship with STMicroelectronics N.V., the sole supplier for our EyeQ® chips, will continue without disruption;
- the expected timeline of development of our autonomous driving ADAS systems, including statements about launch dates and potential size of the market therefor;
- the expected timeline for development of additional functions and of our EyeQ4® chip;
- our ability to retain our largest customers and to implement our technology in their car models;
- the growing public awareness and acceptance of ADAS;
- the growth of regulatory requirements and safety rating incentives to original equipment manufacturers (“OEMs”) for OEMs to include ADAS in their vehicle models;

- our future prospects, business development, results of operations and financial condition;
- our ability to retain our Founders;
- our ability to retain key personnel and attract new talent;
- our ability to protect our intellectual property;
- our forecast of the strength of the aftermarket for ADAS;
- our use of forecasts in establishing our global tax rates;
- the effects of our internal reorganization;
- the risks that litigation and recalls of our products pose to our business;
- our ability to predict and maintain appropriate inventory;
- our ability to raise additional capital in the future;

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- the strength of the automotive industry; and
- worldwide economic conditions.

Any forward-looking statements made by or on behalf of Mobileye speak only as of the date they are made, and Mobileye assumes no obligation to publicly update or revise any forward looking statements, whether as a result of new information or future events or for any other reason. You should, however, consult any additional disclosures that Mobileye may make in any documents which it publishes and/or files with the SEC.

Additional risks and factors are identified in our filings with the SEC, including in our Annual Report on Form 20-F for the fiscal year ended December 31, 2014, which is available on the SEC's website at http://www.sec.gov.

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RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the periods presented below was as follows:

	Year Ended December 31,			
	2014	2013	2012	2011
Ratio of earnings to fixed charges	(17.61)	26.86	1.52	(26.01)

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RISK FACTORS

Investing in our securities involves risk. Please see the risk factors set forth in Part I, Item 3 in our Annual Report on Form 20-F for our most recent fiscal year, as updated by our Reports of Foreign Private Issuer on Form 6-K and other filings we make from time to time with the SEC, as incorporated by reference in this prospectus. Additional risk factors may be included in a prospectus supplement relating to a particular series or offering of securities. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any accompanying prospectus supplement. You should consult your own financial, legal, tax, and other professional advisors as to the risks associated with an investment in our securities and the suitability of the investment for you.

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USE OF PROCEEDS

Except as may be described in your prospectus supplement, we will use the net proceeds from the initial sales of the securities offered by us under this prospectus and your prospectus supplement to provide additional funds for the Company's operations and for other general corporate purposes. The Company's general corporate purposes may include the repayment or reduction of indebtedness, acquisitions and working capital requirements. We will not receive any proceeds from any sale of our securities by any selling shareholder.

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DESCRIPTION OF ORDINARY SHARES

The following discussion summarizes the material terms of our share capital. This discussion does not purport to be complete and is qualified in its entirety by reference to our articles of association, which are incorporated by reference herein.

We are registered with the Trade Register of the Chamber of Commerce for Amsterdam, The Netherlands under file number 34158597. We are also registered with the Israeli trade registrar under file number 560030876. Our official registered office, principal executive offices and management headquarters are located at Har Hotzvim, 13 Hartom Street, P.O. Box 45157, Jerusalem 9777513, Israel and our telephone number at that address is +972 2 541 7333. Our management is located in Israel, and Mobileye N.V. is a resident of Israel (and not The Netherlands) for tax purposes.

Authorized Share Capital

Under Dutch law, our authorized share capital is the maximum capital that we may issue without amending our articles of association. Our authorized share capital equals €10,125,657.25, consisting of 1,012,565,725 ordinary shares, with nominal value of €0.01 per share.

All of our authorized shares will, when issued and outstanding, validly exist under Dutch law.

An amendment of our articles of association to increase or alter our authorized share capital will require shareholder approval.

Issued Share Capital

As of June 30, 2015, 217,806,677 ordinary shares were issued and outstanding, all of which were fully paid. In addition, there were outstanding options and restricted stock units for the purchase of an aggregate of approximately 23,807,336 ordinary shares, at a weighted average exercise price of $5.95 per share, which options and restricted stock units were granted under our 2003 Share Option Plan and our 2014 Equity Incentive Plan.

Our shareholders are not required to make any further contributions to us in respect of shares that are fully paid and they may not be held personally liable for our debts based on their ownership of our ordinary shares.

Issuance of Shares

Our board of directors has the authority to resolve to issue shares, and to grant options, warrants or other rights to acquire shares, and to determine the price and further terms and conditions of such issuances of shares, warrants, options or other rights, if and insofar as our board of directors has been designated by our general meeting of shareholders as the authorized corporate body for this purpose. Such designation will only be valid for a specific period of no more than five years and may from time to time be extended for an additional period of not more than five years. In July 2014, our general meeting of shareholders authorized our board of directors, for a period of five years ending July 10, 2019, to issue shares and to grant options, warrants and other rights to acquire shares. We may request our shareholders, at any annual shareholders meeting held in the future, to adopt a resolution further delegating the power to issue shares, and to grant options, warrants and other rights to acquire shares, to our board of directors for a period of five years following the date of such annual meeting. A separate resolution for the issuance of shares is not required for the issuance of shares following an exercise of a grant of the right to acquire shares that has previously been approved by our board of directors.

At least the nominal value of all shares, €0.01 for each ordinary share, or the equivalent thereof in other currencies, plus any additional agreed consideration, must generally be paid in full at the time of issuance of any shares.

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Pre-emptive Rights

Under our articles of association, each existing holder of our ordinary shares has in principle pre-emptive rights in respect of issuances of shares, and grants of options, warrants or other rights to acquire shares, in proportion to the number of ordinary shares held by such holder, unless pre-emptive rights are limited or excluded as described below. Pre-emptive rights do not apply to issuances of shares for consideration other than cash, to issuances of shares and option grants to our employees or to employees of one of our subsidiaries or to issuances of shares upon exercise of previously granted options, warrants or similar rights to acquire shares.

Our general meeting of shareholders may authorize our board of directors to limit or exclude pre-emptive rights to which shareholders might be entitled.

In July 2014, our general meeting of shareholders delegated to our board of directors the authority to limit or exclude pre-emptive rights in connection with the issuance of shares, and the grant of the right to acquire shares, for a period of five years ending July 10, 2019. We may request our shareholders, at any annual shareholders meeting held in the future, to adopt a resolution further delegating the power to exclude pre-emptive rights to our board of directors for a period of five years following the date of such annual meeting. A resolution to delegate to our board of directors the power to exclude pre-emptive rights in connection with the issuance of shares, or the grant of the right to acquire shares, requires the approval of at least an absolute majority of the votes cast or, if the holders of less than 50% of our issued share capital are present or represented at the meeting at which a resolution to delegate the power to exclude pre-emptive rights is taken, the approval of at least two-thirds of the votes cast at the meeting.

If our board of directors is not authorized to exclude pre-emptive rights with respect to the issuance of shares, or the grant of the right to acquire shares, pre-emptive rights with respect to any particular share issuance or grant of the right to acquire shares can only be excluded by a resolution of our general meeting of shareholders. Such a resolution would require the approval of at least an absolute majority of the votes cast or, if the holders of less than 50% of our issued capital are present or represented at the meeting at which a resolution to exclude pre-emptive rights is taken, the approval of at least two-thirds of the votes cast at the meeting.

Form and Transfer of Shares

Our ordinary shares are issued in registered form only and are only available in the form of an entry in our share register, without issuance of any share certificate. Our shareholders' register is maintained upon our instruction by our transfer agent and registrar, AST. Transfer of record ownership of shares is effected by a written deed of transfer acknowledged by us, or by our transfer agent and registrar AST acting on our behalf.

Repurchase of Our Ordinary Shares

Under Dutch law, we and our subsidiaries may repurchase our own shares for consideration, provided that the consideration being paid for such shares, plus the cumulative aggregate consideration paid for all other repurchases of our ordinary shares since the date of our most recently adopted Dutch statutory accounts, plus the cumulative aggregate amount of dividends or other distributions paid to our shareholders since the date of those Dutch statutory accounts, is not greater than our positive shareholders' equity (net of any reserves required to be maintained by law or our articles of association) as shown on our stand-alone balance sheet included in those Dutch statutory accounts, less the aggregate nominal value of our issued and outstanding shares at the time of repurchase. No repurchase of shares is permitted if as a result of the repurchase we and our subsidiaries would hold shares (including shares pledged in favor of us or our subsidiaries) exceeding 50% in aggregate nominal value of our issued share capital at the time of repurchase. In addition, if our shareholders fail to adopt our Dutch statutory accounts for any year by June 30 of the following year, we and our subsidiaries will not be able to repurchase any of our ordinary shares until those statutory accounts have been adopted.

There are no restrictions under Dutch law on our or our subsidiaries' ability to acquire our ordinary shares for no consideration.

We and our subsidiaries may only acquire shares for consideration if the authority to repurchase shares has been granted by our shareholders to our board of directors. A resolution granting the authority to repurchase shares is valid for only 18 months and must specify the maximum price for which shares can be repurchased and the maximum number of shares that can be repurchased. In June 2015, our general meeting of shareholders adopted a resolution giving our board of directors the authority to repurchase up to 10% in aggregate nominal value of our outstanding ordinary shares for a period of 18 months ending on December 25, 2016, for a price per share not to exceed 110% of the most recently available trading price of such ordinary shares as of the date of repurchase. This resolution superseded and replaced an earlier resolution of our general meeting of shareholders, adopted in July 2014, authorizing the repurchase of up to 50% in aggregate nominal value of our outstanding ordinary shares until January 10, 2016. We expect that a resolution authorizing the repurchase by us of our ordinary shares will be presented to our shareholders for approval at each future annual meeting of shareholders.

No votes may be cast at a general meeting of shareholders on the shares held by us or our subsidiaries. None of our issued shares is held by us or any of our subsidiaries.

None of our ordinary shares will be subject to mandatory redemption by us for any reason, and no shareholder will be entitled to have such holder’s shares mandatorily redeemed by us for any reason.

Capital Reduction

Subject to compliance with certain procedural requirements of Dutch law and our articles of association, at the proposal of our board of directors, our general meeting of shareholders may resolve to reduce our outstanding share capital by the cancellation of shares held by us or our subsidiaries. A resolution to reduce our share capital requires the approval of at least an absolute majority of the votes cast or, if the holders of less than 50% of our issued share capital are present or represented at the meeting at which a vote on a resolution to reduce our share capital is taken, the approval of at least two-thirds of the votes cast.

Liquidation Rights

Upon liquidation, all amounts available for distribution to shareholders will be distributed to the holders of ordinary shares, in proportion to the number of ordinary shares held by each of them.

Dividends and Other Distributions

We have no current plans to declare or pay any dividends on our ordinary shares. We currently intend to retain all available funds for reinvestment in our business. Whether or not dividends will be paid in the future will depend on, among other things, our results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors that our board of directors or our general meeting of shareholders may deem relevant. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

Subject to certain exceptions, dividends may only be paid pursuant to a resolution of our general meeting of shareholders, acting pursuant to a proposal of our board of directors, out of profits for any prior year as shown on our annual Dutch statutory accounts for that year as adopted by our general meeting of shareholders held in the following year.

However, our board of directors may, without any shareholder vote, make distributions at any time from reserves that are not required to be maintained by law or our articles of association, such as our profit reserve (consisting of profits from prior years that have not been paid out as dividends in respect of the year during which such profits were earned) and our share premium reserve (consisting of amounts received upon issuance of our equity in excess of the nominal value of our ordinary shares).

In addition, our board of directors may without any shareholder vote declare and pay interim dividends to our shareholders out of anticipated profits for the current year, subject to confirmation of such dividend by our general meeting of shareholders at the time of adoption of the annual Dutch statutory accounts for the relevant year.

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Dividends or other distributions, including interim dividends, may not be made if the distribution would reduce our shareholders' equity below the aggregate nominal value of our issued shares plus the amount of any reserves that we are required to maintain by Dutch law or pursuant to our articles of association.

Fiscal Year and Auditor

Our fiscal year begins on January 1 of each year and ends on December 31 of the same year. Each year, our general meeting of shareholders will appoint an external auditor to audit our Dutch statutory accounts and to issue a report thereon. In June 2015, our general meeting of shareholders adopted a resolution appointing PricewaterhouseCoopers Accountants N.V. as the external auditor of our Dutch statutory accounts for our fiscal year ending December 31, 2015.

Limitations on Non-residents and Exchange Controls

There are no limitations under the laws of The Netherlands, or in our articles of association, on non-residents of The Netherlands holding or voting our ordinary shares. Currently, there are no exchange controls under the laws of The Netherlands that are relevant to the conduct of our operations or that affect our payment of dividends.

Adoption of Annual Accounts and Discharge of our Board of Directors

No later than May 31 of each year (subject to an extension of up to six months by our general meeting of shareholders in extraordinary circumstances), our board of directors must prepare our Dutch statutory accounts for the preceding fiscal year. Our Dutch statutory accounts are prepared in accordance with International Financial Reporting Standards (IFRS). After approval of our Dutch statutory accounts by our board of directors, these financial statements must be made available for inspection by our shareholders during the period from the time when our annual shareholders meeting is called until the date when the meeting is held. The Dutch statutory accounts, including any proposed distribution to our shareholders of profits received during the relevant year, must then be adopted by our shareholders at the annual meeting.

We will, at each annual shareholders meeting adopting the annual financial statements for the preceding fiscal year, propose that our shareholders adopt a resolution granting discharge from liability to the members of our board of directors for their management of the Company during the prior fiscal year. Under Dutch law this discharge will only apply to matters that are apparent from the face of the annual financial statements or that have otherwise been fully disclosed (for example, in a press release or other public filing) to all shareholders.

General Meeting of Shareholders

We must hold a general meeting of shareholders no later than June 30 of each year.

At our annual general meeting of shareholders our shareholders will be able to, *inter alia*, discuss the annual report of our board of directors with respect to the general state of affairs of our company, adopt our annual Dutch statutory accounts, vote whether to grant discharge to directors and elect members to fill any vacancies on our board of directors.

Our board of directors will determine the items on the agenda for our shareholders meeting. In addition, any shareholders holding individually or in the aggregate more than 3% of our issued and outstanding shares may submit proposals for inclusion on the agenda of any shareholders meeting. Provided we receive such proposals no later than 60 days before a shareholders meeting, we must include such proposals on the agenda for the meeting.

An extraordinary general meeting of shareholders may be convened at any time by our board of directors. Shareholders representing alone or in aggregate at least 10% of our issued and outstanding share capital may also request the board to call an extraordinary general meeting of shareholders with an agenda as requested by the shareholders requesting the meeting. If our board of directors does not in response to such a request call an extraordinary general meeting to be held within six weeks from the date of our receipt of the request, the persons requesting the meeting may be authorized upon their request by a Dutch court in summary proceedings to convene

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an extraordinary general meeting with the agenda requested by them. The court will only grant such request if it finds that the persons requesting a shareholders meeting have a sufficiently strong interest in holding a meeting with the agenda requested by them to justify authorizing them to convene a shareholders meeting.

Each of our ordinary shares is entitled to one vote at each shareholders meeting. Shareholders may vote by proxy. We may not exercise voting rights with respect to any shares held by us or our subsidiaries.

Except as specifically otherwise stated in our articles of association, decisions of the general meeting of shareholders will be taken by an absolute majority of the votes cast at the meeting.

Under Dutch law, we may not take any of the following actions without the prior approval of our general meeting of shareholders:

- Sell or otherwise dispose to a third party all or substantially all of our business;
- Enter into or terminate any joint venture or similar long-term cooperative arrangement with third parties, including becoming or ceasing to be a general partner in a partnership, in each case if such arrangement or the termination thereof is material to us; and
- Acquire (directly or through a subsidiary) shares in another company, or dispose of (directly or through a subsidiary) shares in a company, in each case having a value in excess of one-third of our assets as shown on our most recently adopted consolidated balance sheet included in our Dutch statutory accounts.

Our articles of association provide that the following actions must be approved by a resolution adopted by two-thirds of the votes cast at the shareholders meeting, provided that the votes cast in favor of the resolution represent more than 50% of all of our issued and outstanding shares (a “Supermajority Vote”):

- Amendment of our articles of association;
- Approval of a sale of all or substantially all of our business;
- Approval of acquisitions of, or investments in, other companies required to be approved by shareholders (as described above), that have a value equal to or exceeding 20% of our average market capitalization (based on the

closing price of our ordinary shares on the NYSE) during a period of up to 30 days (as determined by our board of directors) preceding the date of execution of the definitive agreement for the acquisition or investment;

· Approval of joint ventures and divestitures required to be approved by shareholders (as described above);

· Approval of a statutory merger or statutory demerger; and

· Approval of liquidation or dissolution.

In addition, our articles of association provide that none of the actions listed above may be taken, and that the Company may not enter into any acquisition of, or investment in, another company that is required to be approved by shareholders (as described above), except pursuant to a proposal by our board of directors.

Shareholders meetings may be held only in the following places in The Netherlands: Amsterdam, The Hague, Rotterdam or Haarlemmermeer (Schiphol Airport).

We must mail notices of each shareholders meeting to all shareholders, at their addresses as shown in our shareholders' register, not later than 15 days prior to the date of the meeting. We will also post a notice of each shareholders meeting on our website at the time the meeting is called.

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Prior to any shareholders meeting, our board of directors may set a record date in order to determine the eligibility of shareholders to attend, and to vote at, the meeting. If our board elects to set a record date for a meeting, the record date must be exactly 28 days before the scheduled date of the meeting. In the absence of a record date for a meeting, any person who is a shareholder as of the date when the meeting is held may attend and vote at the meeting.

In order to exercise the right to attend our general meeting of shareholders, to address our general meeting of shareholders or to vote in person at our general meeting of shareholders, shareholders must provide us with written notice of their intention to attend the shareholders meeting by no later than the deadline specified in the notice convening the meeting.

Our general meeting of shareholders will be presided over by our Presiding Director. In the absence of the Presiding Director, one of our other non-executive directors will preside over the meeting.

Shareholder action by written consent without a meeting will not be permitted by our articles of association.

Anti-takeover Provisions

Dutch law permits us to adopt protective measures against takeovers. We have adopted the following anti-takeover measures:

- Our board of directors has been authorized for a period of five years ending July 10, 2019 to issue shares and grant rights to subscribe for shares, up to the amount of our authorized share capital, and to exclude pre-emptive rights with respect to the issuance of shares and the grant of the right to subscribe for shares.

- Our articles of association provide that our shareholders may only suspend or remove the members of our board of directors when two-thirds of the votes are cast in favor of the resolution for suspension or removal, provided that the votes cast in favor of the resolution represent more than 50% of our issued share capital.

- Our articles of association provide that only approximately one-third of our board of directors will be elected each year. The fact that not all of our directors are elected each year could have the effect of delaying the time when a hostile acquirer who acquires a controlling interest in our ordinary shares would be able to actually take control of us.

Squeeze-out

In accordance with Dutch law, a shareholder who holds for its own account at least 95% of a company's issued share capital may institute proceedings against all of a company's other shareholders requiring them to transfer their shares to the plaintiff. The proceedings will be held before the Enterprise Chamber of the Amsterdam Court of Appeal (the "Enterprise Chamber") and must be initiated by service of a summons upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. Upon the request of any minority shareholder, the Enterprise Chamber will appoint an expert, or a panel of three experts, to report to the Enterprise Chamber their views on the value of the shares held by the minority shareholders. Provided certain conditions are satisfied, the Enterprise Chamber will grant the plaintiff's petition and will determine the price to be paid by the plaintiff for the minority shareholders' shares. Once the Enterprise Chamber's order has become final, the plaintiff must notify the minority shareholders in writing of the time and place when payment for their shares will be made and of the price that will be paid for their shares. If the plaintiff does not know the address of all minority shareholders, this notice must also be published in a Dutch daily newspaper. The minority shareholders will then be obligated to transfer their shares to the plaintiff against payment of the cash consideration specified in the Enterprise Chamber's judgment.

Differences in Corporate Law

We are incorporated under the laws of The Netherlands. The following discussion summarizes material differences between the rights of holders of our ordinary shares and the rights of holders of the common stock of a typical corporation incorporated under the laws of the state of Delaware that result from differences in governing

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documents and the laws of The Netherlands and Delaware. This discussion does not purport to be a complete statement of the rights of holders of our ordinary shares under applicable Dutch law and our articles of association or the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.

Duties of Directors

Delaware

The board of directors of a Delaware corporation bears the ultimate responsibility for managing the business and affairs of the corporation.

In discharging this function, directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner the director reasonably believes to be in the best interests of the corporation. The director must not use his or her corporate position for personal gain or advantage. In general, but subject to certain exceptions, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation.

In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders.

The Netherlands

Under Dutch law the board of directors is collectively responsible for the policy and day-to-day management of the company. The non-executive directors are assigned the task of supervising the executive directors and providing them with advice. Each director has a duty towards the company to properly perform the duties assigned to him. Furthermore, each board member has a duty to act in the corporate interest of the company.

Unlike under Delaware law, under Dutch law the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers and suppliers. The duty to act in the corporate interest of all stakeholders in the company also applies in the event of a proposed sale or break-up of the company. The board of directors is therefore not under any obligation under Dutch law to seek the highest value for the shares of the company in the event of a proposed sale or break-up of the company, if in the opinion of the board of directors sale to the person offering the highest value for the company would not be in the best interest of the company, taking into account the interests of all stakeholders.

Director Terms

Delaware

The Delaware General Corporation Law generally provides for a one-year term for directors, but permits directorships to be divided into up to three classes with up to three-year terms, with the years for each class expiring in different years, if permitted by the certificate of incorporation, an initial bylaw or a bylaw adopted by the shareholders. A director elected to serve a term on a “classified” board may not be removed by shareholders without cause. There is no limit to the number of terms a director may serve.

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The Netherlands

Our governing documents provide that our board of directors will be elected annually on a staggered basis, with each director elected holding office for a three-year term except that the initial terms of office of our Founders expired in June 2015 and the initial terms of office of Peter Seth Neustadter and Eyal Desheh, two of our non-executive directors, will expire in 2016. On June 25, 2015, our Founders were re-elected as executive directors having a term of office expiring at the end of our annual general meeting of shareholders to be held in the year 2018.

The term of office of a director elected to fill a vacancy created by a director not completing his or her entire term of office, or to fill a vacancy arising after an increase or decrease in the number of directors, may be longer or shorter than three years, as necessary to ensure that the terms of office of approximately one-third of the entire number of directors expire each year. Under our articles of association, our general meeting of shareholders may only remove or suspend directors when two-thirds of the votes are cast in favor of the resolution for removal or suspension, provided that the votes cast in favor of the resolution represent more than 50% of all issued and outstanding shares. Executive directors may also be suspended for a period of up to three months by a majority vote of the directors present or represented at a board meeting (excluding the executive director whose suspension is being proposed). A suspension cannot last longer than three months. During this three-month period, if the general meeting of shareholders does not adopt a resolution removing the suspended director by a supermajority vote as described above, the suspended director will be reinstated. Directors whose removal or suspension is proposed are entitled to certain procedural protections, including the right to attend and address the shareholders meeting which will be voting on the proposal for their removal or suspension.

Director Vacancies

Delaware

The Delaware General Corporation Law provides that vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director unless (a) otherwise provided in the certificate of incorporation or by-laws of the corporation or (b) the certificate of incorporation directs that a particular class of stock is to elect such director, in which case a majority of the other directors elected by such class, or a sole remaining director elected by such class, will fill such vacancy.

The Netherlands

Under Dutch law, new members of the board of directors of a company such as ours, including new members elected to fill vacancies on the board of directors, are elected by the general meeting of shareholders, rather than by the board of directors, as is typical for a Delaware corporation.

Conflict-of-Interest Transactions

Delaware

Under the Delaware General Corporation Law, a transaction with directors must be approved by disinterested directors or by the shareholders, or otherwise proven to be fair to the company as of the time it is approved. Such transaction will be void or voidable, unless (1) the material facts of any interested directors' interests are disclosed or are known to the board of directors and the transaction is approved by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum; (2) the material facts of any interested directors' interests are disclosed or are known to the shareholders entitled to vote thereon, and the transaction is specifically approved in good faith by vote of the shareholders; or (3) the transaction is fair to the company as of the time it is approved.

The Netherlands

Under Dutch law, a board member with a conflict of interest must abstain from participating in the decision-making process with respect to the relevant matter. If all directors have a conflict of interest, then a resolution relating to the

matter may nevertheless be adopted by a majority of the votes cast at a meeting of the board of directors (including votes cast by those directors having a conflict of interest).

Proxy Voting by Directors

Delaware

A director of a Delaware corporation may not grant a proxy to another person to vote on such director's behalf at a board meeting.

The Netherlands

An absent director may grant a proxy for a specific board meeting but only in writing to another director.

Voting Rights

Delaware

Under the Delaware General Corporation Law, each shareholder is entitled to one vote per share of stock, unless the certificate of incorporation provides otherwise. Cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Either the certificate of incorporation or the bylaws may specify the number of shares or the amount of other securities that must be represented at a meeting in order to constitute a quorum, but in no event will a quorum consist of less than one-third of the shares entitled to vote at a meeting, except that, where a separate vote by a class or series or classes or series is required, a quorum will consist of no less than 1/3 of the shares of such class or series or classes or series.

Shareholders as of the record date for the meeting are entitled to vote at the meeting. The board of directors may fix a record date that is no more than 60 days nor less than 10 days before the date of the meeting. If no record date is set then the record date is the close of business on the day next preceding the day on which the meeting is held. The determination of the shareholders of record entitled to notice or to vote at a meeting of shareholders shall apply to any

adjournment of the meeting, but the board of directors may fix a new record date for the adjourned meeting.

The Netherlands

Under Dutch law all shareholder resolutions are taken by an absolute majority of the votes cast, unless the articles of association or applicable statutory provisions provide otherwise. Dutch law does not provide for cumulative voting. The holders of our ordinary shares are entitled to cast one vote per share. If a record date for a shareholders meeting is set, then only persons who are shareholders of record at such record date will be entitled to attend and vote at the meeting, in respect of the number of shares owned by them at the record date. The record date must be set exactly 28 days before the date of the meeting. If no record date is set for the meeting, then all persons who are shareholders as of the date of the meeting may attend the meeting and vote the shares held by them at the time of the meeting.

There is no specific provision in Dutch law relating to adjournments of shareholders meetings.

Shareholder Proposals

Delaware

Delaware law does not provide shareholders an express right to put any proposal before a meeting of shareholders. A corporation’s bylaws may provide that if the corporation solicits proxies with respect to the election of directors, it may be required to include in its proxy solicitation materials one or more individuals nominated by a shareholder. In keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws.

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Additionally, if a Delaware corporation is subject to the SEC's proxy rules, a stockholder who owns at least $2,000 in market value or 1% of the corporation's securities entitled to vote for a continuous period of one year as of the date he submits a proposal, may propose a matter for a vote at an annual or special meeting in accordance with those rules.

The Netherlands

Pursuant to our articles of association, extraordinary shareholders' meetings will be held as often as the board of directors deems necessary. Pursuant to Dutch law, one or more shareholders representing at least 10% of our issued share capital may upon their request in certain circumstances be authorized by a Dutch court to convene an extraordinary shareholders meeting.

The agenda for a meeting of shareholders contains such items as the board of directors or the person or persons convening the meeting decide. Under Dutch law, unlike Delaware law, the agenda will also include such other items as one or more shareholders, representing at least 3% of our issued share capital, may request of the board of directors in writing, at least 60 days before the date of the meeting. Only matters listed on the agenda for a shareholders meeting may be voted on at the meeting.

Action by Written Consent

Delaware

Unless otherwise provided in the corporation's certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of shareholders of a corporation may be taken without a meeting, without prior notice and without a vote, if one or more consents in writing, setting forth the action to be so taken, are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

The Netherlands

The articles of association of a Dutch company may provide for adoption of shareholders resolutions in writing without holding a meeting of shareholders, provided that the resolution is adopted unanimously by all shareholders entitled to vote. The requirement of unanimity makes it impossible in practice to adopt a shareholders resolution

without holding a meeting. Therefore, our articles of association do not provide for the adoption of shareholder resolutions without holding a meeting.

Shareholder Suits

Delaware

Under the Delaware General Corporation Law, a shareholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself and other similarly situated shareholders where the requirements for maintaining a class action under Delaware law have been met. A person may institute and maintain such a suit only if that person was a shareholder at the time of the transaction which is the subject of the suit. In addition, under Delaware case law, the plaintiff normally must be a shareholder not only at the time of the transaction that is the subject of the suit, but also throughout the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff in court, unless such a demand would be futile.

The Netherlands

In the event that a director, officer or other third party is liable to a Dutch company, only the company itself can bring a civil action against that party. Individual shareholders do not have the right to bring a derivative action on behalf of the company. Dutch law does allow suits by a shareholder against directors or officers of a company if

their actions constitute a tort committed against that shareholder. Class actions against directors or officers for a declaratory judgment based on tort claims may also be brought in specified circumstances by certain associations having as their general goal the protection of shareholder rights. Following entry of a declaratory judgment in favor of such association, the association may enter into a voluntary settlement agreement with the defendant based on that judgment, which may provide for the payment of money damages to shareholders.

Repurchase of Shares

Delaware

Under the Delaware General Corporation Law, a corporation may purchase or redeem its own shares unless the capital of the corporation is impaired or the purchase or redemption would cause an impairment of the capital of the corporation. A Delaware corporation may, however, purchase or redeem out of capital any of its preferred shares or, if no preferred shares are outstanding, any of its own shares if such shares will be retired upon acquisition and the capital of the corporation will be reduced in accordance with specified limitations.

The Netherlands

Under Dutch law a company may repurchase its existing and outstanding shares if permitted to do so by its articles of association and provided that the authority to do so has been granted by the general meeting of shareholders to the board of directors. We may acquire our own shares either without paying any consideration, or, in the event any consideration is to be paid, only if the conditions described under "— Repurchase of Our Ordinary Shares" above are met.

Anti-takeover Provisions

Delaware

In addition to other aspects of Delaware law governing fiduciary duties of directors during a potential takeover, the Delaware General Corporation Law also contains a business combination statute that protects Delaware companies from hostile takeovers and from actions following the takeover by prohibiting some transactions once an acquirer has gained a significant holding in the corporation.

Section 203 of the Delaware General Corporation Law prohibits "business combinations," including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an interested shareholder that beneficially owns 15% or more of a corporation's voting stock (or which is an affiliate or associate of the corporation and owned 15% or more of the corporation's outstanding voting stock within the past three years), within three years after the person becomes an interested shareholder, unless:

- the transaction that will cause the person to become an interested shareholder is approved by the board of directors of the target prior to the transactions;
- after completion of the transaction in which the person becomes an interested shareholder, the interested shareholder holds at least 85% of the voting stock of the corporation not including shares owned by persons who are directors and also officers of interested shareholders and shares owned by specified employee benefit plans; or
- after the person becomes an interested shareholder, the business combination is approved by the board of directors of the corporation and holders of at least 66.67% of the outstanding voting stock, excluding shares held by the interested shareholder.

A Delaware corporation may elect not to be governed by Section 203 by a provision contained in the original certificate of incorporation of the corporation or an amendment to the original certificate of incorporation or to the bylaws of the company, which amendment must be approved by a majority of the shares entitled to vote and may

not be further amended by the board of directors of the corporation. Such an amendment is not effective until twelve months following its adoption.

The Netherlands

Several provisions of our articles of association and the laws of The Netherlands could make it difficult for our shareholders to change the composition of our board of directors, thereby preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger, consolidation or acquisition that shareholders may consider favorable. Provisions of our articles of association impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These anti-takeover provisions could substantially impede the ability of our shareholders to benefit from a change in control and, as a result, may materially adversely affect the market price of our ordinary shares and your ability to realize any potential change of control premium.

Our general meeting of shareholders has empowered our board of directors to issue shares and restrict or exclude pre-emptive rights on those shares for a period of five years ending July 10, 2019. An issue of new shares by our board of directors may make it more difficult for a shareholder to obtain control of the Company.

Inspection of Books and Records

Delaware

Under the Delaware General Corporation Law, any shareholder may inspect for any proper purpose the corporation's stock ledger, a list of its shareholders and its other books and records during the corporation's usual hours of business.

The Netherlands

Our shareholders' register is not available for inspection by shareholders, since our shareholders' register is kept in the United States by our transfer agent and registrar AST pursuant to U.S. listing requirements. However, a shareholder can obtain from us or our transfer agent and registrar at any time, free of charge, an extract from our shareholders' register showing that shareholder's ownership of shares. Shareholders of a Dutch company are generally not otherwise entitled to inspection of the Company's books and records.

The board of directors is required to answer questions posed to it by shareholders at shareholders meetings of a Dutch company, unless answering the question would conflict with a substantial interest of the company. Shareholders are not entitled to obtain information from the board of directors, or from individual directors, other than at a shareholders meeting.

Removal of Directors

Delaware

Under the Delaware General Corporation Law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except (a) unless the certificate of incorporation provides otherwise, in the case of a corporation whose board is classified, shareholders may effect such removal only for cause, or (b) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he is a part.

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The Netherlands

Under our articles of association a director can only be removed or suspended when two-thirds of the votes are cast at a shareholders meeting in favor of the resolution for the removal or suspension, provided that the votes cast in favor of the resolution represent more than 50% of all of our issued and outstanding shares.

An executive director can at all times be suspended by a majority vote of the board of directors.

See "— Director Terms" above.

Pre-emptive Rights

Delaware

Under the Delaware General Corporation Law, shareholders have no pre-emptive rights to subscribe to additional issues of stock or to any security convertible into such stock unless, and except to the extent that, such rights are expressly provided for in the certificate of incorporation.

The Netherlands

Under Dutch law, in the event of an issuance of shares or grant of the right to subscribe for shares, each shareholder has in principle a pro rata pre-emptive right to subscribe for such shares, or to participate in such grant of the right to subscribe for shares.

In practice, however, pre-emptive rights may be limited or excluded under the circumstances specified at "— Pre-emptive Rights" above. The authority to limit or exclude pre-emptive rights with respect to all issuances of shares, and all grants of the right to subscribe for shares, has been granted by our general meeting of shareholders to our board of directors for a period of five years ending July 10, 2019. See "— Pre-emptive Rights" above.

Dividends

Delaware

Under the Delaware General Corporation Law, a Delaware corporation may, subject to any restrictions contained in its certificate of incorporation, pay dividends out of its surplus (the excess of net assets over capital), or in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year (provided that the amount of the capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In determining the amount of surplus of a Delaware corporation, the assets of the corporation, including stock of subsidiaries owned by the corporation, must be valued at their fair market value as determined by the board of directors, without regard to their historical book value. Dividends may be paid in the form of ordinary shares, property or cash.

The Netherlands

Dutch law provides that distributions to shareholders may be made only under the circumstances specified in "—Dividends and Other Distributions" above. Dividends may be paid in the form of shares or other property as well as in cash.

Shareholder Vote on Certain Reorganizations

Delaware

Under the Delaware General Corporation Law, the vote of a majority of the outstanding shares of capital stock entitled to vote thereon generally is necessary to approve a merger or consolidation or the sale of all or substantially

all of the assets of a corporation. The Delaware General Corporation Law permits a corporation to include in its certificate of incorporation a provision requiring for any corporate action the vote of a larger portion of the stock or of any class or series of stock than would otherwise be required.

Under the Delaware General Corporation Law, no vote of the shareholders of a surviving corporation to a merger is needed, unless required by the certificate of incorporation, if (a) the agreement of merger does not amend in any respect the certificate of incorporation of the surviving corporation, (b) the shares of stock of the surviving corporation are not changed in the merger and (c) the number of ordinary shares of the surviving corporation into which any other shares, securities or obligations to be issued in the merger may be converted does not exceed 20% of the surviving corporation's common shares outstanding immediately prior to the effective date of the merger. In addition, shareholders may not be entitled to vote in certain mergers with other corporations that own 90% or more of the outstanding shares of each class of stock of such corporation, but the shareholders will be entitled to appraisal rights.

The Netherlands

Under our articles of association, our general meeting of shareholders may resolve, upon a proposal of the board of directors, that we conclude a statutory merger or demerger. In addition, our general meeting of shareholders must approve resolutions of the board of directors concerning an important change in the identity or character of us or our business, in any event including those matters listed under "— General Meeting of Shareholders" above.

A shareholder holding at least 95% of the company's issued and outstanding shares may initiate squeeze-out proceedings against other shareholders as described under "— Squeeze-out" above.

Compensation of Board of Directors

Delaware

Under the Delaware General Corporation Law, the shareholders do not generally have the right to approve the compensation policy for the board of directors or the senior management of the corporation, although certain aspects of the compensation policy may be subject to shareholder vote due to the provisions of federal securities and tax law.

The Netherlands

In contrast to Delaware law, under Dutch law the general meeting of shareholders adopts the compensation policy for the board of directors, containing general policy guidelines for determining the compensation of the members of our board of directors.

Pursuant to our articles of association, our general meeting of shareholders determines the compensation of non-executive directors. The non-executive directors determine the level and structure of the compensation of the executive directors, within the general framework set by the compensation policy adopted by the general meeting of shareholders.

Insider Trading and Market Manipulation

The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) (the "FMSA") provides for specific rules intended to prevent market abuse, including prohibitions on insider trading, divulging inside information and engaging in market manipulation. We are subject to the Dutch laws prohibiting insider trading (in particular, if we trade in our own securities or in financial instruments the value of which is determined, in whole or in part, by the value of our securities), divulging inside information and engaging in market manipulation. The Dutch prohibition on engaging in market manipulation may limit our ability to buy back our ordinary shares from shareholders.

Our shareholders may also in certain circumstances be subject to Dutch laws prohibiting insider trading, divulging inside information and engaging in market manipulation.

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Pursuant to the FMSA rules, our directors and officers, and certain persons who are deemed to be closely associated with them, must notify the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the “AFM”) of all transactions in our securities or in financial instruments the value of which is determined, in whole or in part, by the value of our securities.

The persons who are deemed to be closely associated with our directors and officers, and thus required to file reports of transactions in our securities and related financial instruments, include: a director’s or officer’s spouse or any partner considered by local law as equivalent to a spouse; a director’s or officer’s dependent children or other relatives who have been a part of the director’s or officer’s household during the 12-month period preceding the date of the relevant transaction; and any legal entity, trust or partnership managed in whole or in part by a director or officer, or by any of the persons listed above.

All notifications of transactions as referred to in the preceding paragraph must be made by no later than the fifth business day following the date when the relevant transaction takes place. No notification is required to be made in any calendar year by any director or officer, or related persons, until the cumulative aggregate value of transactions in the Company’s securities and related financial instruments during such year by such director or officer, and all related persons, exceeds €5,000.

All notifications to the AFM are made public on the AFM’s website.

We have adopted an insider trading policy that contains, among other things, rules on ownership of, and transactions by directors, officers and employees in, our securities or in financial instruments the value of which is determined, in whole or in part, by the value of our securities, including the sanctions that can be imposed in the event of a violation of these rules.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the “FRSA”) the AFM supervises the application of financial reporting standards by Dutch companies whose securities are listed on a Dutch or foreign stock exchange.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from us regarding our application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt our financial reporting meets such standards and (ii) recommend to us the making available of further

explanations. If we do not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber order us to (i) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (ii) prepare our financial reports in accordance with the Enterprise Chamber's orders.

Transfer Agent and Registrar

A register of holders of our ordinary shares is maintained in the United States by AST, which is the registrar and transfer agent for our ordinary shares.

Listing

Our ordinary shares are listed on the NYSE under the symbol "MBLY."

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DESCRIPTION OF DEBT SECURITIES

Please note that in this section references to "holders" mean those who own debt securities registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. Owners of beneficial interests in the debt securities should read the section below entitled "Legal Ownership and Book-Entry Issuance."

This section and your prospectus supplement will summarize all the material terms of the indenture and your debt security. They do not, however, describe every aspect of the indenture and your debt security. For example, in this section and your prospectus supplement, we use terms that have been given special meaning in the indenture, but we describe the meaning for only certain of those terms. As you read this section, please remember that the specific terms of your debt security as described in your prospectus supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If there are any differences between your prospectus supplement and this prospectus, your prospectus supplement will control. Thus, the statements we make in this section may not apply to your debt security. The indenture and its associated documents, including your debt security, contain the full legal text of the matters described in this section and your prospectus supplement.

We will issue the debt securities under an indenture that we will enter into with a national banking association or other eligible party, as trustee, to be named in a prospectus supplement. The indenture will be qualified under the Trust Indenture Act of 1939 (the "Trust Indenture Act"). We have filed the form of indenture as an exhibit to the registration statement of which this prospectus is a part, and supplemental indentures and forms of debt securities containing the terms of the debt securities being offered will be filed as exhibits to the registration statement of which this prospectus is a part or will be incorporated by reference from reports that we file with the SEC. The terms of the debt securities include those terms stated in the indenture, and any supplements thereto, and those terms made part of the indenture by reference to the Trust Indenture Act.

General

The debt securities are not deposits and are not insured by any regulatory body of the United States, The Netherlands or Israel.

The indenture does not limit the amount of debt securities that we may issue. We may issue the debt securities in one or more series, or as units comprised of two or more related series. Your prospectus supplement will describe the specific terms of your debt security, which will include some or all of the following:

- the title of the series of debt securities;
- any limit on the total principal amount of the debt securities of the same series;
- the stated maturity or maturities, if any;
- the price at which we will originally issue your debt security, expressed as a percentage of the principal amount of the debt securities of the same series, and the original issue date;
- any provisions for “reopening” the offering at a later time to offer additional debt securities having the same terms as your debt security;
- the minimum denominations of the debt securities, which must be at least EUR 100,000 and integral multiples of EUR 1,000 in excess thereof (or the equivalent thereof in the specified currency as of the date of issuance);
- the specified currency or currencies for principal and interest, if not U.S. dollars;

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- if we or you have a right to choose the currency, currency unit or composite currency in which payments on any of the debt securities of the series will be made, the currency, currency unit or composite currency that we or you may elect, the period during which we or you must make the election and the other material terms applicable to the right to make such elections;
- whether your debt security is a fixed rate debt security or a floating rate debt security;
- if applicable, the circumstances under which your debt security may be redeemed at our option or repaid at the holder's option before the stated maturity and other relevant terms, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);
- the date or dates on which any interest on the debt securities of the series will be payable, the regular record date or dates we will use to determine who is entitled to receive interest payments and any right to extend or defer the interest payment periods and the duration of the extension;
- the place or places where the principal and any premium and interest in respect of the debt securities of the series will be payable and where any transfer, conversion or exchange, if applicable, will occur;
- the depositary for your debt security, if other than DTC, and any circumstances under which the holder may request securities in non-global form, if we choose not to issue your debt security in book-entry form only;
- if the debt securities may be converted into or exercised or exchanged for our ordinary shares or other of our securities or the debt or equity securities of third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of ordinary shares or other securities or the debt or equity securities of third parties issuable upon conversion, exercise or exchange may be adjusted;
- if applicable, the circumstances under which we will pay additional amounts on any debt securities and under which we can redeem the debt securities if we have to pay additional amounts;
- whether your debt securities will be listed on the NYSE or any other securities exchange or whether the debt securities will not be listed;
- if your debt security will be issued in bearer form, any special provisions relating to bearer securities that are not addressed in this prospectus;
- if applicable, any additional investment considerations relating to the debt securities;

- if your debt security is subject to mandatory or optional remarketing or other mandatory or optional resale provisions, the date or period during which such resale may occur, any conditions to such resale and any right of the holder to substitute securities for the securities subject to resale;

- any conditions or limitations to defeasance of the debt securities, to the extent different from those described under "—Defeasance" in this prospectus;

- any changes or additions to the events of default or covenants contained in the relevant indenture;

- the names and duties of any co-trustees, authenticating agents, paying agents, transfer agents or registrars for your debt security;

- any specific Dutch, Israeli or U.S. federal income tax considerations relating to the debt securities not addressed in this prospectus; and

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- any other terms of your debt security, which could be different from those described in this prospectus.

If your debt security is a fixed rate debt security, the applicable prospectus supplement will also describe:

- the annual rate or rates at which your debt security will bear interest, if any;
- the date or dates from which that interest, if any, will accrue; and
- the interest payment dates to the extent different from those described herein.

If your debt security is a floating rate debt security, the applicable prospectus supplement will also describe:

- the interest rate basis;
- any applicable index currency or maturity, spread or spread multiplier or initial maximum or minimum rate;
- the interest reset, determination, calculation and payment dates;
- the day count used to calculate interest payments for any period; and
- the calculation agent.

The prospectus supplement relating to any series of debt securities may also include, if applicable, a discussion of certain U.S. federal income tax considerations and considerations under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Debt securities may bear interest at a fixed rate or a floating rate or we may issue debt securities that bear no interest or that bear interest at a rate below the prevailing market interest rate or at a discount to their stated principal amount. The relevant prospectus supplement will describe special U.S. federal income tax considerations applicable to discount securities or to debt securities issued at par that are treated for U.S. federal income tax purposes as having been issued at a discount.

While this prospectus describes terms that apply generally to all the debt securities, the prospectus supplement applicable to your debt security will summarize specific financial and other terms of your debt security. Consequently, as you read this section, please remember that the specific terms of your debt security as described in your prospectus supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If there are any differences between your prospectus supplement and this prospectus, your prospectus supplement will control. Thus, the statements we make in this section may not apply to your debt security.

Holders of debt securities have no voting rights except as explained in this section below under "—Default, Remedies and Waiver of Default."

The Indenture

The debt securities are governed by a document called an indenture. The indenture is a contract between us and a trustee to be named in the applicable prospectus supplement, which will initially act as trustee. The indenture does not limit our ability to incur additional indebtedness.

The trustee under the indenture has two main roles:

- first, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, which we describe later under "— Default, Remedies and Waiver of Default"; and

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- second, the trustee performs administrative duties for us, such as sending you interest payments and notices.

See "— Our Relationship with the Trustee" below for more information about the trustee.

The indenture and its associated documents, including any supplemental indenture and your debt security, contain the full text of the matters described in this section and the other terms described in your prospectus supplement. A form of indenture has been filed with the SEC as part of our registration statement. See "Available Information" above for information on how to obtain a copy.

When we refer to the indenture or the trustee with respect to any debt securities, we mean the indenture under which those debt securities are issued, including any supplemental indenture, and the trustee under that indenture.

Our Relationship with the Trustee

The trustee to be named in a prospectus supplement will initially serve as the trustee for all series of debt securities to be issued under the indenture. The trustee may have provided commercial banking and other services for us and our related companies in the past and may continue to do so in the future. Among other things, the trustee serves as, or may serve as, trustee or agent with regard to certain of our other outstanding debt obligations.

Consequently, if an actual or potential event of default occurs with respect to any of these securities, the trustee may be considered to have a conflicting interest for purposes of the Trust Indenture Act. In that case, the trustee may be required to resign under the indenture and we would be required to appoint a successor trustee. For this purpose, a "potential event of default" means an event that would be an event of default if the requirements for giving us default notice or for the default having to exist for a specific period of time were disregarded.

Governing Law

The indenture and the debt securities will be governed by New York law, unless otherwise specified in your prospectus supplement.

We May Issue Many Series of Debt Securities

We may issue as many distinct series of debt securities under the indenture as we wish. This section summarizes terms of the securities that apply generally to all series. The provisions of the indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under the indenture, but also to “reopen” a previous issue of a series of debt securities and issue additional debt securities of that series. We will only reopen an issuance if the additional debt securities issued in the reopening and the outstanding debt securities of the relevant series are fungible for U.S. federal income tax purposes. Most of the financial and other specific terms of your series, whether it be a series of the debt securities, will be described in your prospectus supplement. Those terms may vary from the terms described here.

When we refer to a series of debt securities, we mean a series issued under the indenture. When we refer to your prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt security you purchase. The terms used in your prospectus supplement will have the meanings described in this prospectus, unless otherwise specified.

Amounts that We May Issue

The indenture does not limit the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. Any debt securities owned by us or any of our affiliates are deemed not to be outstanding.

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Neither the indenture nor the debt securities limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial or similar restrictions by the terms of the debt securities, unless described in your prospectus supplement.

Principal Amount, Stated Maturity and Maturity

The principal amount of a debt security means the principal amount payable at its stated maturity, if any, unless that amount is not determinable, in which case the principal amount of a debt security is its face amount.

The term “stated maturity” with respect to any debt security means the day on which the principal amount of that debt security is scheduled to become due. The principal may become due sooner by reason of redemption or acceleration after a default or otherwise in accordance with the terms of the debt security. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the maturity of the principal.

We also use the terms “stated maturity” and “maturity” to refer to the days when other payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the “stated maturity” of that installment.

When we refer to the “stated maturity” or the “maturity” of a debt security without specifying a particular payment, we mean the stated maturity or maturity, as the case may be, of the principal.

Currency of Debt Securities

Amounts that become due and payable on your debt security in cash will be payable in a currency, composite currency, basket of currencies or currency unit or units specified in your prospectus supplement. We refer to this currency, composite currency, basket of currencies or currency unit or units as a “specified currency.” The specified currency for your debt security will be U.S. dollars, unless your prospectus supplement states otherwise. Some debt securities may have different specified currencies for principal and interest. You will have to pay for your debt securities by delivering the requisite amount of the specified currency for the principal to Mobileye N.V. or another company that we name in your prospectus supplement, unless other arrangements have been made between you and us or you and that company. We will make payments on your debt securities in the specified currency, except as described below in “— Payment Mechanics for Debt Securities in Registered Form.”

Debt Securities Not Secured by Assets

No series of debt securities will be secured by any property or assets of Mobileye N.V.

Types of Debt Securities

We may issue any of the following types of debt securities:

Fixed Rate Debt Securities

A debt security of this type will bear interest at a fixed rate described in your prospectus supplement. This type includes zero coupon debt securities, which bear no interest and are instead issued at a price lower than the principal amount.

Unless otherwise specified in your prospectus supplement, each fixed rate debt security that is not a zero coupon debt security will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a fixed rate debt security at the fixed yearly rate stated in your prospectus supplement, until the principal is paid or made available for payment. Each payment of interest due on an interest payment date or the date of maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if no interest has been paid or made available for payment, to but excluding the interest payment date or the date of maturity. Unless otherwise specified in your prospectus supplement, we will compute interest on fixed

rate debt securities on the basis of a 360-day year of twelve 30-day months. We will pay interest on each interest payment date and at maturity as described below under "— Payment Mechanics for Debt Securities in Registered Form."

Floating Rate Debt Securities

A debt security of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If your debt security is a floating rate debt security, the formula and any adjustments that apply to the interest rate will be specified in your prospectus supplement.

Unless otherwise specified in your prospectus supplement, each floating rate debt security will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a floating rate debt security at the yearly rate determined according to the interest rate formula stated in your prospectus supplement, until the principal is paid or made available for payment. We will pay interest on each interest payment date and at maturity as described below under "— Payment Mechanics for Debt Securities in Registered Form."

Calculation of Interest. Calculations relating to floating rate debt securities will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may be an affiliate of ours. The prospectus supplement for a particular floating rate debt security will name the institution that we have appointed to act as the calculation agent for that debt security as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the debt security without your consent and without notifying you of the change.

For each floating rate debt security, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in your prospectus supplement, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period — *i.e.*, the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate debt security by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in your prospectus supplement.

Upon the request of the holder of any floating rate debt security, the calculation agent will provide for that debt security the interest rate then in effect — and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a debt security will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, *e.g.*, 9.876541% (or 0.09876541) being rounded down to 9.87654% (or 0.0987654) and 9.876545% (or 0.09876545) being rounded up to 9.87655% (or 0.0987655). All amounts used in or resulting from any calculation relating to a floating rate debt security will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate debt security during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in your prospectus supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant floating rate debt securities and its affiliates, and they may include affiliates of the Company.

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Redemption and Repayment

Unless otherwise indicated in your prospectus supplement, your debt security will not be entitled to the benefit of any sinking fund — that is, we will not deposit money on a regular basis into any separate custodial account to repay your debt securities. In addition, we will not be entitled to redeem your debt security before its stated maturity, if any, unless your prospectus supplement specifies a redemption date. You will not be entitled to require us to buy your debt security from you, before its stated maturity, if any, unless your prospectus supplement specifies one or more repayment dates.

If your prospectus supplement specifies a redemption date or a repayment date, it will also specify one or more redemption prices or repayment prices, which will be expressed as a percentage of the principal amount of your debt security. It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

If your prospectus supplement specifies a redemption commencement date, your debt security will be redeemable at our option at any time on or after that date or on specific dates after such date. If we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different redemption periods, the price we pay will be the price that applies to the redemption period during which your debt security is redeemed.

If your prospectus supplement specifies a repayment date, your debt security will be repayable at your option on the specified repayment date at the specified repayment price, together with interest accrued to the repayment date.

In the event that we exercise an option to redeem any debt security, we will give to the trustee and the holder written notice of the principal amount of the debt security to be redeemed, not less than 30 days nor more than 60 days before the applicable redemption date, except in the event of an optional tax redemption as described below. We will give the notice in the manner described below in "— Notices."

If a debt security represented by a global security is subject to repayment at the holder's option, the depositary or its nominee, as the holder, will be the only person who can exercise the right to repayment. Any indirect owners who own beneficial interests in the global security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that such banks or brokers notify the depositary to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the depositary before the applicable deadline for exercise.

We urge street name and other indirect owners to contact their banks or brokers for information about how to exercise a repayment right in a timely manner.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or they purchase may, at our discretion, be held, resold or canceled.

Optional Tax Redemption

Unless otherwise indicated in your prospectus supplement, we may redeem each series of debt securities in whole, but not in part, at our option at any time upon not more than 60 nor less than 10 days' notice to the trustee, at a redemption price equal to the principal amount of such debt securities plus any additional amounts due as a result of any withheld tax, if:

- we would be required to pay additional amounts, as explained below under "— Payment of Additional Amounts with Respect to the Debt Securities," as a result of any change in or amendment to the tax laws (or any regulations or rulings promulgated thereunder) of The Netherlands, or of a jurisdiction in which a successor of Mobileye N.V. is organized, which becomes effective on or after the date of issuance of that series; or

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- a person located outside The Netherlands, or a jurisdiction in which a successor of Mobileye N.V. is organized, to which we have conveyed, transferred or leased property, would be required to pay additional amounts. We are not required, however, to use reasonable measures to avoid the obligation to pay additional amounts in the event of such merger, conveyance, transfer or lease.

If we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date.

Conversion

Your debt securities may be convertible into or exchangeable for ordinary shares or other securities of Mobileye N.V. or another issuer if your prospectus supplement so provides. If your debt securities are convertible or exchangeable, your prospectus supplement will include provisions as to whether conversion or exchange is mandatory, at your option or at our option. Your prospectus supplement would also include provisions regarding the adjustment of the number of ordinary shares or other securities of Mobileye N.V. or another issuer to be received by you upon conversion or exchange.

Defeasance

Defeasance and Covenant Defeasance

Unless we say otherwise in your prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that has a specified currency of U.S. dollars and is not a floating rate debt security.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payments and other obligations on your debt securities. This is called full defeasance. To do so, each of the following must occur:

- We must deposit in trust for the benefit of all holders a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on your debt securities on their various due dates.

- There must be a change in current U.S. federal tax law or an Internal Revenue Service ruling that lets us make the above deposit without causing you to be taxed on your debt security any differently than if we did not make the deposit and just repaid the debt security ourselves. Under current U.S. federal tax law, the deposit and our legal release from the debt security would be treated as though we took back your debt security and gave you your share of the cash or bonds deposited in trust. In that event, you could recognize gain or loss on your debt security.

- We must deliver to the trustee a legal opinion of our counsel confirming the tax law change or Internal Revenue Service ruling described above.

If we ever fully defease your debt security, you will have to rely solely on the trust deposit for payments on your debt security. You will not be able to look to us for payment in the event of any shortfall.

Covenant Defeasance. Under current U.S. federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants relating to your debt security that may be described in your prospectus supplement. This is called covenant defeasance. In that event, you would lose the protection of those restrictive covenants. In order to achieve covenant defeasance, we must do both of the following:

- we must deposit in trust for the benefit of the holders of those debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on your debt security on their various due dates; and

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- we must deliver to the trustee a legal opinion of our counsel confirming that under then-current U.S. federal income tax law we may make the above deposit without causing you to be taxed on your debt security any differently than if we did not make the deposit and just repaid the debt security ourselves.

If we accomplish covenant defeasance with regard to your debt security, the following provisions of the indenture and the debt securities would no longer apply:

- any additional covenants that your prospectus supplement may state are applicable to your debt security; and

- the events of default resulting from a breach of covenants, described below in the third item under "— Default, Remedies and Waiver of Default — Events of Default."

If we accomplish covenant defeasance, you can still look to us for repayment of your debt security in the event of any shortfall in the trust deposit. You should note, however, that if one of the remaining events of default occurs, like our bankruptcy, and your debt security becomes immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Default, Remedies and Waiver of Default

You will have special rights if an event of default with respect to your debt security occurs and is not cured, as described in this subsection.

Events of Default

Unless otherwise indicated in your prospectus supplement, with respect to any series of debt securities, when we refer to an event of default, we mean any of the following:

- we do not pay the principal of, or any premium on, any debt security of that series on its due date;

- we do not pay interest on any debt security of that series within 30 days of its due date;

- we remain in breach of any covenant or warranty we make in the indenture which is applicable to the debt security of that series for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by either the trustee or holders of 25% of the principal amount of debt security of the affected series;

- the entry by a court having jurisdiction in the premises of a judgment for our bankruptcy (*faillissement*) or suspension of payment (*surséance van betaling*), and the continuance of any such judgment unstayed and in effect for a period of 60 consecutive days;

- we commence a voluntary case or proceeding, under any applicable Dutch bankruptcy, insolvency, reorganization or other similar law, or any other case or proceeding, to be declared bankrupt (*failliet verklaard*) or to be granted a suspension of payments (*surséance van betaling*), or we consent to a judgment for relief as aforesaid in respect of us in an involuntary case or proceeding under any applicable Dutch bankruptcy, insolvency, reorganization or other similar law or to the commencement of any case or proceeding against us seeking relief against us as aforesaid, or we file a petition or answer or consent seeking relief as aforesaid under any applicable Dutch law, or we consent to the filing of such petition or to the appointment of or taking possession by a custodian (*bewindvoerder*) or other similar official of us or of any substantial part of our property, or we take corporate action in furtherance of any action described above;

- we do not deposit a sinking fund payment with regard to any debt security of that series on the due date, but only if the payment is required under provisions described in your prospectus supplement; or

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- if your prospectus supplement states that any additional event of default applies to the series, that event of default occurs.

Remedies if an Event of Default Occurs

Except as specified in your prospectus supplement, if an event of default has occurred and has not been cured or waived, the trustee or the holders of 25% or more in principal amount of all debt securities of the affected series may declare the entire principal amount of all such debt securities to be due immediately. Except as specified in your prospectus supplement, if an event of default occurs because of events of bankruptcy, insolvency or reorganization relating to Mobileye N.V., the entire principal amount of all the debt securities will be automatically accelerated, without any action by the trustee or any holder.

Each of the situations described above is called an acceleration of the maturity of the affected debt securities. If the maturity of any debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities affected by the acceleration may cancel the acceleration for all the affected debt securities.

If an event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use its rights and powers under the indenture, and in doing so, to use the same degree of care and skill that a prudent person would use in that situation in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of the relevant series of debt securities may direct, from time to time, the method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture with respect to the relevant series of debt securities.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, all of the following must occur:

- the holder of your debt security must give the trustee written notice that an event of default has occurred with respect to the relevant series of debt securities, and the event of default must not have been cured or waived;

- the holders of 25% or more in principal amount of the relevant series of debt securities must make a written request that the trustee take action because of the default, and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;

- the trustee must not have taken action for 60 days after the above steps have been taken; and

- during those 60 days, the holders of a majority in principal amount of the relevant series of debt securities must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of the relevant series of debt securities.

You are, however, entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or about their respective due dates.

Waiver of Default

The holders of not less than a majority in principal amount of the debt securities of any series may waive a default for all debt securities of that series. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on your debt security, however, without your approval.

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We Will Give the Trustee Information about Defaults Annually

We will furnish to the trustee every year a written statement of two of our officers certifying that to their knowledge we are in compliance with the debt securities and the indenture they are issued under, or else specifying any default.

We urge book-entry and other indirect owners to consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare a cancellation of an acceleration of maturity. Book-entry and other indirect owners are described under "Legal Ownership and Book-Entry Issuance."

Modifications of the Indenture

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

Changes Requiring Each Holder's Approval

First, there are changes that we or the trustee cannot make without the approval of each holder of a debt security affected by the change under the indenture. We cannot:

- change the stated maturity, if any, for any principal or interest payment on a debt security;
- reduce the principal amount, the amount payable on acceleration of the maturity after a default, the interest rate or the redemption price for a debt security;
- permit redemption of a debt security if not previously permitted;
- impair any right a holder may have to require repayment or conversion of its debt security;
- change the currency of any payment on a debt security other than as permitted by the debt security;

- change the place of payment on a debt security, if it is in non-global form;
- impair a holder's right to sue for payment of any amount due on its debt security;
- reduce the percentage in principal amount of the debt securities and any other affected series of debt securities, taken together, the approval of whose holders is needed to change the indenture or the debt securities;
- reduce the percentage in principal amount of the debt securities and any other affected series of debt securities, taken separately or together, as the case may be, the consent of whose holders is needed to waive our compliance with the indenture or to waive defaults; and
- change the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any required percentage referred to above or to add to the provisions that cannot be changed or waived without approval of the holder of each affected debt security.

Changes Not Requiring Approval

The second type of change does not require any approval by holders of the debt securities. These changes are limited to clarifications and changes that would not adversely affect the debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

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We may also make changes or obtain waivers that do not adversely affect a particular debt security, even if they affect other debt securities. In those cases, we do not need to obtain the approval of the holder of that debt security; we need only obtain any required approvals from the holders of the affected debt securities or other debt securities.

Changes Requiring Majority Approval

Any other change to the indenture and the debt securities issued under the indenture would require the following approval:

- if the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of the relevant series of debt securities; or
- if the change affects more than one series of debt securities issued under the indenture, it must be approved by the holders of a majority in principal amount of the series affected by the change, with all affected series voting together as one class for this purpose (and of any series that by its terms is entitled to vote separately as a series, as described below).

In each case, the required approval must be given by written consent.

The same majority approval would be required for us to obtain a waiver of any of our covenants in the indenture. If the holders agree to waive a covenant, we will not have to comply with it. A majority of holders, however, cannot approve a waiver of any provision in a particular debt security, or in the indenture as it affects that debt security, that we cannot change without the approval of each holder of that debt security as described above in "— Changes Requiring Each Holder's Approval" unless that holder approves the waiver.

Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Special Rules for Action by Holders

When holders take any action under the indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding Debt Securities Are Eligible

Only holders of outstanding debt securities of the applicable series will be eligible to participate in any action by holders of debt securities of that series. Also, we will count only outstanding debt securities of that series in determining whether the various percentage requirements for taking action have been met. For these purposes, a debt security will not be "outstanding":

- if it has been surrendered for cancellation;
- if we have deposited or set aside, in trust for its holder, money for its payment or redemption;
- if we have fully defeased it as described above under "— Defeasance — Defeasance and Covenant Defeasance — Full Defeasance"; or
- if we or one of our affiliates is the owner.

Special Series Voting Rights

We may issue series of debt securities that are entitled, by their terms, to vote separately on matters (for example, modification or waiver of provisions in the indenture) that would otherwise require a vote of all affected series, voting together as a single class. Any such series would be entitled to vote together with all other affected series, voting together as a single class, and would also be entitled to vote separately, as a series only. In some cases, other

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parties may be entitled to exercise these special voting rights on behalf of holders of the relevant series. For series of debt securities that have these rights, the rights will be described in your prospectus supplement. For series that do not have these special rights, voting will occur as described in the preceding section, but subject to any separate voting rights of any series having special rights. We may issue series having these or other special rights without obtaining the consent of or giving notice to holders of outstanding securities.

Determining Record Dates for Action by Holders

We will generally be entitled to set any date as a record date for the purpose of determining the holders that are entitled to take action under the indenture. In certain limited circumstances, only the trustee will be entitled to set a record date for action by the holders. If we or the trustee set a record date for an approval or other action to be taken by the holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global debt security may be set in accordance with procedures established by the depositary from time to time. Accordingly, record dates for global debt securities may differ from those for other debt securities.

Form, Exchange and Transfer of Debt Securities

Form

We will issue each debt security in global — *i.e.*, book-entry — form only, unless we specify otherwise in your prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depositary, which will be the holder of all the debt securities represented by the global security. Those who own beneficial interests in a global debt security will do so through participants in the depositary's securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants. We describe book-entry securities below under "Legal Ownership and Book-Entry Issuance."

In addition, we will generally issue each debt security in registered form, without coupons, unless we specify otherwise in your prospectus supplement.

If any debt securities cease to be issued in registered global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- in minimum denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof (or the equivalent thereof in the specified currency as of the date of issuance).

Transfer and Exchange

Unless we indicate otherwise in your prospectus supplement, holders may exchange their debt securities for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. They may also replace lost, stolen, destroyed or mutilated debt securities at that office. We have appointed the trustee to act as our agent for registering debt securities in the names of holders and transferring and replacing debt securities. We may appoint another entity to perform these functions or perform them ourselves.

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No transfer of debt securities will be permitted if such transfer would result in the transferee holding a debt security in a principal amount less than EUR 100,000 (or the equivalent thereof in the specified currency at the time of transfer).

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any debt securities.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If the debt securities of any series are redeemable and we redeem less than all those debt securities, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange any debt security selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security being partially redeemed.

If a debt security is issued as a global debt security, only the depositary — *e.g.*, DTC, Euroclear or Clearstream — will be entitled to transfer and exchange the debt security as described in this subsection, since the depositary will be the sole holder of the debt security.

The rules for exchange described above apply to exchanges of debt securities for other debt securities of the same series and kind. If a debt security is exchangeable for a different kind of security, such as one that we have not issued, or for other property, the rules governing that type of exchange will be described in your prospectus supplement.

Payment Mechanics for Debt Securities in Registered Form

Who Receives Payment?

If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date relating to the interest

payment date as described below under "— Payment and Record Dates for Interest." If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If the principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of DTC, Euroclear and Clearstream, as applicable.

Payment and Record Dates for Interest

Unless we specify otherwise in your prospectus supplement, interest on any fixed rate debt security will be payable semiannually and at maturity, and the regular record date relating to an interest payment date for any fixed rate debt security will be the first day of the calendar month next preceding that interest payment date. The regular record date relating to an interest payment date for any floating rate debt security will be the 15th calendar day before that interest payment date. These record dates will apply regardless of whether a particular record date is a "business day," as defined below. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 P.M., New York City time, on that day.

Notwithstanding the foregoing, the record date for any payment date for a debt security in book-entry form will be the business day prior to the payment date.

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Business Day

Unless we specify otherwise in your prospectus supplement, the term "business day" means, for any debt security, a day that meets all the following applicable requirements:

- for all debt securities, it is a Monday, Tuesday, Wednesday or Thursday that is not a day on which banking institutions in The Netherlands, Israel or New York City generally are authorized or obligated by law, regulation or executive order to close and that satisfies any other criteria specified in your prospectus supplement;

- if the debt security is a floating rate debt security whose interest rate is based on LIBOR, it is also a day on which dealings in the relevant index currency specified in your prospectus supplement are transacted in the London interbank market;

- if the debt security has a specified currency other than U.S. dollars or euro, it is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency;

- if the debt security either is a floating rate debt security whose interest rate is based on EURIBOR or has a specified currency of euro, it is also a day on which the Eurosystem-owned European Real-Time Gross Settlement (RTGS) system ("TARGET2"), or any successor system, is open for business;

- if the debt security is held through Euroclear, it is also not a day on which banking institutions in Brussels, Belgium are generally authorized or obligated by law, regulation or executive order to close; and

- if the debt security is held through Clearstream, it is also not a day on which banking institutions in Luxembourg are generally authorized or obligated by law, regulation or executive order to close.

Payment When Offices Are Closed

If any payment is due on a debt security on a day that is not a business day, unless we specify otherwise in your prospectus supplement, we will make the payment on the next day that is a business day unless such business day would fall in the next calendar year. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day. The term "business day" has a special meaning, which we describe above under "— Business Day."

Paying Agent

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify the trustee of changes in the paying agents.

Payment of Additional Amounts with Respect to the Debt Securities

All amounts of principal of, and any premium and interest on, any debt securities will be paid by Mobileye N.V. or any successor thereof without deduction or withholding for any tax, assessment or other governmental charge (a "tax") imposed by the government of The Netherlands, or the government of a jurisdiction in which a successor to Mobileye N.V. is organized, unless such deduction or withholding is required by applicable law. If deduction or withholding of any tax is required by The Netherlands, or by a jurisdiction in which a successor to Mobileye N.V. is organized, Mobileye N.V. or such successor, as the case may be, if so specified in the applicable prospectus supplement, will pay as additional interest any additional amounts ("additional amounts") necessary to make the net

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amount paid to the affected holders equal the amount the holders would have received in the absence of the deduction or withholding. However, additional amounts will not be paid for:

(i) the amount of any tax imposed by any taxing authority of or in the United States;

(ii) the amount of any tax imposed by any taxing authority of or in Israel;

(iii) the amount of any tax which is only payable because:

(1) a connection exists between the holder and The Netherlands (or such jurisdiction in which a successor to Mobileye N.V. is organized or resident for tax purposes); or

(2) the holder presented the debt security for payment (where presentation is required) more than 15 days after the date on which the relevant payment became due or was provided for, whichever is later;

(iv) the amount of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax;

(v) the amount of any tax which is payable other than by withholding from a payment in respect of the debt securities;

(vi) the amount of any tax that a holder or beneficial owner would have been able to avoid (but has not so avoided) by presenting and surrendering the relevant debt security to another paying agent in a Member State of the European Union;

(vii) the amount of any tax imposed on a payment to an individual that is required to be made pursuant to the Directive of the European Council of Economics and Finance Ministers, adopted on June 3, 2003 (2003/48/EC), or any law implementing or complying with, or introduced in order to conform to, that Directive; or

(viii) any combination of items (i) through (vii) described above.

In addition, we will not pay additional amounts to a holder that is a fiduciary or partnership or an entity that is not the sole beneficial owner of the payment where the law requires the payment to be included in the income of a beneficiary or settlor for tax purposes with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder.

Whenever reference is made in any context to the principal of, and any interest on, any debt security, such mention shall be deemed to include any relevant premium or additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect of such debt security.

The applicable prospectus supplement will describe any additional circumstances under which additional amounts will not be paid with respect to debt securities.

Notices

Notices to be given to holders of a global debt security will be given only to the depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of debt securities not in global form will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

Service of Process

We have appointed Mobileye, Inc., acting through its office at 99 Jericho Turnpike, Jericho, NY, 11753, as our authorized agent for service of process in any legal action or proceeding to which we are party relating to the indenture or any debt securities brought in any federal or state court in New York City and have submitted to the non-exclusive jurisdiction of those courts.

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LEGAL OWNERSHIP AND BOOK-ENTRY ISSUANCE

In this section, we describe special considerations that will apply to registered securities issued in global — *i.e.*, book-entry — form. First we describe the difference between legal ownership and indirect ownership of registered securities. Then we describe special provisions that apply to global securities.

Who is the Legal Owner of a Registered Security?

Each ordinary share is issued in registered form only and is only available in the form of an entry in our share register, without issuance of any share certificate, and each debt security in registered form will be represented either by a certificate issued in definitive form to a particular investor or by one or more global securities representing the entire issuance of securities. We refer to those who have ordinary shares registered in their own names in our share register as the "holders" of those securities and those who have debt securities registered in their own names on the books that we, the trustee in respect of any debt securities or any agent maintain for this purpose. These persons are the legal holders of the securities. We refer to those who, indirectly through others, own beneficial interests in securities that are not registered in their own names as indirect owners of those securities. As we discuss below, indirect owners are not legal holders, and investors in securities issued in book-entry form or in street name will be indirect owners.

Legal Holders

Our obligations, as well as the obligations of the trustee under the indenture and the obligations, if any, of any agent and any other third parties employed by us, the trustee or any of those agents, run only to the legal holders of the securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect owner of a security or has no choice because we are issuing the securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for that payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect owners but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose — *e.g.*, to amend the indenture for a series of debt securities or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture — we would seek the approval only from the holders, and not the indirect owners, of the relevant securities. Whether and how the holders contact the indirect owners is up to the holders.

When we refer to "you" in this prospectus, we mean those who invest in the securities being offered by this prospectus, whether they are the holders or only indirect owners of those securities. When we refer to "your securities" in this prospectus, we mean the securities in which you will hold a direct or indirect interest.

Book-Entry Owners

Unless your prospectus supplement provides otherwise, we will issue each security in book-entry form only. This means securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depositary on behalf of other financial institutions that participate in the depositary's book-entry system. These participating institutions, in turn, hold beneficial interests in the securities on behalf of themselves or their customers.

Under the indenture, only the person in whose name a security is registered is recognized as the holder of that security. Consequently, for securities issued in global form, we will recognize only the depositary as the holder of the securities and we will make all payments on the securities, including deliveries of any property other than cash, to the depositary. The depositary passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the securities.

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As a result, investors will not own securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary's book-entry system or holds an interest through a participant. As long as the securities are issued in global form, investors will be indirect owners, and not holders, of the securities.

Street Name Owners

In the future we may terminate a global security or issue securities initially in non-global form. In these cases, investors may choose to hold their securities in their own names or in "street name." Securities held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those securities through an account he or she maintains at that institution.

For securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the securities are registered as the holders of those securities and we will make all payments on those securities, including deliveries of any property other than cash, to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold securities in street name will be indirect owners, not holders, of those securities.

Special Considerations for Indirect Owners

If you hold securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

· how it handles securities payments and notices;

· whether it imposes fees or charges;

· whether and how you can instruct it to exchange or convert a security for or into other property;

· how it would handle a request for the holders' consent, if ever required;

- whether and how you can instruct it to send you securities registered in your own name so you can be a holder, if that is permitted in the future;
- how it would exercise rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests; and
- if the securities are in book-entry form, how the depositary's rules and procedures will affect these matters.

Minimum Principal Amount of Beneficial Interests in Debt Securities

No person may acquire, by original issuance, transfer or otherwise, a book-entry interest in, or other beneficial ownership of, debt securities in a principal amount of less than EUR 100,000 (or the equivalent thereof in the specified currency at the time of acquisition).

What Is a Global Security?

A global security may represent one or any other number of individual securities. Generally, all securities represented by the same global security will have the same terms. We may, however, issue a global security that represents multiple securities of the same kind, such as debt securities, that have different terms and are issued at different times. We call this kind of global security a master global security. Your prospectus supplement will not indicate whether your securities are represented by a master global security.

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A global security may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. We describe those situations below under "— Owner's Option to Obtain a Non-Global Security; Special Situations When a Global Security Will Be Terminated." As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all securities represented by a global security, and investors will be permitted to own only indirect interests in a global security.

Indirect interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depositary or with another institution that does. Thus, an investor whose security is represented by a global security will not be a holder of the security, but only an indirect owner of an interest in the global security.

If the prospectus supplement for a particular security indicates that the security will be issued in global form only, then the security will be represented by a global security at all times unless and until the global security is terminated. We describe the situations in which this can occur below under "— Owner's Option to Obtain a Non-Global Security; Special Situations When a Global Security Will Be Terminated." If termination occurs, we may issue the securities through another book-entry clearing system or decide that the securities may no longer be held through any book-entry clearing system.

Special Considerations for Global Securities

As an indirect owner, an investor's rights relating to a global security will be governed by the account rules of the depositary and those of the investor's financial institution or other intermediary through which it holds its interest (*e.g.*, Euroclear or Clearstream, if DTC is the depositary), as well as general laws relating to securities transfers. We do not recognize this type of investor or any intermediary as a holder of securities and instead deal only with the depositary that holds the global security.

If securities are issued only in the form of a global security, an investor should be aware of the following:

- an investor cannot cause the securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the securities, except in the special situations we describe below or as may be described in your prospectus supplement;
- an investor will be an indirect holder and must look to his or her own bank or broker for payments on the securities and protection of his or her legal rights relating to the securities, as we describe above under "— Who is the Legal Owner of a Registered Security?";

- an investor may not be able to sell interests in the securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form;

- in addition to restrictions imposed by applicable law, an investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

- the depositary's policies will govern payments, deliveries, transfers, exchanges, notices and other matters relating to an investor's interest in a global security, and those policies may change from time to time. We, the trustee and any agent will have no responsibility for any aspect of the depositary's policies, actions or records of ownership interests in a global security. We, the trustee and any agent also do not supervise the depositary in any way;

- the depositary will require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and

- financial institutions that participate in the depositary's book-entry system and through which an investor holds its interest in the global securities, directly or indirectly, may also have their own policies affecting

payments, deliveries, transfers, exchanges, notices and other matters relating to the securities, and those policies may change from time to time. For example, if you hold an interest in a global security through Euroclear or Clearstream, when DTC is the depositary, Euroclear or Clearstream, as applicable, will require those who purchase and sell interests in that security through them to use immediately available funds and comply with other policies and procedures, including deadlines for giving instructions as to transactions that are to be effected on a particular day. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the policies or actions or records of ownership interests of any of those intermediaries.

Unless your prospectus supplement provides otherwise, the securities, other than the ordinary shares, will initially be issued to investors only in book-entry form. Each security issued in book-entry form will be represented by a global security that we deposit with and register in the name of one or more financial institutions or clearing systems, or their nominees, which we select. A financial institution or clearing system that we select for any security for this purpose is called the "depositary" for that security. A security will usually have only one depositary but it may have more.

Owner's Option to Obtain a Non-Global Security; Special Situations When a Global Security Will Be Terminated

If we issue any series of securities in book-entry form but we choose to give the beneficial owners of that series the right to obtain non-global securities, any beneficial owner entitled to obtain non-global securities may do so by following the applicable procedures of the depositary, any transfer agent or registrar for that series and that owner's bank, broker or other financial institution through which that owner holds its beneficial interest in the securities.

In addition, in a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the securities it represented. After that exchange, the choice of whether to hold the securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of holders and street name investors above under "—Who is the Legal Owner of a Registered Security?"

Unless your prospectus supplement says otherwise, the special situations for termination of a global security are as follows:

- if the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary for that global security and we do not appoint another institution to act as depositary within 60 days;

- if we notify the trustee or any agent, as applicable, that we wish to terminate that global security; or

- in the case of a global security representing debt securities issued under the indenture, if an event of default has occurred with regard to these debt securities and has not been cured or waived.

If a global security is terminated, only the depositary, and neither we nor the trustee for any debt securities, nor any agent, is responsible for deciding the names of the institutions in whose names the securities represented by the global security will be registered and, therefore, who will be the holders of those securities.

Limitations on Rights Resulting from Book-Entry Form

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the global securities as represented by a global certificate.

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CLEARANCE AND SETTLEMENT

Securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book-entry systems operated by DTC, in the United States, Clearstream, in Luxembourg, and Euroclear, in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for securities we issue in global form will be made in U.S. dollars, these procedures can be used for cross-market transfers and the securities will be cleared and settled on a delivery against payment basis.

Global securities will be registered in the name of a nominee for, and accepted for settlement and clearance by, one or more of, Euroclear, Clearstream, DTC and any other clearing system identified in the applicable prospectus supplement.

Cross-market transfers of securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities. Investors in securities that are issued outside of the United States, its territories and possessions must initially hold their interests through Euroclear, Clearstream or the clearance system that is described in the applicable prospectus supplement.

The policies of DTC, Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investors' interests in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

Clearstream and Euroclear hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries which, in the case of securities for which a global security in registered form is deposited with DTC, in turn hold such interests in customers' securities accounts in the depositaries' names on the books of DTC.

We have no responsibility for any aspect of the actions of DTC, Clearstream or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream or Euroclear

or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.

The Clearing Systems

DTC

DTC has previously advised us as follows:

· DTC is:

o a limited purpose trust company organized under the laws of the State of New York;

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- a “banking organization” within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act.

- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.

- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.

- Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that have relationships with participants.

- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream

Clearstream has previously advised us as follows:

- Clearstream is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).

- Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through electronic book-entry transfers between the accounts of its customers. This eliminates the need for physical movement of certificates.

- Clearstream provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities. It interfaces with the domestic markets in

over 30 countries through established depositary and custodial relationships.

- Clearstream's customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.

- Indirect access to the Clearstream system is also available to others that clear through Clearstream customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear

Euroclear has previously advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Financial Services and Markets Authority (L'Autorité des Services et Marchés Financiers) and the National Bank of Belgium (Banque Nationale de Belgique).

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- Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates.

- Euroclear provides other services to its customers, including credit, custody, lending and borrowing of securities and tri-party collateral management. It interfaces with the domestic markets of several countries.

- Euroclear customers include banks, including central banks, securities brokers and dealers, trust companies and clearing corporations and may include certain other professional financial intermediaries.

- Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers.

- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

Other Clearing Systems

We may choose any other clearing system for a particular series of securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

Primary Distribution

The distribution of the securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system that is specified in the applicable prospectus supplement. Payment for securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of securities to another according to the currency that is chosen for the specific series of securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the securities to be accepted for clearance. The clearance numbers that are applicable to each clearance system will be specified in the applicable prospectus

supplement.

Clearance and Settlement Procedures—DTC

DTC participants that hold securities through DTC on behalf of investors will follow the settlement practices applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System, or such other procedures as are applicable for other securities.

Securities will be credited to the securities custody accounts of these DTC participants against payment in same-day funds, for payments in U.S. dollars, on the settlement date. For payments in a currency other than U.S. dollars, securities will be credited free of payment on the settlement date.

Clearance and Settlement Procedures—Euroclear and Clearstream

We understand that investors that hold their securities through Euroclear or Clearstream accounts will follow the settlement procedures that are applicable to conventional Eurobonds in registered form for debt securities, or such other procedures as are applicable for other securities.

Securities will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

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TAXATION

The following describes certain U.S. federal income tax considerations, Israeli tax considerations and government programs and Dutch tax considerations of owning certain securities we or the selling shareholders may offer pursuant to this prospectus and a prospectus supplement.

Certain U.S. Federal Income Tax Considerations

General

The following is a description of certain U.S. federal income tax considerations to a U.S. Holder (as defined below) relating to the acquisition, ownership and disposition of our ordinary shares and debt securities. This description addresses only the U.S. federal income tax consequences to holders that are initial purchasers of our ordinary shares or debt securities and that will hold our ordinary shares or debt securities as capital assets for U.S. federal income tax purposes. This description does not address many of the tax considerations applicable to holders that may be subject to special tax rules, including, without limitation:

- banks, certain financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities;
- certain former citizens or long-term residents of the United States;
- persons that received our ordinary shares or debt securities as compensation for the performance of services;
- persons that will hold our ordinary shares or debt securities as part of a “hedging,” “integrated” or “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;

- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or holders that will hold our ordinary shares or debt securities through such an entity;
- S-corporations;
- persons whose "functional currency" is not the U.S. dollar;
- persons that own directly, indirectly or through attribution 10% or more of the voting power or value of our ordinary shares; or
- persons holding our ordinary shares or debt securities in connection with a trade or business conducted outside the United States.

Moreover, this description does not address the U.S. federal estate, gift or alternative minimum tax consequences, the Medicare contribution tax on net investment income, or any state, local or foreign tax consequences, of the acquisition, ownership and disposition of our ordinary shares or debt securities.

This description is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. There can be no assurance that the U.S. Internal Revenue

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Service ("IRS") will not take a different position concerning the tax consequences of the acquisition, ownership and disposition of our ordinary shares or debt securities or that the IRS's position would not be sustained.

For purposes of this description, a "U.S. Holder" is a beneficial owner of our ordinary shares or debt securities that, for U.S. federal income tax purposes, is:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any jurisdiction thereof;
- a trust, if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust; or
- an estate, the income of which is subject to United States federal income taxation regardless of its source.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares or debt securities, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences.

Holders should consult their tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of our ordinary shares or debt securities.

Ordinary Shares

This subsection describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares.

Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations," the gross amount of any distribution made to a U.S. Holder with respect to our ordinary shares before reduction for any Israeli taxes withheld therefrom, other than certain pro rata distributions of our ordinary shares to all our shareholders, generally will be includible in the U.S. Holder's income as dividend income to the extent the distribution is paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Subject to the discussion below under "Passive Foreign Investment Company Considerations," non-corporate U.S. Holders may qualify for preferential rates of taxation with respect to dividends on ordinary shares provided that certain conditions are met, including certain holding period requirements and the absence of certain risk reduction transactions. However, dividends on our ordinary shares will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. Subject to the discussion below under "Passive Foreign Investment Company Considerations," to the extent that the amount of any distribution by us exceeds our current and accumulated earnings and profits as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of tax basis in our ordinary shares and thereafter as capital gain. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles and, therefore, U.S. Holders should expect that the entire amount of any distribution generally will be reported as dividend income.

Dividends paid to U.S. Holders with respect to our ordinary shares will be treated as foreign source income, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation. Subject to certain conditions and limitations, Israeli tax withheld on dividends may be deducted from taxable income or credited against U.S. federal income tax liability. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally should constitute "passive category income," but could, in the case of certain U.S. Holders, constitute "general category income." A

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foreign tax credit for foreign taxes imposed on distributions may be denied if certain minimum holding period requirements are not satisfied. The rules relating to the determination of the foreign tax credit are complex, and U.S. Holders should consult their tax advisors to determine whether and to what extent they will be entitled to this credit.

The amount of a distribution will equal the U.S. dollar value of any foreign currency received, calculated by reference to the exchange rate in effect on the date that distribution is received, whether or not a U.S. Holder in fact converts any such foreign currency received into U.S. dollars at that time. If the foreign currency is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the distribution. A U.S. Holder may have foreign currency gain or loss if the foreign currency is converted into U.S. dollars after the date of receipt, depending on the exchange rate at the time of conversion. Any gains or losses resulting from the conversion of foreign currency into U.S. dollars generally will be treated as ordinary income or loss, as the case may be, and generally will be treated as U.S. source.

Sale, Exchange or Other Disposition of Ordinary Shares

Subject to the discussion below under "Passive Foreign Investment Company Considerations," U.S. Holders generally will recognize gain or loss on the sale, exchange or other disposition of our ordinary shares equal to the difference between the amount realized on the sale, exchange or other disposition and the holder's tax basis in our ordinary shares, and any gain or loss will be capital gain or loss. The tax basis in an ordinary share generally will be equal to the cost of the ordinary share. For non-corporate U.S. Holders, capital gain from the sale, exchange or other disposition of ordinary shares is generally eligible for a preferential rate of taxation if such non-corporate U.S. Holder's holding period for such ordinary shares exceeds one year on the date of such sale, exchange or other disposition (i.e., such gain is long-term capital gain). The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations under the Code. Any gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Passive Foreign Investment Company Considerations

If we were to be classified as a PFIC, in any taxable year, a U.S. Holder would be subject to special rules generally intended to reduce or eliminate any benefits from the deferral of U.S. federal income tax that a U.S. Holder could derive from investing in a non-U.S. company that does not distribute all of its earnings on a current basis.

A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either

- at least 75% of its gross income is "passive income," or
- at least 50% of the average quarterly value of its gross assets is attributable to assets that produce passive income or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income and amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as directly receiving its proportionate share of the other corporation's income. If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our ordinary shares, we generally will continue to be treated as a PFIC with respect to that U.S. Holder in all succeeding years during which the U.S. Holder owns our ordinary shares, regardless of whether we continue to meet the tests described above.

Based on our most current estimates of our gross income and the value of our assets (which is based on our share price), we do not expect that we will be classified as a PFIC for the taxable year ending December 31, 2015. However, our PFIC status for each taxable year may be determined only after the end of such year and will depend on the composition of our income and assets, our activities and the value of our assets (which may be determined in large part by reference to the market value of our ordinary shares, which may be volatile) from time to time.

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Therefore, there can be no assurance that we will not be considered a PFIC for 2015 or any other taxable year. If we are a PFIC then unless a U.S. Holder makes one of the elections described below, a special tax regime will apply to both (i) any "excess distribution" by us to that U.S. Holder (generally, the U.S. Holder's ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by the holder in the shorter of the three preceding years or its holding period for our ordinary shares) and (ii) any gain realized on the sale or other disposition of the ordinary shares.

Under this regime, any excess distribution and realized gain described above will be treated as ordinary income and will be subject to tax as if (i) the excess distribution or gain had been realized ratably over the U.S. Holder's holding period, (ii) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for that year (other than income allocated to the current period or any taxable period before we became a PFIC, which will be subject to tax at the U.S. Holder's regular ordinary income rate for the current year and will not be subject to the interest charge discussed below), and (iii) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions made to a U.S. Holder will not qualify for preferential rates of taxation, as discussed above under "Distributions." If we are determined to be a PFIC, the general tax treatment for U.S. Holders described in this paragraph would apply to indirect distributions and gains deemed to be realized by U.S. Holders in respect of any of our subsidiaries that also may be determined to be PFICs.

Certain elections may be available that would result in an alternative treatment (such as mark-to-market treatment) of our ordinary shares. We do not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if we are classified as a PFIC. U.S. Holders should consult their tax advisors to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

U.S. Holders may avoid certain adverse tax consequences relating to PFIC status discussed above by making a mark-to-market election with respect to our ordinary shares annually, provided that the shares are "marketable." Shares will be marketable if they are regularly traded on certain United States stock exchanges (including the NYSE) or on certain non-United States stock exchanges. For these purposes, our ordinary shares will generally be considered regularly traded during any calendar year during which they are traded, other than in negligible quantities, on at least 15 days during each calendar quarter. We anticipate that our ordinary shares should qualify as being actively traded.

If a U.S. Holder chooses to make a mark-to-market election, such U.S. Holder would recognize as ordinary income or loss each year in which we are a PFIC an amount equal to the difference as of the close of the taxable year between the fair market value of such U.S. Holder's ordinary shares and such U.S. Holder's adjusted tax basis in such ordinary shares. Such recognition of gain or loss will cause an increase or decrease, respectively, in the adjusted tax basis in such ordinary shares. Such losses would be allowed only to the extent of net mark-to-market gain previously included under the election for prior taxable years. If the mark-to-market election were made, then the PFIC rules described above relating to excess distributions and realized gains would not apply for periods covered by the election. If a U.S. Holder does not make a mark-to-market election for the first taxable year in which we are a PFIC during such U.S.

Holder's holding period of our ordinary shares, such U.S. Holder would be subject to interest charges with respect to the inclusion of ordinary income attributable to each taxable year in which we were a PFIC during such U.S. Holder's holding period before the effective date of such election.

In addition, all U.S. Holders (including certain deemed U.S. Holders) may be required to file annual tax returns (including on IRS Form 8621) containing such information as the U.S. Treasury may require. For example, if a U.S. Holder owns ordinary shares during any year in which we are classified as a PFIC and the U.S. Holder recognizes gain on a disposition of our ordinary shares or receives distributions with respect to our ordinary shares, the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company, generally with the U.S. Holder's federal income tax return for that year. The failure to file this form when required could result in substantial penalties.

U.S. Holders should consult their tax advisors regarding whether we are a PFIC and the potential application of the PFIC rules.

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Debt Securities

This subsection describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our debt securities. This subsection assumes that the debt securities have a term that exceeds one year, that the issue price of the debt securities, as determined for U.S. federal income tax purposes, equals the principal amount and that the U.S. Holder purchases the debt securities at the principal amount. Any special U.S. federal income tax considerations relevant to a particular issue of the debt securities, including a debt security having a term of one year or less, will be provided in the applicable prospectus supplement.

Payments of Interest

Stated interest on a debt security will generally be taxable to a U.S. Holder as ordinary income at the time it is paid or accrued in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. Unless an applicable prospectus supplement states otherwise, interest income on a debt security generally will be considered foreign source income and, for purposes of the U.S. foreign tax credit, generally should constitute "passive category income," but could, in the case of certain U.S. Holders, constitute "general category income" (see "—Ordinary Shares—Distributions" for a discussion of the U.S. foreign tax credit).

Sale, Exchange, Retirement or Other Disposition of Debt Securities

Upon the sale, exchange, retirement or other disposition of a debt security, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition (less an amount equal to any accrued and unpaid interest, which will be treated as a payment of interest for U.S. federal income tax purposes) and the adjusted tax basis of the debt security. A U.S. Holder's adjusted tax basis in a debt security will, in general, be the U.S. Holder's cost for the debt security. Such gain or loss will be capital gain or loss. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for preferential rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realized by a U.S. Holder on the sale, exchange, retirement or other disposition of a debt security generally will be considered U.S. source gain or loss.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividend payments on ordinary shares and to proceeds of sale of ordinary shares paid to U.S. Holders other than certain exempt recipients, and to payments of principal and

interest paid on debt securities and to proceeds of sale of debt securities paid to U.S. Holders other than certain exempt recipients. A backup withholding tax may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or certification of exempt status or fails to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against such U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Foreign Asset Reporting

Certain U.S. Holders may be required to report information relating to an interest in our ordinary shares or debt securities, subject to certain exceptions (including an exception for securities held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ordinary shares or debt securities.

Foreign Account Tax Compliance Act

The Hiring Incentives to Restore Employment Act, which was enacted in 2010 and contains provisions from the former Foreign Account Tax Compliance Act of 2009 ("FATCA"), encourages foreign financial institutions to report information about their U.S. account holders (including holders of certain equity or debt interests) to the IRS. Foreign financial institutions that fail to comply with the withholding and reporting requirements of FATCA and certain account holders that do not provide sufficient information under the requirements of FATCA are subject to a

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30% withholding tax on certain payments they receive, including foreign passthru payments (which may include payments made by us with respect to our ordinary shares or debt securities). Withholding on foreign passthru payments will not be required with respect to payments made before January 1, 2017. The term “foreign passthru payment” is not currently defined in U.S. Treasury Regulations. Obligations (which do not include our ordinary shares) that give rise to foreign passthru payments are grandfathered if the obligation is executed on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are adopted.

As discussed above, since the term “foreign passthru payment” is not defined in U.S. Treasury Regulations, the future application of FATCA withholding tax on foreign passthru payments to holders of ordinary shares or debt securities is uncertain. If a holder of ordinary shares or debt securities is subject to withholding there will be no additional amounts payable by way of compensation to the holder of such securities for the deducted amount. Holders of ordinary shares or debt securities should consult their own tax advisors regarding this legislation in light of such holder’s particular situation.

The above description is not intended to constitute a complete analysis of all U.S. federal income tax consequences relating to acquisition, ownership and disposition of our ordinary shares and debt securities. Holders should consult their tax advisors concerning the U.S. federal income tax consequences of their particular situations.

Material Israeli Tax Considerations and Government Programs

The following description is not intended to constitute a complete analysis of all Israeli tax consequences relating to the acquisition, ownership and disposition of our ordinary shares or debt securities. You should consult your own tax advisor concerning the Israeli tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any other state, local, foreign or other taxing jurisdiction, resulting from the acquiring, holding and disposing of the ordinary shares or the debt securities and receiving dividends, payments of interest, principal and/or other amounts under the ordinary shares and debt securities. The following is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

General

We have our headquarters in Israel and our significant subsidiary, Mobileye Vision Technologies Ltd. (“MVT”), is incorporated in Israel. The following is a summary of certain aspects of the current tax structure applicable to companies in Israel, with special reference to its effect on us (and our operations, in particular) following our becoming a resident of the State of Israel for tax purposes in July 2014, as further discussed below. The following also contains a discussion of the major Israeli government programs benefiting us. To the extent that the discussion is

based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the tax authorities or the courts in Israel will accept the views expressed in this discussion. This discussion does not address all of the Israeli tax provisions that may be relevant to us.

Reorganization and Transfer of Residency for Tax Purposes

Prior to our IPO in August 2014, we reorganized our internal corporate structure and all of our intellectual property, formerly owned by our Cypriot subsidiary, was transferred to MVT ("Reorganization"). In connection with such reorganization, we received a tax ruling from the Israel Tax Authority ("ITA") in July 2014 ("Reorganization Ruling") providing that, among others, the Reorganization will not trigger any tax in Israel and will not violate any of the Israeli tax covenants to which MVT and its shareholder are bound pursuant to previous tax rulings. Furthermore, according to the Reorganization Ruling, the transfer of the intellectual property to MVT does not trigger any tax event in Israel in accordance with section 104B(f) of the Israeli Tax Ordinance (New version), 1961 subject to compliance with the terms of such section and the regulations promulgated thereunder (including certain limitations on the transferability of the shares of MVT and the Cypriot subsidiary). Under the Reorganization Ruling, transfer of the intellectual property to any third party will be subject to the ITA's approval. We have received opinions from Cyprus counsel and Dutch counsel that the Reorganization should not result in any tax liability under the laws of Cyprus or The Netherlands, respectively, although there can be no assurance that the

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relevant tax authorities might determine that such taxes are not owed. In addition, prior to our IPO, we took the necessary steps, including shareholders' approval, to transfer all tangible assets and all liabilities of our Cypriot subsidiary to MVT, as well as to transfer the effective management of Mobileye N.V. and the management and control of our Cypriot subsidiary to Israel in order for them to become Israeli tax residents. The Reorganization Ruling contains additional conditions, including conditions relating to cancellation of losses and cost basis, limitations on use of tax losses, tax credits, deductions and exemptions.

General Corporate Tax Structure in Israel

Israeli companies are generally subject to corporate tax, at the rate of 26.5% of a company's taxable income for 2014 and thereafter (25% in 2012 and 2013). However, the effective tax rate payable by a company that derives income from a "Benefited Enterprise" or a "Preferred Enterprise" may be considerably lower. See "Law for the Encouragement of Capital Investments, 1959." Capital gains earned by Israeli companies are subject to tax at the regular corporate tax rate.

Besides being subject to the general corporate tax rules in Israel, we have also, from time to time, applied for and received certain grants and tax benefits from, and participate in, programs sponsored by the Government of Israel, the material ones of which are described below.

Law for Encouragement of Capital Investments, 1959

MVT, our Israeli subsidiary, has been entitled to "Benefited Enterprise" status under the Israeli Law for Encouragement of Capital Investments, 1959 (the "Investment Law"). The Investment Law was significantly amended effective April 1, 2005 (the "2005 Amendment"), and further amended as of January 1, 2011 (the "2011 Amendment"). Pursuant to the 2005 Amendment, tax benefits granted in accordance with the provisions of the Investment Law prior to its revision by the 2005 Amendment remain in force but any benefits granted subsequently are subject to the provisions of the 2005 Amendment. Similarly, the 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or to elect irrevocably to forego such benefits and have the benefits of the 2011 Amendment apply.

The 2005 Amendment ("Benefited Enterprise")

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Benefited Enterprise depends on, among other things, the geographic location in Israel of the Benefited Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on undistributed income for a period of between two to ten years, depending on the geographic location of the Benefited Enterprise in Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the "Benefits Period," if it qualifies as a "Foreign Investors Company" ("FIC"), which is a company with a level of "Foreign Investment," as defined under law, of more than 25%.

The level of foreign investment is measured as the percentage of rights in the company (in the terms of shares, rights to profits, voting and appointment of directors), and of combined share capital and shareholder loans that are owned, directly or indirectly, by persons who are not residents of Israel. The determination as to whether a company qualifies as an FIC is made on annual basis.

The 2011 Amendment has eliminated the definition of a FIC. However, according to the 2011 Amendment's transitional provisions, the tax benefits of companies with Benefited Enterprise plans that opt to remain under the Benefited Enterprise regime in accordance with the Investment Law prior to the 2011 Amendment will be preserved.

In circular no. 3/2012 (the "Circular"), the ITA addressed its position regarding the implementation of the aforementioned transitional provisions. According to the Circular, a company's foreign ownership percentage for purposes of Benefited Enterprise benefits cannot exceed its percentage on December 31, 2010 (the last day before the 2011 Amendment was implemented).

A company qualifying for tax benefits under the 2005 Amendment that pays a dividend out of income derived by its Benefited Enterprise during the tax exemption period or engages in certain actions that are treated as deemed dividends will be subject to corporate tax in respect of the gross amount of the dividend at the otherwise applicable rate of 25%, or lower rates in the case of a qualified FIC. In addition, dividends paid out of income attributed to a Benefited Enterprise are generally subject to certain time limitations, subject to withholding tax at source at the rate of 15%, or such lower rate as may be provided in an applicable tax treaty. The benefits available to a Benefited Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law, its regulations, and any ruling received from the ITA. In the event of failure to comply with these conditions, the entitlement to the benefits would be cancelled and MVT would be required to refund the amount of the tax benefits, adjusted to the Israeli Consumer Price Index, interest and penalties.

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The 2011 Amendment ("Preferred Enterprise")

The 2011 Amendment canceled the availability of the benefits granted to companies under the Investment Law prior to 2011 and, instead, introduced new benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes, *inter alia*, a company incorporated in Israel that is (i) not wholly owned by a governmental entity; (ii) owns a Preferred Enterprise, (iii) is controlled and managed from Israel, and subject to further conditions set forth in the Investment Law. From 2014 and thereafter, a Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in a specified development zone, in which case the rate will be 9%. MVT's current location is subject to the reduced tax rate of 9%.

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to withholding tax at the source at the rate of 20% with respect to dividends to be distributed after January 1, 2014, subject to certain conditions, or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if the funds are subsequently distributed to individuals or to non-Israeli residents (individuals and corporations), the withholding tax would apply).

The 2011 Amendment also provided transitional provisions to address companies already enjoying existing tax benefits under the Investment Law. These transitional provisions provide, among other things, that unless an irrevocable request is made to apply the provisions of the Investment Law as amended in 2011 with respect to income to be derived as of January 1, 2011, a Benefited Enterprise can elect to continue to apply the benefits in effect prior to the 2011 Amendment, provided that certain conditions are met.

Until we became a Preferred Enterprise, we had Benefited Enterprise programs under the Investment Law commencing 2005, which, we believe, entitled us to certain tax benefits. Additionally, in connection with the original grant of "Benefited Enterprise" status, in 2006 MVT was recognized by the Israeli Chief Scientist Office as a "Research and Development Company."

MVT made an election to become a "Preferred Company" in May 2014. In July 2014, we received a ruling regarding our Preferred Enterprise from the ITA ("Preferred Enterprise Ruling"), to the effect that following our Reorganization, MVT will be able to benefit from a reduced tax rate of approximately 9%, subject to fulfillment of the terms and conditions of the law and of such ruling.

The following are the main terms and conditions of the Preferred Enterprise Ruling:

· MVT is required to add 50 new manufacturing and research and development employees in each of the tax years of 2014, 2015 and 2016 and it is further required to continue employing such additional employees for the tax years until 2018. Failure to meet this term will affect the effective tax rate in a ratio related to the number of non-recruited and non-retained employees.

· MVT is required to acquire 90% of its expenses from Israeli subcontractors within preferred regions compared to its total cost of goods sold and research and development to maintain the highest benefits. If the ratio is less than 90%, the tax rate will be affected in a ratio related to the portion of expenses paid to such subcontractors, all as described in the ruling.

· Any MVT dividends shall be deemed first to be paid out of the undistributed income that was exempt from Israeli corporate tax generated by the Benefited Enterprise, which shall be subject to additional corporate tax at the MVT level and to the dividend distribution provisions of income derived by a Benefited Enterprise.

· ITA’s approval is required prior to any transfer of MVT’s intellectual property to a third party.

- The Preferred Enterprise Ruling will become void in the event that we change our field of activities or business model or significantly reduce the volume of our development activity, all unless otherwise determined by the ITA.

From time to time, the Israeli Government has discussed reducing the benefits available to companies under the Investment Law. The termination or substantial reduction of any of the benefits available under the Investment Law could materially increase our tax liabilities.

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 2% on annual income exceeding New Israeli Shekels 810,720 for 2015, which amount is linked to the annual change in the Israeli consumer price index, including, but not limited to, dividends, interest and capital gain, subject to the provisions of an applicable tax treaty. Unless stated otherwise, all tax rates referred to below are exclusive of this excess tax.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

Material Israeli Tax Consequences to Holders of Our Ordinary Shares

Mobileye N.V. is an Israeli resident company for tax purposes. Therefore, our distributions of dividends or investments in our own shares could be subject to tax in Israel. In addition, our distributions to Dutch holders of our ordinary shares may also be subject to Dutch dividend withholding tax. See “Material Dutch Tax Considerations — Material Dutch Tax Consequences of Owning Our Ordinary Shares — Dividend Withholding Tax” in this prospectus for a discussion of the Dutch dividend withholding tax in respect of dividends paid on our ordinary shares to a holder of ordinary shares who is, or who is deemed to be, a resident of The Netherlands for purposes of Dutch taxation.

Each holder of our ordinary shares is encouraged to consult his own tax advisor with respect to his tax liability and reporting obligations with respect to his income derived from the securities.

Capital Gains Taxes Applicable to Israeli Resident Shareholders

The Israeli law distinguishes between “Real Capital Gain” and “Inflationary Surplus.” The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset’s purchase price which is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. The Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus.

From 2012 onwards, the tax rate applicable to Real Capital Gain derived by Israeli individuals from the sale of shares listed on a stock exchange, is generally 25%, unless such shareholder claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a “substantial shareholder” (*i.e.,* a person who holds, directly or indirectly, alone or together with another, 10% or more of any of the company’s “means of control” (including, among other things, the right to receive profits of the company, voting rights, the right to receive the company’s liquidation proceeds and the right to appoint a director)) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%. Individual shareholders whose income from the sale of securities is considered as business income are taxed at their marginal tax rates applicable to business income (up to 48% in 2015).

The tax rate applicable to Real Capital Gain derived by Israeli resident corporations from the sale of shares of an Israeli company is the general corporate tax rate which is currently 26.5% (in 2015).

Either the purchaser, the Israeli stockbrokers or financial institution through which the shares are held is obliged to withhold tax on the amount of consideration paid upon the sale of securities (or on the capital gain realized on the sale, if known) at the Israeli corporate tax rate (in 2015 it is 26.5%) for Israeli companies. In case the seller is an individual, the applicable withholding tax rate would be 25%.

Dividend Income Taxes Applicable to Israeli Resident Shareholders

Individuals, who are Israeli residents, are generally subject to Israeli income tax on dividends at the rate of 25%, or 30% if the recipient of such dividend is a substantial shareholder, at the time of distribution or at any time during the

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preceding 12-month period. However, dividends distributed from taxable income accrued during the benefits period of a Benefited Enterprise, and subject to certain time limitations, are generally subject to Israeli income tax at the reduced rate of 15%. Dividends paid out of income attributed to a Preferred Enterprise are generally subject to Israeli income tax at the source at the rate of 20%. We cannot assure you that in the event we declare a dividend we will designate the income out of which the dividend is paid in a manner that will reduce shareholders' tax liability.

Generally, Israeli resident corporations are exempt from Israeli corporate tax on the receipt of dividends paid on shares of Israeli resident corporations, unless the dividends are distributed from taxable income that has accrued during the benefits period of a Benefited Enterprise, in which case they are taxable at the rate of 15%. We cannot assure you that in the event we declare a dividend we will designate the income out of which the dividend is paid in a manner that will reduce shareholders' tax liability.

According to the Preferred Enterprise Ruling, any dividend distributed by MVT shall be deemed first to be paid out of the undistributed income that was exempt from Israeli corporate tax generated by the Benefited Enterprise, which shall be subject to additional corporate tax at the MVT level.

Capital Gains Taxes Applicable to Non-Israeli Resident Shareholders

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli corporations will not be entitled to the foregoing exemption if Israeli residents: (i) have directly or indirectly, alone or together with another, a controlling interest of 25% or more of any of the means of control in such non-Israeli corporation or (ii) are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. Such exemption might not be applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be a business income.

Additionally, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, under the United States-Israel Tax Treaty, the disposition of shares by a shareholder who (i) is a U.S. resident (for purposes of the treaty); (ii) holds the shares as a capital asset; and (iii) is entitled to claim the benefits afforded to such person by the treaty, is generally exempt from Israeli capital gains tax. Such exemption will not apply if: (i) the capital gain arising from the disposition can be attributed to a permanent establishment in Israel; (ii) the shareholder holds, directly or indirectly, shares representing 10% or more of the voting capital during any part of the 12-month period preceding the disposition, subject to certain conditions; or (iii) such U.S. resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In such case, the sale, exchange or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable; however, under the United States-Israel Tax Treaty, the taxpayer would be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to

the limitations under U.S. law applicable to foreign tax credits. The United States-Israel Tax Treaty does not relate to U.S. state or local taxes.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically in transactions involving sale of all of the shares of an Israeli resident company in the form of a merger or otherwise, the ITA may require shareholders who are not liable for Israeli tax to sign declarations in forms specified by the ITA or to obtain a specific exemption from the ITA to confirm their status as non-Israeli residents, and in the absence of such declaration or exemptions, may require purchasers of the shares to withhold tax at source.

Taxation of Non-Israeli Shareholders on Receipt of Dividends

Non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%.With respect to a person who is a "substantial shareholder" at the time of receiving the dividend or at any time during the preceding 12-month period, the applicable tax rate is 30%.

A "substantial shareholder" is generally a person who alone or together with such person's relative or another person who collaborates contractually with such person on a permanent basis, holds, directly or indirectly, at least 10% of any of the "means of control" of the corporation. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, a distribution of dividends to non-Israeli residents is generally subject to Israeli income tax at a rate of 15% if the dividend is distributed from income attributed to a Benefited Enterprise and 20% if the dividend is distributed from income attributed to a Preferred Enterprise.

If the dividend is attributable partly to income derived from a Benefited Enterprise or Preferred Enterprise, and partly from other sources of income, the income tax rate will be a blended rate reflecting the relative portions of the two types of income.

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From a withholding tax perspective, under Israeli domestic law, dividends paid to a non-Israeli resident shareholder are subject to a withholding tax at a rate of 25% (for non-substantial shareholders) or 30% (for substantial shareholders) (however, dividends paid to a non-Israeli resident who is a "substantial shareholder" on publicly traded shares, like our ordinary shares, which are held via a "nominee company," as defined under the Securities Law, 1968, are generally subject to Israeli withholding tax at a rate of 25%), while dividends paid out of income attributed to an Benefited Enterprise are generally subject to withholding tax at a rate of 15% and dividends paid out of a Preferred Enterprise are generally subject to a withholding tax at a rate of 20%, provided that a certificate from the ITA allowing for the reduced withholding tax rate is obtained in advance. When the amount of tax due is not fully withheld at source, such non-Israeli resident is obligated to file a tax return, report his Israeli income and pay the balance of the amount of tax due.

If the dividend is attributable partly to income derived from a Benefited Enterprise or Preferred Enterprise, and partly from other sources of income, the withholding tax rate will be a blended rate reflecting the relative portions of the two types of income.

The aforementioned taxes and withholding tax rates shall apply unless a different rate is provided under an applicable tax treaty and a certificate from the ITA allowing for a reduced tax rate is obtained.

Under the United States-Israel Tax Treaty, the maximum rate of tax withheld at source in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the United States-Israel Tax Treaty) is 25%. We cannot assure you that in the event we declare a dividend we will designate the income out of which the dividend is paid in a manner that will reduce shareholders' tax liability.

According to the Preferred Enterprise Ruling, any dividend distributed by MVT shall be deemed first to be paid out of the undistributed income that was exempt from Israeli corporate tax generated by the Benefited Enterprise, which shall be subject to additional corporate tax at the MVT level and to the dividend distribution provisions derived by a Benefited Enterprise. U.S. residents who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for U.S. federal income tax purposes in the amount of the taxes withheld, subject to detailed rules contained in U.S. tax legislation.

Material Israeli Tax Consequences of Owning Our Debt Securities

Mobileye N.V. is an Israeli resident company for tax purposes. Therefore, payments of interest, principal and/or other amounts under the debt securities and dispositions of such debt securities could be subject to tax in Israel. This subsection assumes that the issue price of the debt securities, as determined for Israeli tax purposes, equals the principal amount and that the holder of such debt securities purchases the debt securities at the principal amount.

Specific income tax considerations relevant to a particular issue of the debt securities will be provided in the applicable prospectus supplement.

Capital Gain on the Sale, Exchange or Disposition of the Debt Securities by Israeli Residents

Israeli Resident Individuals. Generally, the tax rate applicable to Real Capital Gains derived by Israeli individuals from the sale of securities, which were purchased after 1 January 2012, is 25%, unless the holder claims a deduction for interest and linkage fluctuation expenses in connection with the purchase and holding of such securities, in which case the gain will generally be taxed at a rate of 30%.

Additionally, if a holder is considered to be a “substantial shareholder,” as explained above, at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%.

Notwithstanding the above, capital gains from the sale of debentures or commercial securities that are not index linked, shall be taxed at a rate of no more than 15%, or 20% in respect of a substantive shareholder, and all the capital gain shall be "Real Capital Gain."

Holders dealing in securities in Israel for whom the income from the sale of securities is considered business income for the purposes of Israeli law are taxed at the marginal tax rates applicable to business income (up to 50%, including a 2% excess tax, to the extent applicable).

Israeli Resident Corporations. Under present Israeli tax legislation, the tax rate applicable to Real Capital Gain derived by Israeli resident corporations from the sale of securities is the general corporate tax rate (26.5% in 2015).

Withholding Duties and Reporting Obligations. Payors of consideration for traded securities, including the purchaser, the Israeli stockbroker effectuating the transaction, or the financial institution through which the sold securities are held, are required to withhold tax upon the sale of publicly traded securities from the consideration or from the Real Capital Gain derived from such sale, as applicable, at a rate of 25% for individuals (or 15% if the asset is not fully linked to any index, as defined under law) or at the corporate tax rate (currently 26.5%) for

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corporations, subject to any of the foregoing exemptions or reduced tax rates under applicable tax treaties and/or under the domestic law. The ITA may request a recipient to provide documentation or evidence confirming the recipient's eligibility for reduced tax rates or an exemption from withholding tax.

The Israeli law imposes certain reporting obligations with respect to the sale of securities traded on a stock exchange. Thus, for example, in the case that not all tax due was withheld at source, a detailed return, including a computation of the tax due, must be filed and an advanced payment must be made by January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. Capital gain is also reportable on the annual income tax return.

Capital Gain on the Sale, Exchange or Disposition of the Debt Securities by Non-Israeli Residents

In general, non-Israeli residents are subject to Israeli tax on capital gains derived in Israel, unless exemptions under the domestic law or a tax treaty provide otherwise.

Non-Israeli residents may qualify for an exemption from tax on capital gains derived from the sale, exchange or disposition of securities that are publicly traded, provided, among other things, that (i) such gains are not generated through a permanent establishment that the non-Israeli resident maintains in Israel, (ii) the securities were purchased after being listed for trade and (iii) a non-Israeli corporation will not be entitled to the foregoing exemptions if an Israeli resident (a) has a controlling interest of more than 25% in such non-Israeli corporation, or (b) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. These exemptions may also not be applicable to a person whose gains from selling or otherwise disposing of the securities are deemed to be a business income.

In addition, a sale of securities may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty, provided that a certificate from the ITA allowing for a reduced withholding tax rate is obtained in advance. For example holder of the debt securities who (i) is a U.S. resident for purposes of the treaty; (ii) holds the debt securities as a capital asset; and (iii) is entitled to claim the benefits afforded to such person by the treaty, is generally exempt from Israeli capital gains tax, subject to certain exceptions.

In other cases, non-Israeli residents pay capital gains tax in accordance with the rules and the rates applicable to residents, as described above. However, non-Israeli residents investing in foreign currency may elect to apply the relevant exchange rate rather than the inflation rate to compute the inflationary amount.

Due to certain in-clarities in current legislation and in order to facilitate the required documents for concluding a debt securities' holder as a foreign resident, tax withholding upon redemption shall be determined by a specific ruling. If payment is made to holders of debt securities not via Financial Institutions as defined under Israeli regulations, we may be subject to additional withholding liabilities.

Payment of Interest and Linkage Differentials Income ("Interest") to Israeli Residents

Israeli Resident Individuals. Generally, interest will be treated as derived from Israeli sources if the payor is located in Israel. Subject to the eligibility of each individual Israeli resident, interest income may be recognized on a cash basis (*i.e.*, upon receipt) or on an accrual basis. Foreign exchange fluctuations on securities are generally taxable at redemption or sale as part of the capital gain. In principle, Israeli resident individuals are subject to capital gain tax on their Real Capital Gain. In a case where the exchange rate is considered to be an "Index," income derived from foreign exchange fluctuations should not be subject to tax.

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Interest income is generally subject to tax at a rate that does not exceed 25%. Notwithstanding the above, an individual would be subject to tax on interest income, calculated on a marginal rate (with the interest income being the highest bracket), if any of the following occur: (i) the interest is considered business income, or is registered or has to be registered in the individual's books of accounts; (ii) the individual has deducted interest expenses and linkage fluctuation expenses with respect to the debt securities; (iii) the individual is a substantial shareholder of the company; or (iv) the individual is related to the company (such as an employee or independent contractor), unless it is proven that the interest rate is not influenced by such relationship.

Israeli Resident Corporations. Israeli resident companies are subject to tax on their worldwide interest and linkage differentials income at the corporate tax rate (currently 26.5%).

Withholding Duties. Payors of interest, including an Israeli broker who effectuates a transaction, or a financial institution through which the securities are held, are generally required to withhold tax on payments of interest at a rate of 25% for individuals who is not considered to be a "substantial shareholder" (or 15% if the asset is not fully linked to any index). To the extent that such individual is a substantial shareholder or has other special relations with the company (e.g., employee, supplier, service provider) the tax withholding rate would be the highest marginal rate (currently 48%). The tax withholding from corporations would be at the corporate tax rate (currently 26.5%), subject to any applicable exemptions or reduced tax rates.

Payments of Interest to Non-Israeli Holders

Generally, the same tax rules governing Israeli residents regarding payments of interest and linkage differentials are applicable to non-Israeli residents. Thus, an Israeli company paying interest on a debt security denominated in a foreign currency to an individual who is a non-Israeli resident is required to withhold tax at a rate of 25% (or 15% if the asset is not fully linked to any index), except for interest paid to "substantial shareholders" (generally, shareholders who hold directly or indirectly, including with others, at least 10% of any means of control in the company) or to other individual who have special relations with the company (such as an employee, supplier or service provider) in such a case the withholding tax would be at the highest marginal tax rate (currently 48%).

An Israeli company paying interest on a similar note to a corporate entity will be subject to withholding tax in accordance with the applicable corporate tax rate for the year in which the interest is paid (such rate is currently 26.5%).

Taxes to be withheld from interest paid to non-Israeli residents by an Israeli company may be reduced under an applicable tax treaty, subject to the receipt of a valid certificate from the ITA allowing for a reduced tax rate. For example, under the United States-Israel tax treaty, the Israeli withholding tax rate on such gross interest amounts paid

by an Israeli company to a US resident (for the purposes of the treaty) shall not exceed 17.5% whether the recipient is an individual or a corporation, subject to certain exceptions.

Material Dutch Tax Considerations

General

The following description is not intended to constitute a complete analysis of all the Dutch tax consequences relating to the acquisition, ownership and disposition of our ordinary shares and debt securities. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction other than The Netherlands.

The information set out below is a summary of certain material Dutch tax consequences of the acquisition, ownership and disposition of our ordinary shares and debt securities. This summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant to a particular holder of our ordinary shares or debt securities. Such holders may be subject to special tax treatment under any applicable law and this summary is not intended to be applicable in respect of all categories of holders of our ordinary shares or debt securities.

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This summary is based on the tax laws of The Netherlands as in effect on the date of this prospectus, as well as regulations, rulings and decisions of The Netherlands or of its taxing and other authorities available in printed form on or before such date and now in effect, and as applied and interpreted by Netherlands courts, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Because it is a general summary, prospective holders of our ordinary shares or debt securities should consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and disposition of our ordinary shares or debt securities including, in particular, the application to their particular situations of the Dutch tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

This summary does not describe any tax consequences arising under the laws of any taxing jurisdiction other than The Netherlands. The Netherlands means that part of the Kingdom of The Netherlands located in Europe.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by The Netherlands, includes the Tax Arrangement for the Kingdom of The Netherlands (*Belastingregeling voor het Koninkrijk*) and the Tax Arrangement for the country of The Netherlands (*Belastingregeling voor het land Nederland*).

For Dutch tax purposes, a holder of our ordinary shares or debt securities may include an individual who, or an entity which, does not have the legal title to our ordinary shares or debt securities, but to whom our ordinary shares or debt securities are nevertheless attributed based either on such individual or entity holding a beneficial interest in our ordinary shares or debt securities or based on specific statutory provisions.

General Matters Relating to Dutch Tax Considerations

Under the Netherlands-Israel Convention (as defined below) we are a resident for tax purposes of Israel and not of The Netherlands.

The relevant considerations regarding the tax residency of the Company are as follows:

Pursuant to article 2, 4th paragraph, of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) as well as article 1, 3rd paragraph, of the Dutch Dividend Tax Act 1965 (*Wet op de dividendbelasting 1965*), a

company which is incorporated under Dutch law is generally deemed to be resident in The Netherlands for corporate income tax and dividend withholding tax purposes, respectively.

However, the Convention between the Kingdom of The Netherlands and the State of Israel for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital executed in Jerusalem on July 2, 1973 (as amended from time to time, the "Netherlands- Israel Convention"), in principle supersedes Dutch domestic law.

In this respect, article 4, 1st paragraph, of the Netherlands-Israel Convention provides that the term "resident of one of the States" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. Moreover, article 4, 4th paragraph, of the Netherlands-Israel Convention provides that where by reason of the provisions of article 4, 1st paragraph, of the Netherlands-Israel Convention a person other than an individual is a resident of both States, it shall be deemed to be a resident of the State in which its place of effective management is situated.

Since our place of management is situated in Israel, and not in The Netherlands, and assuming the Company is liable to taxation in Israel by virtue of having its place of effective management in that State, the Company will be considered to be exclusively tax resident in Israel pursuant to article 4, 4th paragraph, of the Netherlands-Israel Convention.

Although the Company is deemed to be tax resident in The Netherlands pursuant to article 2, 4th paragraph, of the Dutch Corporate Income Tax Act 1969, the Company will, as a consequence of the above, effectively not pay corporate income tax in The Netherlands by virtue of the Netherlands-Israel Convention.

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Tax on Income and Capital Gains

General

The description of taxation set out in this section of this prospectus is not intended for any holder of our ordinary shares or debt securities, who:

- is an individual and for whom the income or capital gains derived from the ordinary shares or debt securities are attributable to employment activities the income from which is taxable in The Netherlands;
- is an entity that is a resident or deemed to be a resident of The Netherlands and that is, in whole or in part, not subject to or exempt from Netherlands corporate income tax;
- is an entity that has an interest in us to which the participation exemption (*deelnemingsvrijstelling*) or the participation credit (*deelnemingsverrekening*) is applicable as set out in the Dutch Corporate Income Tax Act 1969;
- is a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as meant in the Netherlands Corporate Income Tax Act 1969; or
- has directly or indirectly a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest as defined in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) in us.

Generally a holder of our ordinary shares or debt securities will have a substantial interest in us within the meaning of the fifth bullet point above if he holds, alone or together with his partner (a statutorily defined term), whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares), or rights to acquire shares, whether or not already issued, which represent at any time 5% or more of our total issued and outstanding capital (or the issued and outstanding capital of any class of our shares) or the ownership of certain profit participating certificates that relate to 5% or more of our annual profit and/or to 5% or more of our liquidation proceeds. A holder of our ordinary shares or debt securities will also have a substantial interest in us if one of certain relatives of that holder or of his partner (a statutorily defined term) has a substantial interest in us.

If a holder of our ordinary shares or debt securities does not have a substantial interest, a deemed substantial interest will be present if (part of) a substantial interest has been disposed of, or is deemed to have been disposed of, without recognizing taxable gain.

Residents of The Netherlands

Individuals

An individual who is resident or deemed to be resident in The Netherlands (a “Dutch Resident Individual”) and who holds our ordinary shares or debt securities will be subject to Netherlands income tax on income and/or capital gains derived from our ordinary shares or debt securities at progressive rates (up to 52%; rate for 2015) if:

- the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise our ordinary shares or debt securities are attributable; or
- the holder derives income or capital gains from our ordinary shares or debt securities that are taxable as benefits from “miscellaneous activities” (*resultaat uit overige werkzaamheden*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to our ordinary shares or debt securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

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If the conditions above do not apply, any holder of our ordinary shares or debt securities who is a Dutch Resident Individual will be subject to Netherlands income tax on a deemed return regardless of the actual income and/or capital gains derived from our ordinary shares or debt securities. This deemed return has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingsvrijvermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including, as the case may be, our ordinary shares or debt securities) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on January 1 of the relevant year. The deemed return of 4% will be taxed at a rate of 30% (rate for 2015).

Entities

An entity that is resident or deemed to be resident in The Netherlands (a "Dutch Resident Entity") will generally be subject to Netherlands corporate income tax with respect to income and capital gains derived from our ordinary shares and debt securities. The Netherlands corporate income tax rate is 20% for the first €200,000 of the taxable amount, and 25% for the excess of the taxable amount over €200,000 (rates applicable for 2015).

Non-Residents of The Netherlands

A person who is neither a Dutch Resident Individual nor Dutch Resident Entity (a "Non-Dutch Resident") and who holds our ordinary shares or debt securities is generally not subject to Netherlands income tax or corporate income tax on income and capital gains derived from our ordinary shares or debt securities, provided that:

- such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, our ordinary shares or debt securities are attributable or deemed attributable;

- in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from our ordinary shares or debt securities that are taxable as benefits from "miscellaneous activities" performed or deemed to be performed in The Netherlands (*resultaat uit overige werkzaamheden in Nederland*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to our ordinary shares or debt securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*);

- in the case of a Non-Dutch Resident who is not an individual, such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise effectively managed in The Netherlands nor co-entitled to the net worth of such

enterprise, other than by way of the holding of securities, to which enterprise our ordinary shares or debt securities or payments in respect of our ordinary shares or debt securities are attributable; and

- in the case of a Non-Dutch Resident who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise our ordinary shares or debt securities or payments in respect of our ordinary shares or debt securities are attributable.

A Non-Dutch Resident that nevertheless falls under any of the exclusions above, may be subject to Netherlands income tax or Netherlands corporate income tax on income and capital gains derived from our ordinary shares or debt securities. In case such holder of our ordinary shares or debt securities is considered to be a resident of a country other than The Netherlands under the provisions of a double taxation convention The Netherlands has concluded with such country, the following may apply. Such holder of ordinary shares or debt securities may, depending on the terms of and subject to compliance with the procedures for claiming benefits under such double taxation convention, be eligible for a full or partial exemption from, reduction or refund of Netherlands taxes (if any) on (deemed) income or capital gains in respect of our ordinary shares or debt securities, provided such holder is entitled to the benefits of such double taxation convention.

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Gift or Inheritance Tax

No Netherlands gift or inheritance taxes will be levied on the transfer of our ordinary shares or debt securities by way of gift by or on the death of a holder of our ordinary shares or debt securities, who is neither a resident nor deemed to be a resident of The Netherlands for the purpose of the relevant provisions, unless:

- the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions;
- such holder dies while being a resident or deemed resident of The Netherlands within 180 days after the date of a gift of our ordinary shares or debt securities; or
- the gift is made under a condition precedent and such holder is or is deemed to be a resident of The Netherlands at the time the condition is fulfilled.

For purposes of Netherlands gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of The Netherlands if he has been a resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual will, irrespective of his nationality, be deemed to be resident of The Netherlands if he has been a resident in The Netherlands at any time during the 12 months preceding the date of the gift.

Applicable tax treaties may override deemed residency.

Value Added Tax

No Netherlands value added tax will be payable by a holder of our ordinary shares or debt securities in consideration for the offer of our ordinary shares or debt securities (other than value added taxes on fees payable in respect of services not exempt from Netherlands value added tax).

Other Taxes and Duties

No Netherlands registration tax, custom duty, stamp duty or any other similar tax or duty, other than court fees, will be payable in The Netherlands by a holder of our ordinary shares or debt securities in respect of or in connection with the acquisition, ownership and disposition of our ordinary shares or debt securities.

Material Dutch Tax Consequences of Owning Our Ordinary Shares

Dividend Withholding Tax

Given that the Company is considered exclusively tax resident in Israel for the purposes of the Netherlands-Israel Convention, by virtue of article 11, 7th paragraph, of that Convention, generally The Netherlands may not impose Dutch dividend withholding tax on dividends paid by the Company to persons who are not residents of The Netherlands, even though the Company is deemed to be tax resident in The Netherlands pursuant to article 1, 3rd paragraph, of the Dutch Dividend Tax Act 1965. Based on the ruling from the Dutch Supreme Court in the case known as BNB 1992/379, it is generally considered that such prohibition on extraterritorial taxation also applies to shareholders who are tax resident in a third state and we will act accordingly.

Thus, with respect to a holder of our ordinary shares, who is not and is not deemed to be a resident of The Netherlands for purposes of Dutch taxation, The Netherlands is precluded from imposing any Dutch dividend withholding tax on dividends paid by the Company under article 11, 7th paragraph, of the Netherlands-Israel Convention.

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If and to the extent dividends are paid on our ordinary shares to a holder of ordinary shares who is, or who is deemed to be, a resident of The Netherlands for purposes of Dutch taxation, such dividends are generally subject to withholding tax of 15% imposed by The Netherlands. Generally, the dividend withholding tax will not be borne by us, but we will withhold the dividend withholding tax from the gross dividends paid on our ordinary shares. In addition, our distributions to Dutch holders of our ordinary shares may also be subject to Israeli withholding tax. See "Material Israeli Tax Considerations and Government Programs — Material Israeli Tax Consequences to Holders of Our Ordinary Shares" in this prospectus for a discussion of the Israeli tax considerations in respect of distributions of dividends or investments in our own shares.

The term "dividends" for this purpose includes, but is not limited to:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognized for Dutch dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of shares in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- the nominal value of shares issued to a shareholder or an increase of the nominal value of shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognized for Dutch dividend withholding tax purposes was made or will be made; and
- partial repayment of paid-in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), within the meaning of the Dutch Dividend Withholding Tax Act 1965, unless the general meeting of shareholders has resolved in advance to make such a repayment and provided that the nominal value of the shares concerned has been reduced by a corresponding amount by way of an amendment of our articles of association.

A holder of our ordinary shares who is, or who is deemed to be, a resident of The Netherlands can generally credit the withholding tax against his Dutch income tax or Dutch corporate income tax liability and is generally entitled to a refund of dividend withholding taxes exceeding his aggregate Dutch income tax or Dutch corporate income tax liability, provided certain conditions are met, unless such holder of our ordinary shares is not considered to be the beneficial owner of the dividends.

A holder of our ordinary shares who is the recipient of dividends (the "Recipient") will not be considered the beneficial owner of the dividends for this purpose if:

- as a consequence of a combination of transactions, a person other than the Recipient wholly or partly benefits from the dividends, whereby such other person retains, directly or indirectly, an interest similar to that in the ordinary shares on which the dividends were paid; and

- that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the Recipient.

Material Dutch Tax Consequences of Owning Our Debt Securities

Any payments made under the debt securities will not be subject to withholding or deduction for, or on account of, any Dutch taxes.

No Dutch turnover taxes or taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, will be payable by or on behalf of a holder of debt securities by reason only of the issue, acquisition or transfer of the debt securities.

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PLAN OF DISTRIBUTION

We or any selling shareholder may sell or distribute the securities included in this prospectus through underwriters, through agents, to dealers or in private transactions, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices.

In addition, we or any selling shareholder may sell some or all of our securities included in this prospectus through:

- a block trade in which a broker-dealer may resell a portion of the block, as principal, in order to facilitate the transaction;
- purchases by a broker-dealer, as principal, and resale by the broker-dealer for its account;
- ordinary brokerage transactions and transactions in which a broker solicits purchasers; or
- trading plans entered into by the selling shareholder pursuant to Rule 10b5-1 under the Exchange Act that are in place at the time of an offering pursuant to this prospectus and any prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans.

In addition, we or any selling shareholder may enter into option or other types of transactions that require us or them to deliver our securities to a broker-dealer, who will then resell or transfer the securities under this prospectus. We or any selling shareholder may enter into hedging transactions with respect to our securities. For example, we or any selling shareholder may:

- enter into transactions involving short sales of our securities by broker-dealers;
- sell securities short themselves and deliver the securities to close out short positions;
- enter into option or other types of transactions that require us or the selling shareholder to deliver securities to a broker-dealer, who will then resell or transfer the securities under this prospectus; or
- loan or pledge the securities to a broker-dealer, who may sell the loaned securities or, in the event of default, sell the pledged securities.

We or any selling shareholder may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or any selling shareholder or borrowed from us, any selling shareholder or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us or any selling shareholder in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment). In addition, we or any selling shareholder may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

The selling shareholders and any broker-dealers or other persons acting on our behalf or the behalf of any selling shareholder that participates with us or any selling shareholder in the distribution of the securities, may be deemed to be underwriters, and any commissions received or profit realized by them on the resale of the securities, may be deemed to be underwriting discounts and commissions under the Securities Act. As a result, we have or will inform the selling shareholders that Regulation M, promulgated under the Exchange Act, may apply to sales by the selling shareholders in the market. The selling shareholders may agree to indemnify any broker, dealer or agent that participates in transactions involving the sale of our securities against certain liabilities, including liabilities arising under the Securities Act.

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As of the date of this prospectus, we are not a party to any agreement, arrangement or understanding between any broker or dealer and us with respect to the offer or sale of the securities pursuant to this prospectus.

At the time that any particular offering of securities is made, to the extent required by the Securities Act, the applicable prospectus supplement will be distributed, setting forth the terms of the offering, including the aggregate number of securities being offered, the purchase price of the securities, the initial offering price of the securities, the names of any underwriters, dealers or agents, any discounts, commissions and other items constituting compensation from us, and any discounts, commissions or concessions allowed or reallowed or paid to dealers. Furthermore, we, our executive officers, our directors and any selling shareholder may agree, subject to certain exemptions, that for a certain period from the date of the applicable prospectus supplement under which the securities are offered, we and they will not, without the prior written consent of an underwriter, offer, sell, contract to sell, pledge or otherwise dispose of any of our securities. However, an underwriter, in its sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice. We expect an underwriter to exclude from these lock-up agreements, securities exercised and/or sold pursuant to trading plans entered into by any selling shareholder pursuant to Rule 10b5-1 under the Exchange Act, that are in place at the time of an offering pursuant to this prospectus and any prospectus supplement hereto that provide for periodic sales of securities on the basis of parameters described in such trading plans.

Underwriters or agents could make sales in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an at-the-market offering as defined in Rule 415 promulgated under the Securities Act, which includes sales made directly on or through the NYSE, the existing trading market for our ordinary shares, or sales made to or through a market maker other than on an exchange.

We will bear costs relating to all of the securities offered and sold under this registration statement.

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SELLING SHAREHOLDERS

The selling shareholders, who will be named in the applicable prospectus supplement, may offer and sell our ordinary shares from time to time pursuant to this registration statement. We will not receive any of the proceeds from any sale of our ordinary shares by any of the selling shareholders.

VALIDITY OF THE SECURITIES

Morrison & Foerster LLP, New York, New York, our U.S. counsel, will pass on certain matters relating to the validity of the securities under U.S. law and on certain U.S. federal income tax matters for us. Van Campen & Partners N.V., Amsterdam, The Netherlands, will pass on certain matters relating to the validity of the securities under Dutch law and on certain Dutch tax matters for us. Meitar Liquornik Geva Leshem Tal, Law Offices, Tel Aviv, Israel, will pass on certain Israeli tax matters for us.

EXPERTS

The consolidated financial statements incorporated in this prospectus by reference to Mobileye N.V.'s Annual Report on Form 20-F for the year ended December 31, 2014 have been so incorporated in reliance on the report of Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm in Israel, given on the authority of said firm as experts in auditing and accounting.

NOTICES

All notices will be deemed to have been given upon the mailing by first class mail, postage prepaid, of those notices to holders of securities at their registered addresses as recorded in the register of holders of such securities.

ENFORCEMENT OF JUDGEMENTS

The ability of our security holders in certain countries other than The Netherlands to bring an action against us may be limited under applicable law. Substantially all of our business is conducted, and substantially all of our assets are

located, in jurisdictions outside the United States. In addition, a majority of the members of our board of directors and a majority of our executive officers are nationals or residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or upon us, or to enforce judgments obtained in U.S. courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States, against such persons. In addition, there is substantial doubt as to the enforceability, in The Netherlands, of original actions for enforcement against us or the members of our board of directors or our officers, based on the federal securities laws of the United States, or for enforcement of judgments of U.S. courts against us or the members of our board of directors, or our officers, predicated upon the civil liability provisions of the securities laws of the United States.

The United States and The Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by U.S. courts based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be directly enforceable in The Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in The Netherlands, that party may submit to the Dutch court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against us will neither be recognized nor enforced by a Dutch court but such judgment may serve as evidence in a similar action in a Dutch court of competent jurisdiction. Additionally, under current practice, a Dutch court will generally grant the same judgment without a review of the merits of the underlying claim if (i) the relevant judgment is a final and conclusive judgment in personam obtained in a federal or state court in the United States against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty or in respect of punitive damages), (ii) the relevant judgment resulted from legal proceedings compatible with Dutch

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notions of due process, (iii) that judgment does not contravene public policy of The Netherlands, (iv) the jurisdiction of the U.S. federal or state court rendering the judgment was compatible with internationally recognized principles in respect of jurisdictional matters, (v) such judgment was not obtained by fraud, (vi) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of The Netherlands and (vii) there is due compliance with the current procedures under the laws of The Netherlands.

We believe that U.S. investors may originate actions in a Dutch court. However, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in The Netherlands against us or such members, officers or experts, respectively.

Our principal offices and operations are located in the State of Israel. Our officers and some of our directors reside in the State of Israel and all or a significant portion of the assets of such officers and directors and substantially all of our assets are located in the State of Israel. Israel does not have a formal treaty with either the United States or The Netherlands; however, Israeli case law has recognized de facto reciprocity with the United States under the Israeli Foreign Judgments Enforcement Law — 1958. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in the State of Israel, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

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MOBILEYE N.V.

PROSPECTUS

August 25, 2015

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 8. *Indemnification of Directors and Officers*

Mobileye N.V.

Our articles of association provide that we will indemnify each of our directors and officers against all losses incurred by such person in connection with any action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably could believe to be in or not against our best interests. However, indemnification will generally not be available to persons who have been guilty of gross negligence or willful misconduct, or in respect of certain statutory liabilities arising under Dutch law, unless the court before whom a claim for indemnification is pending determines that such person is entitled to indemnification based on all the relevant circumstances of the case. In addition, we have entered into indemnification agreements with our directors and officers. We also purchase and maintain insurance on behalf of our directors and officers to insure them against such liabilities, expenses and claims.

The underwriting agreements, forms of which will be filed as exhibits to this registration statement, will also contain indemnification provisions pursuant to which the underwriters will indemnify us and our officers and directors for certain liabilities, including liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), but only to the extent that such liabilities arise as a result of information relating to the underwriters furnished to us in writing expressly for use in this registration statement and certain other disclosure documents.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission (the "SEC") such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 9. *Exhibits*

Number	Exhibit Title
1.1	Form of Underwriting Agreement for Ordinary Shares*
1.2	Form of Underwriting Agreement for Debt Securities*
4.1	Form of Senior Indenture

4.2	Form of Senior Notes (included in Exhibit 4.1)
5.1	Opinion of Van Campen & Partners N.V.
5.2	Opinion of Morrison & Foerster LLP
8.1	Tax Opinion of Morrison & Foerster LLP
8.2	Tax Opinion of Van Campen & Partners N.V., special Dutch counsel to the Registrant
8.3	Tax Opinion of Meitar Liquornik Geva Leshem Tal, Law Offices, special Israeli counsel to the Registrant
12.1	Statement Regarding Computation of Ratios
21.1	List of Subsidiaries; incorporated by reference to Exhibit 21.1 to the Registrant's Registration Statement on Form F-1 (SEC File No. 333-196898)
23.1	Consent of Van Campen & Partners N.V. (included in Exhibit 5.1)
23.2	Consent of Morrison & Foerster LLP (included in Exhibit 5.2)
23.3	Consent of Kesselman & Kesselman, independent registered public accounting firm
24.1	Powers of Attorney (included in the signature page)
25.1	Statement of Eligibility on Form T-1 for the trustee with respect to the Senior Indenture*

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* To be filed as an exhibit to a Report on Form 6-K at the time of a particular offering and incorporated herein by reference.

Item 10. ***Undertakings***

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i), (1)(ii) and (1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

2. That, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the

offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. To file a post-effective amendment to this registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, *provided*, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act of 1933 or Item 8.A of Form 20-F if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

5. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

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(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; *provided*, *however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

6. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

7. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d)

of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

8. To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act of 1939.

9. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Mobileye N.V. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3 and has duly caused this registration statement on Form F-3 to be signed on its behalf by the undersigned, thereunto duly authorized in Jerusalem, Israel, on August 25, 2015.

MOBILEYE N.V.

By: /s/ Ziv Aviram
Name: Ziv Aviram
Title: President and Chief Executive Officer

By: /s/ Ofer Maharshak
Name: Ofer Maharshak
Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each of the individuals whose signature appears below constitutes and appoints Ziv Aviram and Ofer Maharshak, and each of them, his or her true and lawful attorney-in-fact and agent, with full and several power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ Ziv Aviram Ziv Aviram	President, Chief Executive Officer and Executive Director (Principal Executive Officer)	August 25, 2015

/s/ Ofer Maharshak Ofer Maharshak	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 25, 2015
/s/ Professor Amnon Shashua Professor Amnon Shashua	Chairman and Executive Director	August 25, 2015
/s/ Eli Barkat Eli Barkat	Director	August 25, 2015
/s/ Eyal Desheh Eyal Desheh	Director	August 25, 2015

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/s/ Peter Seth Neustadter
Peter Seth Neustadter Director August 25, 2015

/s/ Tomaso A. Poggio
Tomaso A. Poggio Director August 25, 2015

/s/ Judith Richter
Judith Richter Director August 25, 2015

Authorized U.S. Representative

Mobileye, Inc.

By: /s/ Ziv Aviram
Name: Ziv Aviram
Title: Chief Executive Officer
Date: August 25, 2015

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mes New Roman" SIZE="1"> 22,817 14,282 27,885 11,276 (10,066) 61,740 9,531 7,883 16,917 27,657

Plus (minus):

Interest expense

10,436 11,929 11,731 11,659 11,573 12,772 12,667 12,568 12,306 14,286 9,678 444

Capitalized interest

(220) (237) (247) (247) (237) (293) (397) (564) (1,037) (1,039) (444)

Interest income

(242) (118) (102) (78) (47) (60) (99) (83) (86) (86) (71) (99)

Provision (benefit) for state income taxes

161 343 418 261 511 339 (463) (52,869) 697 5,750 9,398 16,956

Depreciation and amortization

1,088 1,129 1,287 1,120 1,388 1,370 1,430 1,518 1,302 1,546 1,691 2,059

EBITDA

25,226 31,772 35,914 26,997 41,063 25,460 3,176 22,477 23,186 28,342 36,574 46,573

Gain on extinguishment of debt (a)

(3,028) (19,711)

Management fees (b)

200 200 200 200 200 200 200 200 200 200 134

Equity based stock compensation (c)

2 1 1 3 108 42 40 326 161 172 65 174

Restructuring and termination
costs (d)

821 133 34 (301) (258) (20) (57) 214 484 81 2,280 18

Transaction expenses (e)

720

Unrealized mark-to-market (gains) losses (f)

(305) (667) 1,313 (2,095) (628) 2,294 (2,594) (1,137) (546) 3,457 1,495

Loss (gain) on disposal of assets

36 3 1,012 (5) 49 28 35 4

Adjusted EBITDA											
22,952	**32,109**	**35,482**	**29,224**	**20,022**	**25,103**	**5,681**	**20,623**	**22,894**	**28,249**	**42,545**	**48,264**

Aircraft rentals (h)											
22,500	22,750	22,976	22,095	22,153	22,576	24,873	25,487	28,409	27,708	29,081	29,220

Adjusted EBITDAR

45,452	**54,859**	**58,458**	**51,319**	**42,175**	**47,679**	**30,554**	**46,110**	**51,303**	**55,957**	**71,626**	**77,484**

(a) Gain on extinguishment of debt represents the recognition of contingencies provided for in our 2006 recapitalization agreements, which provided for the cancellation of shares of Class A preferred stock and reduction of the liquidation preference of the remaining Class A preferred stock and associated accrued but unpaid dividends based on the outcome of the contingencies. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Other (income) expense, net 2009 compared to 2008.

(b) Management fees include annual fees we paid to our sponsors pursuant to professional services agreements which were terminated in connection with the closing of the IPO, and the reimbursement of certain expenses incurred thereunder. Please see Certain Relationships and Related Transactions.

(c) Equity based stock compensation is a non-cash expense relating to our equity based compensation program.

(d) Restructuring and termination costs include: (i) for 2008, amounts relating to accelerated retirement of our MD-80 fleet; (ii) for 2009, amounts relating to the exit facility costs associated with returning seven Airbus A319 aircraft to lessors in 2008; (iii) for 2009 and 2010, amounts relating to the sale of previously-expensed MD-80 parts; (iv) for 2010 and for the nine months ended September 30, 2011, amounts relating to exit facility costs associated with moving our Detroit, Michigan maintenance operations to Fort Lauderdale, Florida; and (v) termination costs in connection with the IPO during the three months ended June 30, 2011 comprised of amounts paid to Indigo Partners, LLC to terminate its professional services agreement with us and fees paid to three individual, unaffiliated holders of our subordinated notes. For more information, please see Management s Discussion and Analysis of Financial Condition and Results of Operations Our Operating Expenses Restructuring and Termination Costs.

(e) Transaction expenses include professional fees incurred in connection with an acquisition transaction that was not completed.

(f) Unrealized mark-to-market gains and losses is comprised of non-cash adjustments to aircraft fuel expenses.

(g) Reflects the effects of our June 2010 pilot strike. We estimate that the strike had a net negative impact on (i) our revenue for 2010 of approximately $28.0 million consisting of $23.0 million in the second quarter of 2010, $5.7 million in the third quarter of 2010 and $(0.7) million in the fourth quarter of 2010 and (ii) our operating income for 2010 of approximately $24 million consisting of $19.2 million in the second quarter of 2010, $5.5 million in the third quarter of 2010 and $(0.7) million in the fourth quarter of 2010. The fourth quarter amounts represent the recovery of an insurance amount not previously accrued. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations June 2010 Pilot Strike.

(h) Aircraft rent for the three months ended December 31, 2010 includes $2.6 million in additional aircraft rent due to entering into a 2 month aircraft wet lease (includes aircraft, crew, maintenance and insurance costs) to substitute capacity to accommodate passengers due to unscheduled maintenance events.

(2) Excludes restructuring credits of $0.8 million (0.05 cents per ASM) in the three months ended December 31, 2008, $0.1 million (less than 0.01 cents per ASM) in the three months ended March 31, 2009, less than $0.1 million (less than 0.01 cents per ASM) in the three months ended June 30, 2009, and restructuring credits of $0.3 million (0.02 cents per ASM) in the three months ended September 30, 2009, $0.3 million (less than 0.01 cents per ASM) in the three months ended December 31, 2009, and a credit of $0.02 million (less than 0.01 cents per ASM) in the three months ended March 31, 2010, less than $0.1 million (less than 0.01 cents per ASM) in the three months ended June 30, 2010, restructuring charges of $0.2 million (less than 0.01 cents per ASM) in the three months ended September 30, 2010, $0.5 million (0.02 cents per ASM) in the three months ended December 31, 2010, $0.08 million (less than 0.01 cents per ASM) in the three months ended March 31, 2011, $2.3 million (0.09 cents per ASM) in the three months ended June 30, 2011, and $0.02 million (less than 0.01 cents per ASM) in the three months ended September 30, 2011. These amounts are excluded from all calculations of Adjusted CASM provided in this prospectus. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Our Operating Expenses Restructuring and Termination Costs.

(3) Excludes unrealized mark-to-market (gains) and losses of ($0.3) million ((0.02) cents per ASM) in the three months ended December 31, 2008, ($0.7) million ((0.03) cents per ASM) in the three months ended June 30, 2009, $1.3 million (0.07 cents per ASM) in the three months ended September 30, 2009, ($2.1) million ((0.11) cents per ASM) in the three months ended December 31, 2009, ($0.6) million ((0.03) cents per ASM) in the three months ended March 31, 2010, $2.3 million (0.12 cents per ASM) in the three months ended June 30, 2010, ($2.6) million ((0.12) cents per ASM) in the three months ended September 30, 2010 and ($1.1) million ((0.05) cents per ASM) in the three months ended December 31, 2010, $(0.6) million ((0.02) cents per ASM) in the three months ended March 31, 2011, $3.5 million (0.14 cents per ASM) in the three months ended June 30, 2011 and $1.5 million (0.06 cents per ASM) in the three months ended September 30, 2011. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Our Operating Expenses Critical Accounting Policies and Estimates.

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LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash on hand and cash provided by operations, with our primary uses of liquidity being working capital and capital expenditures.

Our total cash at September 30, 2011 was $351.0 million, an improvement of $268.3 million from December 31, 2010. During the nine months ended September 30, 2011, we completed our IPO, which raised net proceeds of $150 million after repayment of debt, payment of transaction expenses and payments of fees to certain unaffiliated holders of our notes. Additionally during the nine months ended September 30, 2011, we amended our agreements with our credit card processors enabling us to reduce our restricted cash balance, which was $72.7 million at year-end 2010, to $0.0 million at September 30, 2011, thereby increasing our unrestricted cash balance.

In prior periods, restricted cash represented cash collateral related to a portion of our obligation to fulfill future flights, or ATL, held by credit card processors. Our credit card processors have historically required holdbacks (collateral), which we record as restricted cash, when future air travel and other future services are purchased via credit card transactions. Our restricted cash balance at September 30, 2011 was eliminated, reflecting a complete release of all holdback requirements by all of our credit card processors provided that we continue to satisfy certain liquidity and other financial covenants. Failure to meet these covenants would provide the processors the right to reinstate a holdback, resulting in a commensurate reduction of unrestricted cash that could be material.

In recent years, our short-term capital needs have been funded primarily by cash from operations. Our most significant capital needs are to fund the acquisition costs of our aircraft and fund maintenance reserves on all aircraft we currently lease. PDPs relating to future deliveries under our agreement with Airbus are required starting 24 months prior to each delivery date. In the nine months ended September 30, 2011, we paid $27.4 million in PDPs and have $65.7 million on our balance sheet, representing the amount we paid since inception, net of returns. Maintenance reserves are paid to aircraft lessors to be held as collateral in advance of our performance of major maintenance activities. In the nine months ended September 30, 2011, we paid maintenance reserves of $27.4 million and have $159.4 million ($39.6 million and $119.8 million, within other current assets and prepaid aircraft maintenance to lessors, respectively) on our balance sheet, representing the amount we have paid in reserves since inception, net of reimbursements.

We have executed lease agreements for the sale and leaseback for the next seven A320 aircraft deliveries from our existing order with Airbus, involving deliveries currently scheduled between November 2011 and June 2012. These transactions, assuming they are completed on the terms reflected in the lease agreements, will result in an estimated $31 million in losses, of which we estimate $1 million will be recognized in each of the fourth quarter of 2011 and the first quarter of 2012, and the remaining $30 million will be deferred over the 12-year life of the respective leases as an increase to rent expense in accordance with GAAP. We do not have financing commitments in place for the remaining 26 aircraft currently on order, which are scheduled for delivery in late 2012 through 2015. These future aircraft deliveries may be leased or otherwise financed based on market conditions, our level of liquidity, and capital market availability. Please see Critical Accounting Policies and Estimates Sale and Leaseback.

Net Cash Flows Provided By Operating Activities. Operating activities in the nine months ended September 30, 2011 provided $149.5 million in cash compared to $3.8 million in cash generated in 2010. The increase is primarily due to the release of all our holdbacks by our credit card processors and higher earnings during the nine months ended September 30, 2011 compared to 2010.

Operating activities in 2010 provided $27.0 million in cash as compared to $69.1 million in cash for 2009. The decrease is mainly due to lower profitability as a result of an increase in the price of fuel during 2010 as compared to 2009 and the effects of the June 2010 pilot strike. Additionally, we paid $26.9 million and $35.7 million in maintenance reserves, net of reimbursement, to our lessors for 2009 and 2010, respectively, which we recorded as prepaid maintenance deposits.

During 2009, net cash provided by operating activities was $69.1 million as compared to cash used in operating activities during 2008 of $51.9 million. The variance is primarily due to increased profitability driven by lower cost of fuel. Also contributing to increased cash flows in 2009 was a reduction in fleet size for full year 2009 as compared to 2008, a decrease in credit card holdback reserves during 2009, offset by cash received on the monetization of our fuel hedge contracts during 2008.

Net Cash Flows Used In Investing Activities. During the nine months ended September 30, 2011, investing activities used $31.2 million, compared to $16.3 million used for the nine months ended September 30, 2010. The increase mainly related to higher PDPs made period over period due to timing of the delivery schedule for future aircraft, coupled with slightly higher capital expenditures for items other than aircraft in the nine months ended September 30, 2011. Additionally, during the nine months ended September 30, 2011, we completed a sale-leaseback transaction for a spare engine in which approximately $1.0 million in returned PDPs were received.

During 2010, our investing activities used net cash of $30.5 million, compared to $2.3 million of net cash received during the 2009. During 2010, we paid PDPs, net of refunds, of $25.5 million and had capital expenditures of $5.3 million, offset by $0.3 million of proceeds from the sale of retired equipment. During 2009, we paid $2.4 million in PDPs, net of refunds, and $14.8 million for capital expenditures, offset by $19.5 million of proceeds from the sale of retired equipment.

During 2009, we received net cash of $2.3 million from investing activities. We paid $12.0 million for the remaining purchase price on two engines that we later sold in a sale and leaseback transaction for $18.7 million, we received $0.8 million on the sale of retired equipment, and we paid $2.4 million in PDPs, net of refunds, and $2.8 million in general capital expenditures. Our investing activities in 2008 provided net cash of $9.7 million.

Net Cash Provided By Financing Activities. During the nine months ended September 30, 2011, we received $150.0 million in proceeds, net of underwriting fees, transaction costs and our repayment of $20.6 million of shareholder debt. Remaining shareholder debt was exchanged for newly issued shares of our common stock.

Commitments and Contractual Obligations

The following table discloses aggregate information about our contractual obligations as of December 31, 2010 and the periods in which payments are due (in millions):

	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Debt (1)	$ 361	$ 23	$ 338	$	$
Operating lease obligations	993	125	252	246	370
Flight equipment purchase obligations	1,425	117	634	655	19
Total future payments on contractual obligations (2)	$ 2,779	$ 265	$ 1,224	$ 901	$ 389

(1) Includes scheduled interest payments. All of this debt was repaid or exchanged for common stock in connection with the IPO.
(2) Does not include contractual payments to the Pre-IPO Stockholders under the Tax Receivable Agreement (estimated to be approximately $36.5 million as of September 30, 2011). Please see Our Income Taxes.

Off-Balance Sheet Arrangements

We have significant obligations for aircraft as all 35 of our aircraft in service at September 30, 2011 were acquired under operating leases and therefore are not reflected on our balance sheet. These leases expire between 2017 and 2023. Aircraft rent payments were $88.1 million and $74.3 million, for the nine months ended September 30, 2011 and 2010, respectively. Our aircraft lease payments for 30 of our aircraft are fixed rate

obligations. Five of our leases provide for variable rent payments, which fluctuate based on changes in LIBOR (London Interbank Offered Rate).

Our contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers and aircraft leasing companies. As of September 30, 2011, our firm orders consisted of 20 Airbus A320 aircraft, 13 Airbus A319 aircraft (which we are permitted to convert to A320 aircraft at our election), and five spare engines. Our aircraft are scheduled for delivery from November 2011 through 2015, and our spare engines are scheduled for delivery from 2012 through 2018. Committed expenditures for these aircraft and related flight equipment, including estimated amounts for contractual price escalations and aircraft PDPs, will be approximately $83 million for the remainder of 2011, $313 million in 2012, $322 million in 2013, $301 million in 2014, $354 million in 2015 and $19 million in 2016 and beyond.

Market Risk-Sensitive Instruments and Positions

We are subject to certain market risks, including commodity prices (specifically aircraft fuel). The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided below does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Aircraft Fuel. Our results of operations can vary materially due to changes in the price and availability of aircraft fuel. Aircraft fuel expense for the years ended December 31, 2008, 2009, 2010 and the nine months ended September 30, 2011 represented approximately 38.9%, 30.8%, 34.8% and 42.4% of our operating expenses. Increases in aircraft fuel prices or a shortage of supply could have a material adverse effect on our operations and operating results. We source a significant portion of our fuel from refining resources located in the southeast United States, particularly facilities adjacent to the Gulf of Mexico. Gulf Coast fuel is subject to volatility and supply disruptions, particularly during hurricane season when refinery shutdowns have occurred, or when the threat of weather related disruptions has caused Gulf Coast fuel prices to spike above other regional sources. During hurricane season (August through October), we use basis swaps using NYMEX Heating Oil indexes to protect the refining price risk between the price of crude oil and the price of refined jet fuel. As of September 30, 2011, we had approximately 23% of our fourth quarter 2011 forecasted fuel requirements protected using these basis swaps. In addition to other fuel derivative contracts, we have historically protected approximately 45% of our forecasted fuel requirements during hurricane season using basis swaps. Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption. A 10% increase in the average price per gallon of aircraft fuel would have increased into-plane aircraft fuel cost for the nine months ended September 30, 2011 by approximately $37 million. To attempt to manage fuel price risk, from time to time we use jet fuel option contracts or swap agreements and basis swaps to mitigate a portion of the crack spread between crude and jet fuel. As of September 30, 2011, we had fuel hedges using U.S. Gulf Coast jet fuel collars in place for approximately 38% and 18% of our estimated fuel consumption for the fourth quarter 2011 and first quarter 2012, respectively.

The fair value of our fuel derivative contracts as of December 31, 2009, December 31, 2010 and September 30, 2011 was a $1.4 million, $3.5 million and ($0.9) million net asset (liability), respectively. We measure our financial derivative instruments at fair value. Fair value of the instruments is determined using standard option valuation models. We measure the fair value of the derivative instruments based on either quoted market prices or values provided by the counterparty. Changes in the related commodity derivative instrument cash flows may change by more or less than this amount based upon further fluctuations in futures prices. Outstanding financial derivative instruments expose us to credit loss in the event of nonperformance by the counterparties to the agreements. However, we do not expect the counterparties to fail to meet their obligations. As of September 30, 2011, we believe the credit exposure related to these fuel forward contracts was negligible.

Interest Rates. We have market risk associated with changing interest rates due to LIBOR-based lease rates on five of our aircraft. A hypothetical 10% change in interest rates in 2011 would affect total aircraft rent expense in 2011 by less than $0.1 million.

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INDUSTRY BACKGROUND

Industry Participants

Three main categories of passenger airlines operate in the markets in which we compete: the traditional or legacy network airlines, domestic regional airlines and low-cost carriers. The passenger airline industry in the United States has been dominated historically by the traditional network carriers, which presently consist of American Airlines, Delta Air Lines, United Airlines and US Airways. These airlines offer scheduled flights to most large cities within the United States and abroad (directly or through membership in an alliance such as OneWorld, SkyTeam or Star Alliance) and also serve numerous smaller cities. These carriers operate mainly through a hub and spoke network route system. This system concentrates most of an airline s operations in a limited number of hub cities, serving other destinations in the system by providing one-stop or connecting service through hub airports to end destinations on the spokes. Such an arrangement permits travelers to fly from a given point of origin to more destinations without switching airlines. Hub airports permit carriers to transport passengers between large numbers of destinations more efficiently than if each route were served directly. Traditional network airlines typically have higher cost structures than other airlines due to, among other things, higher labor costs, flight crew and aircraft scheduling inefficiencies, concentration of operations in higher cost airports, and the offering of multiple classes of services, including multiple premium classes of service.

Regional airlines, such as Air Wisconsin, American Eagle, Comair, Horizon, Mesa, Mesaba, Pinnacle, Republic and SkyWest, typically operate smaller aircraft on lower-volume routes than the network airlines and most low-cost airlines. Several regional airlines are wholly-owned subsidiaries of major network airlines. In contrast to low-cost airlines, regional airlines generally do not try to establish an independent route system to compete with the major airlines. Rather, regional airlines typically enter into cooperative marketing relationships with one or more major airlines under which the regional airline agrees to use its smaller, lower-cost aircraft to carry passengers booked and ticketed by the major airline between a city served by a major airline and a smaller outlying location. In exchange for such services, the regional airline is either paid a fixed-fee per flight by the major airline or receives a pro rata portion of the total fare generated in a given market.

Low-cost carriers largely developed in the wake of deregulation of the U.S. airline industry in 1978, which permitted competition on many routes for the first time and thereby introduced fare competition on those routes. The largest airlines based in the United States that define themselves as low-cost carriers include Southwest Airlines, JetBlue Airways, AirTran Airways (recently acquired by Southwest Airlines), Allegiant Travel Company, Frontier Airlines (owned by Republic Airlines) and Virgin America. Southwest Airlines and AirTran Airways merged in May 2011, but continue to operate as separate carriers. Low-cost carriers generally offer a more basic service to travelers and have lower cost structures than traditional network airlines. The lower cost structure of low-cost airlines permits them to offer flights to and from many of the same markets as the major airlines, but at lower prices. Low-cost carriers typically fly direct, point-to-point flights, a system that tends to improve aircraft and crew scheduling efficiency, but results in somewhat less convenient flight schedules and services to fewer markets compared to the hub-and-spoke system used by traditional network airlines. In addition, low-cost carriers often serve major markets through secondary, lower cost airports in the same region as those major population markets. Many low-cost carriers provide only a single class of service, thereby avoiding the significant incremental cost of offering premium-class services. Finally, low-cost carriers tend to operate fleets with only one or at most two aircraft families, in order to maximize the utilization of flight crews across the fleet, improve aircraft scheduling flexibility and to minimize inventory and aircraft maintenance costs.

In recent years, most of the traditional network carriers have undergone significant financial restructuring, including insolvencies, mergers and consolidations. These restructurings have allowed them to reduce high labor costs, restructure debt, modify or terminate pension plans and generally reduce their cost structure, increase workforce flexibility and provide innovative offerings similar to those of the low-cost carriers, while still maintaining their expansive route networks, alliances and frequent flier programs. One result of the restructuring of the network carriers is that the difference in the cost structures, and the competitive advantage previously

enjoyed by low-cost airlines, has somewhat diminished. We believe this trend has provided an opportunity for the introduction of the ultra low-cost carrier, or ULCC, business model in the United States as a subset of the more mature group of low-cost carriers. The ULCC business model involves, among other things, intense focus on efficient asset utilization, unbundling of services from the basic fare and offering them as optional, ancillary services for additional fees, high density seating configuration and high aircraft utilization. In addition to ourselves, other carriers executing a similar ULCC-strategy include Ryanair in Europe and Tiger Airways in Asia.

United States to Caribbean and Latin American Passenger Aviation Market

Based on DOT data, the total current U.S. to Caribbean/Latin American passenger aviation market is approximately $17.8 billion, and we believe approximately $13.7 billion of this market is within the non-stop reach of our aircraft from the United States. Of this $13.7 billion, it is estimated that $5.7 billion represents traffic between the United States and the Caribbean; $4.2 billion represents traffic between the United States and Mexico; $1.8 billion represents traffic between the United States and Central America (excluding Mexico); and $2.0 billion represents traffic between the United States and the northern half of South America, which our aircraft can reach on a non-stop basis.

According to aggregated data from the DOT and GDSs, approximately 57.6 million passengers traveled between the United States and the total Caribbean/Latin America market in the 12 months ended December 31, 2010. Traffic between the total Caribbean/Latin America market and the United States grew at a compound annual growth rate, or CAGR, of 1.1% between 2005 and 2010, compared to a CAGR of (1.4%) in the domestic U.S. during the same period. The chart below details the passenger traffic between the Caribbean/Latin America and the United States in 2009 and the market size of these markets.

	12 Months Ended December 31, 2010 Traffic Results (1)		
	Passengers (in millions)	2005-2010 CAGR	Market Size (in billions)
International Service:			
United States to and from Central America	6.6	2.3%	$ 1.8
United States to and from South America	10.9	5.8	6.1
United States to and from Mexico	16.5	(1.6)	4.2
United States to and from Caribbean	23.6	1.0	5.7
Total International Scheduled Service	57.6	1.1%	$ 17.8
Total U.S. Domestic Service	397.8	(1.4)%	$ 73.8

(1) *Sources: U.S. Department of Transportation and Global Distribution Systems.*

We believe airline passenger traffic between the United States and the Caribbean and Latin America is influenced by economic growth and per capita wealth of the country from which the passenger is traveling. GDP in the Caribbean and Latin America grew at a CAGR of 3.4% between 2005 and 2010 compared to a CAGR of 1.1% in the United States during the same period.

In the United States, the Caribbean and Latin America, the scheduled passenger service market consists of three principal groups of travelers: business travelers, leisure travelers, and travelers visiting friends and relatives, or VFR. Leisure travelers and VFR travelers typically place most of their emphasis on lower fares, whereas business travelers typically place a high emphasis on flight frequency, scheduling flexibility, breadth of network and service enhancements, including loyalty programs and airport lounges, as well as price.

VFR traffic is an important component of the traffic in the regions we serve and is an important contributor to our non-ticket revenue production. The U.S. Department of Commerce indicates that 32% and 29% of Caribbean and Central American visitors to the United States, respectively, indicate VFR as the purpose of their

trip, versus 20% for all visitors. New York and South Florida, two of our important markets, have a large concentrations of people of Caribbean and Latin American descent who form a significant portion of this core customer demographic. VFR passengers travel for a number of reasons, including social visits and to take advantage of the breadth of shopping opportunities and product availability at comparatively low prices and availability of personal and business services in the United States. Historically, baggage volume per passenger is considerably higher on many of our Caribbean and Latin American routes, due, we believe, to VFR travelers carrying goods to and from the United States.

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BUSINESS

Overview

Spirit Airlines is an ultra low-cost, low-fare airline based in Fort Lauderdale, Florida that provides affordable travel opportunities principally to and from South Florida, the Caribbean and Latin America. Our targeted growth markets have historically been underserved by low-cost carriers, which we believe provides us sustainable expansion opportunities. Our ULCC business model allows us to offer a low-priced basic service combined with a range of optional services for additional fees, targeting price-sensitive leisure travelers and VFR travelers. Notwithstanding the recent volatility in the cost of jet fuel and the severe economic recession, we have been able to maintain relatively stable unit revenue while maintaining a low-cost structure, and we have been profitable in each of the last four years and in the first quarter of 2011. For 2010, we had total operating revenues of $781.3 million, operating income of $68.9 million and net income of $72.5 million ($19.7 million excluding the release of the valuation allowance on our deferred tax assets and related tax benefit). For the nine months ended September 30, 2011, we had total operating revenues of $797.3 million, operating income of $106.4 million and net income of $52.5 million. As of September 30, 2011, we served 47 airports.

We have reduced our unit operating costs significantly since redefining Spirit as a ULCC in 2006. As a result, our operating cost structure is among the lowest in the Americas, enabling us to offer very low fares in the markets we serve while delivering operating profitability. Key elements of our low-cost structure include our efficient asset utilization, operation of an all Airbus single-aisle aircraft fleet with high-density seating configurations, employee productivity, rigorous cost control and use of scalable outsourced services. Furthermore, our modern fleet and aircraft seat configuration enable us to operate as one of the most fuel-efficient U.S. jet airline operators on a per available seat mile, or ASM, basis. We have demonstrated the ability to implement our ULCC business model and to adjust our capacity and routes in response to changing market conditions as part of our focus on achieving consistent route profitability.

Our ULCC business model allows us to compete principally through offering low base fares. For 2009, 2010 and the first three quarters of 2011, our average base fare was approximately $85, $77 and $82, respectively, and we have offered promotional base fares of $9 or less. Since 2007, we have unbundled components of our air travel service that have traditionally been included in base fares, such as baggage and advance seat selection, and offer them as optional, ancillary services for additional fees (which we record in our financial statements as non-ticket revenue) as part of a strategy to enable our passengers to identify, select and pay for the services they want to use. While many domestic airlines have also adopted some aspects of our unbundled pricing strategy, unlike us, they generally have not made a corresponding reduction in base fares.

We have lowered our base fares significantly since initiating our unbundling strategy, with the goal of stimulating additional passenger demand in the markets we serve. We plan to continue to use low fares to stimulate demand, a strategy that generates additional non-ticket revenue opportunities and, in turn, allows us to further lower base fares and stimulate demand even further. This unbundling and low base fare strategy is designed to support profitable growth. In 2009, our operating income margin of 15.9% was among the highest in the U.S. airline industry. For 2010, our operating income margin was 8.8%, reflecting the effects of increased fuel prices and our pilot strike in June 2010. On July 23, 2010, our pilots ratified a five-year collective bargaining agreement that became effective on August 1, 2010. For the nine months ended September 30, 2011, our operating income margin was 13.3%, reflecting the effects of increased fuel prices.

Our principal target growth markets are markets in the domestic U.S., Caribbean and Latin America where we can either stimulate traffic by reducing fares or have significant untapped growth potential for leisure and VFR travel. Many domestic markets are currently underserved by low-cost carriers and we believe we can successfully grow these markets by increasing frequencies and aircraft capacity on routes we currently serve or start introducing routes to cities we do not serve. Both the Caribbean and Latin American markets are large and we believe they have significant growth potential for leisure and VFR travel. In 2010, air travel between the United States and the Caribbean and Latin American markets within non-stop reach of our aircraft from the

United States generated approximately $13.7 billion in revenues, with only limited market stimulation by low fares. These markets have historically been characterized by untapped travel demand from leisure and VFR customers because they are primarily served by full-service, higher-fare airlines, and because several countries in this targeted growth region have historically restricted air travel competition. We believe our presence in the Caribbean and Latin America, combined with our ULCC model, will allow us to compete successfully and grow profitably in these markets. We also target attractive domestic markets currently underserved by low-cost carriers by increasing frequencies and aircraft capacity on our existing routes, as well as starting new routes to cities we currently do not serve.

With our base of operations strategically located in South Florida, our overwater international route operating experience and our ULCC model, we believe we are well positioned to grow. With less than 2% of U.S. airline capacity and less than 3% of the capacity in Caribbean and Latin American markets as of September 30, 2010, we believe we can grow significantly using our aircraft on order to increase route frequencies and aircraft capacity on existing routes and by establishing new routes both domestically and abroad. By deploying additional Airbus A320-family aircraft and leveraging our existing infrastructure to drive economies of scale, we can lower some of our unit operating costs even further, allowing us to continue to lower base fares, stimulate market demand and increase non-ticket revenue opportunities.

Our History

We were founded in 1964 as Clippert Trucking Company, a Michigan corporation. In 1974, we changed our name to Ground Air Transfer, Inc. and, beginning in 1983, started doing business as Charter One, a charter tour operator providing travel packages to entertainment destinations such as Atlantic City, Las Vegas and the Bahamas. In 1990, we received our Air Carrier Certificate from the Federal Aviation Administration and began air charter operations. In 1992, we renamed ourselves Spirit Airlines, Inc. and thereafter began adding scheduled passenger service to destinations such as Fort Lauderdale, Detroit, Myrtle Beach, Los Angeles and New York. In 1994, we reincorporated in Delaware, and in 1999 we relocated our corporate headquarters to Miramar, Florida.

Investment funds managed by Oaktree gained control of Spirit after making investments in 2004 and 2005. With the change in ownership, we began to reconstitute our executive management team, changed our business strategy and positioned ourselves as a low-cost carrier with a focus on expanding our Caribbean and Latin American routes. We closed several unprofitable domestic routes and established Fort Lauderdale Hollywood International Airport, or FLL Airport, as our main base of operations. We began to transition to an all Airbus fleet in 2004 and completed the transition in 2006.

In July 2006, we underwent a corporate recapitalization in which investment funds managed by Indigo acquired a majority stake in us. After this recapitalization, we began implementing our ULCC business model and further expanding our Caribbean and Latin American routes, and we completed the transition to a new executive management team. Indigo is a private equity fund focused on investing in air transportation companies, with investments in five other ULCC model airlines, including Avianova based in Russia, Mandala Airlines based in Indonesia, Tiger Airways based in Singapore and Australia, Volaris based in Mexico and Wizz Air based in Central and Eastern Europe.

On June 1, 2011, we completed our initial public offering of common stock, or IPO, which raised net proceeds of $150.0 million after repayment of debt, payment of transaction expenses and other fees. In connection with the IPO, we effected a recapitalization, which we refer to as the 2011 Recapitalization, that resulted in the repayment or conversion of all of our notes and shares of preferred stock into shares of common stock. See Certain Relationships and Related Transactions Recapitalization Agreement. In connection with the IPO, we also entered into a Tax Receivable Agreement and thereby distributed immediately prior to the completion of the IPO to the holders of our common stock as of such time, or the Pre-IPO Stockholders, the right to receive an amount equal to 90% of the cash savings in federal income tax realized by us by virtue of the use of the federal net operating loss, deferred interest deductions and alternative minimum tax credits held by us as of March 31, 2011. See Certain Relationships and Related Transactions Tax Receivable Agreement.

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Our Business Model

The Spirit Airlines business model is based on that of ULCCs operating elsewhere in the world, such as Ryanair in Europe and Tiger Airways in Asia. In deciding to adopt our current business model, we studied these airlines, particularly Ryanair, and concluded that a ULCC business model focused on routes from the United States to the Caribbean and Latin America could be successfully deployed. We have been building a business around this thesis since 2007.

From the perspective of our customers, our business model provides a product offering that combines very low base fares with transparent pricing. Our base fare provides everything necessary for a complete and safe flight but excludes extra services that some passengers may want to purchase to enhance their travel experience, such as baggage, telephone booking, premium seat or advance seat selection, and food, beverages and other onboard items. We are not a no frills airline, rather we consider ourselves a frills for a fee airline. We offer a travel experience similar to our competitors and provide many of the products and services offered as part of our competitors fares. Rather than embedding the charge for certain frills in the base fare, thus increasing the base fare for all customers, we charge a low base fare to cover air transportation and charge additional fees for frills to only those customers that choose to purchase extra products or services.

We are focused on leisure and VFR customers who pay for their own travel costs. We believe our product appeals to price-sensitive customers because we give them the choice to pay only for the products and services they want. Our relatively simple fare structure contrasts with the prevalent pricing policies in the airline industry, particularly among network carriers that typically feature many different price offerings and restrictions for seats on any one flight at any given time. Our business model is designed to deliver what we believe our customers want: low fares. We aggressively use low fares to stimulate air travel demand in order to increase passenger volume, load factors and non-ticket revenue on the flights we operate. Higher passenger volumes and load factors help us sell more ancillary products and services, which in turn allows us to reduce the base fare we offer even further, stimulating additional demand. We strive to be recognized by our customers and potential customers as the low-fare leader in the markets we serve.

Non-ticket revenue is a critical part of our business model. Our non-ticket revenue per passenger flight segment has grown by approximately 800% since 2006. Our non-ticket revenue generation model is not limited to products and services related to a particular flight, but also includes our $9 Fare Club ultra low-fare subscription service, our FREE SPIRIT affinity credit card program, and the sale of advertising to third parties on our website and on board our aircraft. We are always looking to identify new non-ticket revenue sources that will allow us to push our base fares even lower.

Our business model permits us to offer low fares because it is built on low costs. Since changing our business model to a ULCC in 2006, we have operated with a relentless focus on achieving low unit operating costs at every level of our cost structure. We have already implemented many of the low-cost strategies that ULCC leaders like Ryanair have successfully implemented as part of their business models. These strategies include use of our website and direct-to-consumer marketing to drive ticket sales, high daily aircraft utilization, use of a high density aircraft configuration, efficient flight scheduling, a single family aircraft fleet, high workforce productivity and use of outsourced services. Our low fares marketing message is reinforced by a low-cost, viral marketing strategy incorporating provocative, edgy content. Further, our business model involves disciplined management of our capacity and route network and quick reaction to changes in the economic environment or market conditions, with the goal that each route and each aircraft delivers incremental operating profitability. Our low unit operating costs are the core of our business model and our most important competitive advantage.

Our Strengths

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

Ultra Low-Cost Structure. Our unit operating costs are among the lowest of all airlines operating in the Americas. We believe this cost advantage helps protect our market position and enables us to offer some of the lowest base fares in our markets, sustain operating margins and support continued growth. Our operating costs per available seat mile, or CASM, was 7.86 cents in 2009, 8.77 cents in 2010, and 9.80 cents in the nine months ended September 30, 2011. This increase was due primarily to the effects of the increased cost of fuel in 2010 and the first nine months of 2011 and our pilot strike in June 2010. Our CASM for these periods was significantly lower than that of the major domestic network carriers, American Airlines, Delta Air Lines, United Air Lines and US Airways, and among the lowest of the domestic low-cost carriers, including AirTran Airways, JetBlue Airways and Southwest Airlines. We achieve these low operating costs in large part due to:

- high aircraft utilization, which during 2010 and the nine months ended September 30, 2011 averaged 12.8 and 12.9 hours per day, respectively;
- high-density seating configurations on our aircraft;
- our low-cost Fort Lauderdale base of operations;
- our productive workforce;
- opportunistic outsourcing of operating functions;
- operating a modern single fleet type of Airbus A320-family aircraft, with associated lower maintenance costs and common flight crews across the fleet;
- minimizing sales, marketing and distribution costs through direct-to-consumer marketing, high utilization of web-based sales and increasing website traffic;
- efficient flight scheduling, including minimal ground times between flights; and
- creating a company-wide business culture that is keenly focused on driving costs lower.

Innovative Revenue Generation. We execute our innovative, unbundled pricing strategy to produce significant non-ticket revenue generation, which allows us to stimulate passenger demand for our product by lowering base fares and enabling passengers to identify, select and pay for the products and services they want to use. We have grown average non-ticket revenue per passenger flight segment from approximately $5 in 2006 to $26 in 2009, $35 in 2010, and $44 in the nine months ended September 30, 2011, by:

- charging for baggage;

passing through all distribution-related expenses;

charging for premium seats and advance seat selection;

consistently enforcing ticketing policies, including change fees;

generating subscription fees from our $9 Fare Club ultra low-fare subscription service;

deriving brand-based fees from proprietary services, such as our FREE SPIRIT affinity credit card program;

selling itinerary attachments, such as hotel and car rental reservations and airport parking, through our website; and

selling in-flight products and onboard advertising.

***Resilient Business Model and Customer Base*.** By focusing on leisure and VFR travelers, we have maintained relatively stable unit revenue and profitability during volatile economic periods because we are not highly dependent on premium-fare business traffic, which typically demands a higher cost structure. For example, in 2009, when premium-fare business traffic declined due to the economic recession, our operating revenue per available seat mile, or RASM, declined 1.8% compared to an average U.S. airline industry decline of over 9%. During this same period of volatile fuel prices and global economic recession, we also were able to achieve the highest operating income margin in our history. Based on this performance, we believe our growing customer base is more resilient than the customer bases of most other airlines because our low fares and unbundled service offering appeal to price-sensitive passengers.

***Well Positioned for Growth*.** We are the largest operator of international flights flying out of Fort Lauderdale Hollywood International Airport and are well positioned in the airport s international terminal. From this base in South Florida, we have developed a substantial network of destinations in our targeted Caribbean and Latin American growth markets, profitable U.S. domestic niche markets and high-volume routes flown by leisure and VFR travelers. In the United States, we provide service in the markets from which a significant majority of passengers traveling to the Caribbean and Latin America (including Mexico) originate. From these U.S. markets, our passengers have access to 26 Caribbean and Latin American destinations. With a South Florida base of operations and with our planned fleet growth, we believe we are well positioned to grow profitably as we expand further into these target markets.

Experienced Operator in the Region. We believe we have substantial experience in local aviation, security and customs regulations, local ground operations and flight crew training required for successful international and overwater flight operations. All of our aircraft are certified for overwater operations. We believe we compete favorably against other low-cost carriers because we have been conducting international flight operations since late 2003 and we have developed substantial experience in complying with the various regulations and business practices in our targeted growth regions.

***Financial Strength Achieved by Cost Discipline Focus*.** We believe our ULCC business model has delivered strong financial results in difficult economic times. Our operating income has increased from $32.0 million in 2007 to $111.4 million in 2009. For 2010, our operating income was $68.9 million, reflecting the negative impact of increased fuel prices and our June 2010 pilot strike. In the nine months ended September 30, 2011, our operating income was $106.4 million. We have generated these results by:

- keeping a consistent focus on maintaining low unit operating costs;
- attempting to maintain profitability across our network by selecting viable new routes and quickly reducing or discontinuing routes that do not deliver acceptable margins;
- maintaining disciplined capacity control and fleet size;
- ensuring our sourcing arrangements with key third parties are continually benchmarked against the best industry standards; and
- building upon the established global relationships of our private equity sponsors and management with our key vendors.

Our Strategy

Our goal is to offer compelling value to our customers by utilizing our low-cost structure and unbundled pricing strategy and, in so doing, grow profitably and enhance our position among the leading low-cost carriers in the Americas. Through the following key elements of our business strategy, we seek to:

***Maintain Low Unit Operating Costs*.** We will support our low-fare strategy by seeking to reduce unit operating costs and improve efficiency by, among other things:

deploying additional cost-efficient Airbus A320-family aircraft for high utilization flying;

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- spreading our low fixed-cost infrastructure over a larger-scale operation;
- continuing to leverage our Fort Lauderdale base of operations;
- opportunistically outsourcing operating functions;
- using technology to create further operating efficiencies;
- leveraging the labor productivity and scale benefits of our five-year pilot contract; and
- continuing our aggressive procurement strategy.

Couple Low Fares with Expanded Ancillary Services to Stimulate Traffic and Generate More Stable Revenues. Our low unit costs enable us to operate profitably at low-fare levels, and we intend to continue reducing base fares to stimulate demand from price-sensitive customers. By stimulating traffic, our goal is to maximize non-ticket revenues by increasing passenger volume and load factor, which is the percentage of seats actually occupied on a flight. We plan to continue expanding our portfolio of ancillary products and services, through new programs and enhancements to existing offerings. We also seek to maximize revenue opportunities through multiple interactions with customers at different stages of their travel, from pre-purchase through travel and post-trip. As we broaden the ancillary products and services we sell to our customers and increase non-ticket revenues, we believe we will be able to further lower base fares while maintaining profitability, thereby further stimulating demand while adding stability to our revenue stream. Additionally, our innovative fuel pass-through separately shows the fuel cost component of the base fare, providing fare transparency to consumers while encouraging a fare strategy with disciplined cost coverage.

Profitably Expand Our Network in Attractive Caribbean, Latin American and U.S. Domestic Markets. We anticipate further penetrating attractive international and domestic markets currently underserved by low-cost carriers by increasing frequency and aircraft capacity on our existing routes, as well as by starting new routes to cities we do not yet serve. We believe we can accomplish this by:

- using our knowledge of local Caribbean and Latin American markets and expertise in local regulatory and business practices to optimize our route structure and schedule;
- pursuing attractive new route opportunities in markets that limit air carrier competition through frequency or carrier designation restrictions; and
- selectively expanding our presence in markets that are underserved by low-fare carriers or that present opportunity for demand stimulation.

Our experience has historically been that when we enter a new international market, average fares in that market generally decrease and total passenger traffic generally increases.

Leverage Our Brand to Grow Revenue. We will seek to continue generating customer loyalty as the low-fare brand of choice in the markets we serve in order to drive future ticket sales, support further network expansion and increase load factors. In addition, we intend to leverage our customer base in order to increase non-ticket revenues by broadening our brand, product and service offerings. These plans include a focus on increasing sales of itinerary attachments on a commission basis and generating additional fees from proprietary, brand-based services, such as our FREE SPIRIT miles and our $9 Fare Club ultra low-fare subscription service.

Maintain Disciplined Fleet and Network Growth. We employ a disciplined route and fleet expansion strategy that helps us maintain profitability across our network. Our goal is to react quickly to changes in the economic environment and market conditions so each route and each aircraft we operate delivers incremental operating profitability. For example, we modified our growth plan in late 2008 in response to

record high fuel prices and rapidly deteriorating economic conditions by terminating leases for seven aircraft. We have committed aircraft deliveries through 2015 that will add 33 new A320-family aircraft to our present fleet of 26 A319, seven A320 and two A321 aircraft. Consistent with our ULCC model, the new A320s introduced by us are

configured with 178 passenger seats as compared to 150 passenger seats per plane utilized by some of our competitors, including JetBlue Airways. Our current fleet plan calls for growth from 35 aircraft at September 30, 2011 to 68 aircraft by the end of 2015. We expect to use our additional aircraft to add capacity on existing routes in both our targeted growth markets and our higher demand domestic routes, as well as to expand our network footprint. The introduction of higher-capacity A320 aircraft to supplement our current fleet supports reductions in unit costs relative to smaller A319 aircraft and allows us to deploy the right-sized aircraft according to route length, passenger volume and seasonality.

Our Products

We provide low-fare passenger airline service primarily to leisure and VFR travelers. We offer basic passenger airline service for a low fare combined with other optional travel-related products or services for additional fees. Our low fares are designed to stimulate demand from price-sensitive leisure and VFR travelers who might not otherwise have flown to our destinations due to the expense or inconvenience involved in traveling there. Our fares do not require a minimum stay (e.g., Saturday night stay). Our fares consist of a base fare, plus taxes and certain governmental fees, which we break out for our customers so they can see the different components of their total price. In 2010 and the first nine months of 2011, our average base fare was approximately $77 and $82, respectively, and we have offered promotional base fares of $9 or less.

Our non-ticket revenues are generated from air travel-related fees paid by the ticketed passenger through baggage, bookings through our call center or third-party vendors, advance seat selection fees, ticket change fees, the sale of food, beverages and other items on board, commissions from the sales of hotel rooms, trip insurance and rental cars and other items related specifically to an itinerary. We view our onboard service as a retail store, with managed inventory levels, a charge for all products and a commission structure designed to incentivize sales. We also sell vacation packages through Spirit Vacations, a one-stop, value-priced vacation website designed to meet customers demand for self-directed packaged travel planning. Spirit Vacations packages offer competitive fares for air travel on Spirit, a selection of Spirit-recommended hotels and resorts, car rentals and attractions.

Our other revenues consist of services not directly related to providing transportation such as our FREE SPIRIT affinity credit card program, $9 Fare Club ultra low-fare subscription service, and the sale of advertising to third parties on our website and on board our aircraft.

Effective August 1, 2010, we instituted a carry-on baggage policy that we believe increases utilization through shorter turn times and allows customers to save more. Under this policy, subject to certain FAA limitations, a bag that can fit under an aircraft seat (although not required to be placed under the seat) may be carried on board free of charge. A second or larger bag may be carried on board for a fee of $30 if reserved at www.spirit.com or $35 if purchased during online check-in or by phone. Members of Spirit s $9 Fare Club receive a $10 discount on carry-on bag fees if purchased during online check-in or by phone prior to arrival at the airport. The carry-on bag fee for all customers if purchased at an airport ticket counter or kiosk is $40, or $45 if purchased at the airport gate. Passengers paying for an additional bag receive priority boarding to allow more time to stow extra luggage. Corresponding with this carry-on baggage policy, many fares were reduced by up to $40 allowing customers to save more by choosing not to bring extra luggage on board.

Competing Based on Total Price

Our goal is to compete based on total price. We believe that other airlines have used an all-inclusive price concept to raise total prices to consumers, rather than lowering fares by unbundling each product or service. For example, carriers that tout free bags have included the cost of checking bags in the total ticket price, not allowing passengers to see how much they would save if they did not check luggage. We believe that we and our

customers benefit from allowing customers to know the total price of their travel by breaking out the cost of additional, optional products or services. Customers are then able to compare the total cost of flying with us versus flying another airline.

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

Route Network

We currently serve 47 airports throughout North America, the Caribbean and Latin America. The majority of our routes operate through our South Florida gateway at FLL Airport, approximately 30% of our capacity measured by ASMs for the nine months ended September 30, 2011, and our route network is designed to provide service to the Caribbean and Latin America from South Florida. For the same period, six other niche domestic markets made up the majority of the balance, including Detroit, Michigan, Las Vegas, Nevada, Atlantic City, New Jersey, Chicago, Illinois, Orlando, Florida and Myrtle Beach, South Carolina . These markets help provide seasonal balance to our Caribbean and Latin American routes.

Below is a route map of our current network:

Our South Florida gateway is a key component of our route network and our ULCC strategy. We selected FLL Airport as our base in 2004 due to the strategic and financial benefits it provided, including the geographic proximity to our current and planned flight routes serving the Caribbean and Latin America. FLL Airport is also

convenient to a large local market of South Florida residents who are of Caribbean and Latin American descent seeking affordable VFR travel to destinations in those targeted markets. FLL Airport offers us significantly lower operating costs than Miami International Airport and is more centrally located in the broader South Florida market, which spans Palm Beach, Broward and Dade counties. We are presently the largest domestic and international carrier at FLL Airport, offering more nonstop routes than any other carrier, carrying more passengers than any other carrier and operating out of more gates than any other carrier.

Our highest volume U.S. domestic routes that provide leisure traffic to South Florida and, through our South Florida gateway, to our Latin and Caribbean markets, are New York LaGuardia, Washington Reagan, Chicago O Hare, Atlanta, and Atlantic City.

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

Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, code-sharing relationships, and frequent flier programs and redemption opportunities. Our competitors and potential competitors include traditional network airlines, low-cost carriers, regional airlines and new entrant airlines. We typically compete in markets served by traditional network airlines and other low-cost carriers, and to a lesser extent regional airlines. Some of our current or future competitors may have greater liquidity and access to capital, and serve more routes, than we do.

Our principal competitors on domestic routes are AirTran Airways, American Airlines, Delta Air Lines and JetBlue Airways. Southwest Airlines and AirTran Airways merged in May 2011, but continue to operate as separate carriers. Our principal competitors for service from South Florida to our growth markets in the Caribbean and Latin America are American Airlines through its hub in Miami and JetBlue Airways through its operations in Fort Lauderdale. Our principal competitive advantage is our low base fares and our focus on the leisure and VFR traveler who pays his or her own travel costs. These low base fares are facilitated by our low unit operating costs, which in 2010 were lower than any of the five major network carriers and lower than the three largest low-cost carriers. We believe our low costs coupled with our non-ticket revenues allows us to price our fares at levels where we can be profitable while our primary competitors cannot. Further, we believe we compete favorably with other low-cost carriers in serving the Caribbean and Latin America because we have been conducting international flight operations since late 2003 and have developed substantial experience in complying with the various regulations and business practices in those targeted growth regions.

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

Many airlines have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. Such alliances generally provide for code-sharing, frequent flier program

reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline, which provide an opportunity to increase traffic on that airline s segment of flights connecting with alliance partners. Competitors that are alliance members with carriers that have designated route and frequency rights in restrictive markets, such as some of the markets we serve in the Americas, often are able to compete advantageously with non-alliance carriers because they can use their code-share arrangements to effectively limit the ability of non-alliance carriers to increase available seat capacity or frequencies in a particular market. Low-cost carriers have not historically been members of any of the three major alliances, OneWorld, SkyTeam and Star Alliance. We currently do not have any alliances with U.S. or foreign airlines. Similarly, regional airlines typically enter into cooperative marketing relationships with one or more major airlines under which the regional airline agrees to use its smaller, lower-cost aircraft to carry passengers booked and ticketed by the major airline between a city served by a major airline and a smaller outlying location.

Distribution

We currently sell our product through three primary distribution channels: our website, our outsourced call center, and third parties such as travel agents who access us through GDS companies (e.g., Amadeus, Galileo, Sabre and Worldspan) and select online travel agents, or OTAs (e.g., Orbitz and Travelocity). Our distribution costs are more than 100% fully covered by our distribution fees. We use our website, www.spirit.com, as the primary platform for ticket sales and 76.5% and 66.6% of our total tickets sold during 2010 and during the nine months ended September 30, 2011, respectively, were through direct internet bookings using our website. After our website, our next largest distribution source is third parties, which represented approximately 14.0% and 23.1% of sales for 2010 and the nine months ended September 30, 2011, respectively. An additional 9.5% and 10.3% of our total tickets sold during 2010 and during the nine months ended September 30, 2011, respectively, were fulfilled through our call center.

Sales through our website represent our lowest cost distribution channel and it is the channel through which we offer our lowest fares. For all other channels, we generally use incrementally higher fares and user fees with the objective of causing the users of those other channels to bear the additional costs.

We were among the first carriers to charge customers a fee for making reservations through a call center, instead of online. We have outsourced our call center to a third-party provider and share a percentage of the booking fee received on ticket sales with that provider.

Travel agencies are invited to establish a sales account with us to enable access to the fares offered on our website. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate them. We also have agreements with all the leading GDS companies. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without contacting our reservations facility. We do not, however, have full content agreements in place with any GDS company, which means we are not required to provide them with access to all of the fares we have on offer on our website. Such an arrangement allows us to sell higher fares through GDSs, thereby covering the cost of these arrangements. Similarly, we have to date released our fares to OTAs only if we are permitted to withhold our lowest fares from this distribution channel. For example, tickets purchased on Travelocity and Orbitz are at prices higher than on our direct website to cover their incremental costs of distribution.

Marketing

We are focused on direct to consumer marketing targeted to our core leisure and VFR customer who pays for his or her own travel costs. Our principal marketing message is our low base fares. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low. We spent approximately 0.5% and 0.2% as a percentage of total revenues on advertising for 2010 and the nine months ended September 30,

2011, respectively. We do not engage in general brand or product marketing. Similarly, since our core customers are individual consumers, we do not have a direct marketing or sales function that calls on corporations, government agencies or similar large buyers of business travel.

Our principal marketing tools are our proprietary email distribution list consisting of over five million email addresses and our $9 Fare Club as well as advertisements in online, television, radio and other channels. Our objective is to use our low prices, price-based promotions and creativity to produce viral marketing programs that are extremely cost effective and achieve outsized website traffic and revenue productivity compared to our competitors. In 2010 and the nine months ended September 30, 2011, the number of unique visitors to our website each month was 3.5 million and 3.9 million, respectively.

The $9 Fare Club is an annual subscription based service that allows members exclusive access to the lowest fares on offer and discounted baggage fees. Much like that of Sam s Club or Costco, where members pay an annual fee in order to obtain volume based discounts, $9 Fare Club members pay $59.95 per year for first access to offerings of low fares. The membership provides benefits such as guaranteed exclusive, member-only fare sales (at least once every six weeks) and private offers on hotels, rental cars and other travel necessities.

Frequent Flier Program

The FREE SPIRIT frequent flier program was initiated in 2006 to develop customer loyalty and enable sales of miles to marketing partners. The FREE SPIRIT MasterCard is the primary vehicle whereby customers earn miles and our frequent flier program is geared specifically towards supporting adoption and continued use of the credit card.

In 2010, FREE SPIRIT travel awards represented less than 1% of our annual tickets. FREE SPIRIT offers award travel on every flight without blackout dates. There are four types of travel awards, Off-Peak, Standard, Peak and Premium, and awards start with as few as 5,000 miles for customers who also hold the FREE SPIRIT MasterCard. Status levels are different than at other programs because all miles are eligible for status whether earned by flying, through bonus miles, special offers, or through spending on the FREE SPIRIT MasterCard. The program also calculates a year-end status level, and currently miles never expire as long as a customer is active at least every six months.

Customers

VFR traffic makes up the largest component of our international traffic and the second largest component of our domestic customers. We believe our VFR customers are the most price sensitive of all of our travelers. Our VFR markets tend to complement our leisure-driven markets from both a seasonal and day of the week perspective. VFR traffic is strongest during the Christmas and New Year season, followed by Easter and summer when children are out of school.

Leisure traffic makes up the second largest component of our international traffic but the majority of our domestic customers. This segment responds well to demand stimulation based on low fares, and South Florida, Myrtle Beach, Atlantic City and Las Vegas all provide among the best values among leisure destinations in the United States. Leisure traffic to the South Florida and the Caribbean is strongest in the winter season, as many seek to leave cold weather where they live, and in the summer, when children are out of school. Traffic to Myrtle Beach and Atlantic City tends to have a single high season that begins in the spring and continues through the fall.

We do not actively target corporate travelers. We believe that many of our customers who use us for business travel are small business travelers who bear their own travel costs, as opposed to those who work at larger companies and very likely have their travel reimbursed. We believe we have limited penetration with large companies due to the fact we do not support high cost corporate sales efforts directed to this consumer segment. To market to larger corporate travelers generally, our schedule, product and distribution mechanisms would have to be modified driving up our overall costs and potentially requiring an increase in fares overall.

Customer Service

We are committed to building a successful airline by taking care of our customers. We believe focus on excellent customer service in every aspect of our operations including personnel, flight equipment, in-flight and ancillary amenities, on-time performance, flight completion ratios and baggage handling will strengthen customer loyalty and attract new customers. We proactively aim to improve our operations to ensure further improvement in customer service. The DOT publishes statistics regarding measures of customer satisfaction for domestic airlines and can assess civil penalties for failure to comply with certain customer service obligations. For example, we were assessed a civil penalty relating to our prior procedures for bumping passengers from oversold flights and for the handling of lost or damaged baggage in 2009. Our performance under customer service measures for the years ended December 31, 2008, 2009 and 2010 was as follows:

	2008	2009	2010
On-Time Performance (1)(2)	71.6%	75.0%	73.1%
Completion Factor (2)(3)	99.2%	99.3%	97.2%
Mishandled Baggage (2)(4)	6.35	3.09	2.61

(1) Percentage of our scheduled flights that were operated by us that were on-time (within 15 minutes).
(2) As per Part 234 of the DOT regulations, we are not required to report this information to the DOT.
(3) Percentage of our scheduled flights that were operated by us, whether or not delayed (i.e., not cancelled). Includes the impact of cancelled flights due to the June 2010 pilot strike.
(4) Our incidence of delayed, mishandled or lost baggage per 1,000 passengers.

One challenge that we experienced in connection with the implementation of our ULCC business model was an increase in customer complaints lodged with the DOT. This problem was particularly acute in domestic markets that we had been serving for a considerable period. Elements of our new business model, including unbundling services that were previously included in the product (e.g., baggage and onboard food and beverage) and adopting a high density seating configuration in our new aircraft did not necessarily meet the expectations of our former customer base. We engaged in a concerted initiative to address the rate of customer complaints, including enhancing the clarity of the ULCC model and transparent pricing elements of our product at the point of sale.

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

Fleet

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

We have a fleet of 35 Airbus single-aisle aircraft, consisting of 26 A319s, seven A320s and two A321s. The average age of the fleet was 4.5 years at September 30, 2011. All of the existing aircraft were acquired under operating leases. Our current fleet plan calls for growth to 68 aircraft by the end of 2015. We have a contractual purchase commitment with Airbus to acquire 13 Airbus A319 aircraft, which we are permitted to convert to A320 aircraft at our election, and 20 Airbus A320 aircraft. We also have a contractual purchase commitment for five additional spare IAE V2500 engines. We may elect to supplement these deliveries by additional acquisitions from the manufacturer or in the open market if demand conditions merit.

Consistent with our ULCC business model, each of our aircraft is configured with a high density seating configuration. Our A319s accommodate 145 passengers (compared to 120 on United and 124 on US Airways), our A320s accommodate 178 passengers (compared to 138 or 144 on United and 150 on JetBlue and US Airways) and our A321s accommodate 218 passengers (compared to 183 on US Airways).

On November 15, 2011, we jointly announced with Airbus that we had entered into a MOU for a significant addition to our existing aircraft purchase order with Airbus. The MOU, which is non-binding, contemplates an order of 75 A320 family aircraft, consisting of 30 of the existing aircraft model and 45 A320 NEO (New Engine Option) aircraft. These aircraft are in addition to the 33 aircraft not yet delivered under our existing order and would be scheduled for delivery from 2016 through 2021. The new aircraft would provide for growth capacity as well as capacity to replace the 28 aircraft in our present fleet with lease expirations between 2017 and 2020. The order outlined in the MOU is subject to a number of conditions, including the negotiation of definitive documentation and corporate approvals by both Airbus and us.

Maintenance and Repairs

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

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

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

Employees

Our business is labor intensive, with labor costs representing approximately 19.1%, 23.0%, 22.0% of our total operating costs for 2008, 2009, 2010, respectively, and 22.1% and 19.3% for the nine months ended September 30, 2010 and 2011, respectively. As of September 30, 2011, we had 2,445 employees, consisting of 500 pilots, 731 flight attendants, 18 flight dispatchers, 125 mechanics, 738 airport agents/other, and 333 employees in administrative roles. Of these U.S.-based employees, approximately 51% of our employees were represented by labor unions under three different collective-bargaining agreements.

FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown, and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic

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renewal requirements including recurrent training and recent flying experience. In December 2007, federal legislation was enacted increasing the mandatory retirement age for U.S. commercial airline pilots from age 60 to age 65. Mechanics, quality-control inspectors, and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance, and aircraft inspection must also meet experience standards prescribed by FAA regulations. All safety-sensitive employees are subject to pre-employment, random, and post-accident drug testing.

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

Employee Groups	Representative	Status of Agreement/Amendable Date
Pilots	Airline Pilots Association, International (ALPA)	Agreement in place since 2010. Becomes amendable on August 1, 2015.
Flight Attendants	Association of Flight Attendants (AFA)	Became amendable in August 2007. In negotiation.
Dispatchers	Transport Workers Union (TWU)	Agreement in place since 2007. Becomes amendable in July 2012.

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

Safety and Security

We are committed to the safety and security of our passengers and employees. Some of the safety and security measures we have taken include: aircraft security and surveillance, positive bag matching procedures, enhanced passenger and baggage screening and search procedures, and securing of cockpit doors. We strive to comply with or exceed health and safety regulation standards. In pursuing these goals, we maintain an active aviation safety program and all of our personnel are expected to participate in the program and take an active role in the identification, reduction and elimination of hazards.

Our ongoing focus on safety relies on training our employees to proper standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch, and station operations.

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The Transportation Security Administration, or TSA, is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations to ensure proper standards for security of our personnel, customers, equipment and facilities are exercised throughout the operation.

Facilities

We lease all of our facilities at each of the airports we serve. Our leases for our terminal passenger service facilities, which include ticket counter and gate space, operations support area and baggage service office, generally have a term ranging from month-to-month to 22 years, and contain provisions for periodic adjustments of lease rates. We also are responsible for maintenance, insurance and other facility-related expenses and services. We also have entered into use agreements at many of the airports we serve that provide for the non-exclusive use of runways, taxiways and other facilities. Landing fees under these agreements are based on the number of landings and weight of the aircraft.

We operate primarily out of the international terminal, Terminal 4, at FLL Airport, with occasional use of a gate in Terminal 3. We currently use up to ten gates at Terminal 4. We have preferential access to seven of the Terminal 4 gates, common use access to the remaining three Terminal 4 gates, and common use access to Terminal 3 gates. FLL Airport is planning a Terminal 4 concourse replacement and expansion project, which would expand the number of gates at Terminal 4 to 14. This Terminal 4 concourse expansion would allow us to increase the number of routes we serve from FLL Airport. While FLL Airport does not presently have a curfew on flight operations, the U.S. Customs and Border Protection, or CBP, currently requires international flights to arrive after 5:00 a.m. and by 11:00 p.m. Accordingly, our flight planning for incoming flights from international departure points that do not pre-screen U.S.-bound passengers must accommodate these hours of operation. Take-off and landing slots are not regulated at FLL Airport.

In 2010, in an effort to gain efficiencies, we relocated all of our maintenance operations in Detroit, Michigan to Fort Lauderdale, Florida. The restructuring included the closure of facilities in Detroit, relocation of equipment and tools, and the relocation of a portion of the former Detroit workforce.

Our principal executive offices and headquarters are located in a leased facility at 2800 Executive Way, Miramar, Florida 33025, consisting of approximately 56,000 square feet.

Insurance

We maintain insurance policies we believe are of types customary in the airline industry and as required by the DOT. The policies principally provide liability coverage for public and passenger injury; damage to property; loss of or damage to flight equipment; fire and extended coverage; directors and officers liability; advertiser and media liability; cyber risk liability; fiduciary; and workers compensation and employer s liability. We have obtained third-party war risk (terrorism) insurance through a special program administered by the FAA, resulting in lower premiums than if we had obtained this insurance in the commercial insurance market. Should the government discontinue this coverage, obtaining comparable coverage from commercial underwriters could result in substantially higher premiums and more restrictive terms, if it is available at all. Although we currently believe our insurance coverage is adequate, there can be no assurance that the amount of such coverage will not be changed or that we will not be forced to bear substantial losses from accidents.

Foreign Ownership

Under DOT regulations and federal law, we must be controlled by U.S. citizens. In order to qualify, at least 75% of our stock must be voted by U.S. citizens and our president and at least two-thirds of our board of directors and senior management must be U.S. citizens. We are currently in compliance with these ownership provisions. For a discussion of the procedures we instituted to ensure compliance with these foreign ownership rules, please see Description of Capital Stock Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws and Limited Voting by Foreign Owners.

Government Regulation

Operational Regulation

The airline industry is heavily regulated, especially by the federal government. Two of the primary regulatory authorities overseeing air transportation in the United States are the DOT and the FAA. The DOT has

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jurisdiction over economic issues affecting air transportation, such as competition, route authorizations, advertising and sales practices, baggage liability and disabled passenger transportation, among other areas, several of which were included in new rules effective in August 2011 relating to, among other things, how airlines handle interactions with passengers through advertising, the reservation process, at the airport and on board the aircraft. The DOT has extended the effective date for certain of these rules. See Risk Factors Restrictions on or increased taxes applicable to fees or other charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition. The DOT has a pending notice of proposed rulemaking addressing additional accommodations required for passengers with certain disabilities. We cannot forecast the impact on costs and revenues should some or all of the proposed rules be implemented.

The DOT has authority to issue certificates of public convenience and necessity required for airlines to provide air transportation. We hold a DOT certificate of public convenience and necessity authorizing us to engage in scheduled air transportation of passengers, property and mail within the United States, its territories and possessions and between the United States and all countries that maintain a liberal aviation trade relationship with the United States (known as open skies countries). We also hold DOT certificates to engage in air transportation to certain other countries with more restrictive aviation policies. 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 only $215,000 based on an agreement with the DOT and our not having similar violations in the year after the date of the consent order.

The FAA is responsible for regulating and overseeing matters relating to air carrier flight operations, including airline operating certificates, aircraft certification and maintenance and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. This certificate, in combination with operations specifications issued to the airline by the FAA, authorizes the airline to operate at specific airports using aircraft approved by the FAA. As of September 30, 2011, we had FAA airworthiness certificates for all of our aircraft, we had obtained the necessary FAA authority to fly to all of the cities we currently serve and all of our aircraft had been certified for overwater operations. We believe we hold all necessary operating and airworthiness authorizations, certificates and licenses and are operating in compliance with applicable DOT and FAA regulations, interpretations and policies.

International Regulation

All international service is subject to the regulatory requirements of the foreign government involved. We currently operate international service to Aruba, the Bahamas, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru and St. Maarten, as well as Puerto Rico and the U.S. Virgin Islands. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary authority from the DOT and the applicable foreign government. We are also required to comply with overfly regulations in countries that lay along our routes but which we do not serve.

International service is also subject to CBP, immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. Like other airlines flying international routes, from time to time we may be subject to civil fines and penalties imposed by CBP if unmanifested or illegal cargo, such as illegal narcotics, is found on our aircraft. These fines and penalties, which in the case of narcotics are based upon the retail value of the seizure, may be substantial. In the past several years, we have incurred several penalties from CBP, which have not been material in the aggregate. We have implemented a comprehensive security program at our airports to reduce the risk of illegal cargo being placed on our aircraft, and we seek to cooperate actively with CBP and other U.S. and foreign law enforcement agencies in investigating incidents or attempts to introduce illegal cargo.

Security Regulation

The TSA was created in 2001 with the responsibility and authority to oversee the implementation, and ensure the adequacy, of security measures at airports and other transportation facilities. Since the creation of the

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TSA, airport security has seen significant changes including enhancement of flight deck security, the deployment of federal air marshals on board flights, increased airport perimeter access security, increased airline crew security training, enhanced security screening of passengers, baggage, cargo and employees, training of security screening personnel, increased passenger data to CBP and background checks. Funding for passenger security is provided in part by a per enplanement ticket tax (passenger security fee) of $2.50 per passenger flight segment, subject to a $5 per one-way trip cap. The TSA was granted authority to impose additional fees on air carriers if necessary to cover additional federal aviation security costs. Pursuant to its authority, the TSA may revise the way it assesses this fee, which could result in increased costs for passengers and/or us. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements. The TSA also assesses an Aviation Security Infrastructure Fee, or ASIF, on each airline. Our ASIF liability is approximately $1.6 million per year.

Environmental Regulation

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

Federal law recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not interfere unreasonably with interstate and foreign commerce and the national air transportation system. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during takeoff and initial climb, and limiting the overall number of flights at an airport. None of the airports we serve currently restricts the number of flights or hours of operation, although it is possible one or more of such airports may do so in the future with or without advance notice.

Other Regulations

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

Future Regulations

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

Legal Proceedings

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

MANAGEMENT

The following table provides information regarding our executive officers and directors as of September 30, 2011:

Name	Age	Position(s)
B. Ben Baldanza	49	President, Chief Executive Officer and Director
Barry Biffle	39	Executive Vice President and Chief Marketing Officer
Thomas Canfield	55	Senior Vice President, General Counsel and Secretary
David Lancelot	43	Senior Vice President and Chief Financial Officer
Tony Lefebvre	43	Senior Vice President and Chief Operating Officer
Bill Franke	74	Director and Chairman of the Board
David Elkins	69	Director
H. McIntyre Gardner	50	Director
Robert Johnson	64	Director
Barclay Jones III	51	Director
Jordon Kruse	40	Director
Michael Lotz	51	Director
Stuart Oran	61	Director
Horacio Scapparone	59	Director
John Wilson	47	Director

The following table provides information regarding certain other key employees as of September 30, 2011:

Name	Age	Position(s)
Joseph Houghton	51	Vice President, Flight Operations
Craig Maccubbin	44	Vice President and Chief Information Officer
Graham Parker	47	Vice President, Pricing and Revenue Management
Guy Borowski	49	Vice President, Technical Operations
Charlie Rue	41	Vice President, Financial Planning

B. Ben Baldanza has been a member of our board of directors since May 2006. He has served as our President and Chief Executive Officer since May 2006 and as our President and Chief Operating Officer from January 2005 to May 2006. From August 1999 to January 2005, Mr. Baldanza served as Senior Vice President of Marketing and Planning at US Airways, where he was responsible for route planning, scheduling, pricing and revenue management, marketing, sales, cargo, distribution, and the international division. Prior to US Airways, Mr. Baldanza served as Managing Director and Chief Operating Officer of Grupo Taca, an airline group based in Latin America. Mr. Baldanza previously held positions at Continental Airlines, Northwest Airlines and American Airlines.

Barry Biffle has served as our Chief Marketing Officer since February 2005. From 2003 to 2005, Mr. Biffle served as Managing Director of Marketing at US Airways, where he was responsible for advertising, direct marketing, the frequent flier program, US Airways Vacations and product development. Additionally, Mr. Biffle held other key positions in network planning, sales and marketing while at US Airways. Prior to joining US Airways, Mr. Biffle held several management positions at American Eagle Airlines.

Thomas Canfield has served as our Senior Vice President and General Counsel since October 2007. From September 2006 to October 2007, Mr. Canfield served as General Counsel & Secretary of Point Blank Solutions, Inc., a manufacturer of antiballistic body armor. Prior to Point Blank, from 2004 to 2007 he served as CEO and Plan Administrator of AT&T Latin America Corp., a public company formerly known as FirstCom Corporation, which developed high-speed fiber networks in 17 Latin American cities. AT&T Latin America Corp. underwent a reorganization under Chapter 11 of the U.S. Bankruptcy Code beginning in 2003. Mr. Canfield also served as

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General Counsel & Secretary at AT&T Latin America Corp from 1999 to 2004. Previously, Mr. Canfield was Counsel in the New York office of Debevoise & Plimpton LLP. Mr. Canfield serves on the board and audit committee of Iridium Communications Inc., a satellite communications company. Mr. Canfield previously served on the boards of directors of Birch Telecom Inc., a telecommunications company, from 2006 to 2008, and Tricom S.A., a telecommunications company, from 2004 to early 2010.

Joseph Houghton has served as our Vice President, Flight Operations since September 2010. Mr. Houghton was previously our Director of Systems Operations Control, and prior to that was our Director of Training and Standards, in which capacity he joined Spirit in March 2010. From September 2009 to March 2010, Mr. Houghton was Vice President, Airline Certification at Locked On, Inc., an airline and aviation certification consulting company. From February 2004 to September 2009, Mr. Houghton served as Vice President and Chief Pilot and Vice President of Operations Control Center at Virgin America.

David Lancelot has served as our Senior Vice President and Chief Financial Officer since January 2007. From September 2004 to December 2006, Mr. Lancelot served as Chief Financial Officer of Highland Capital, a registered investment advisor. From May 2003 to August 2004, Mr. Lancelot served as Senior Vice President and Chief Financial Officer of Atlas Air Worldwide Holdings, helping lead it through a pre-negotiated bankruptcy in 2004, and also served as Vice President of Finance and Controller of Atlas Air Worldwide Holdings or its subsidiary, Polar Air Cargo, from July 2000 to May 2003. Mr. Lancelot has also held a senior management position at AirTran Airways and other management positions at American Airlines and KPMG, LLP.

Tony Lefebvre has served as our Senior Vice President and Chief Operating Officer since June 2011. Prior to that, he served as our Senior Vice President, Airport and Inflight Operations from October 2005 to June 2011. Mr. Lefebvre formerly served as the Managing Director, Europe at US Airways, Inc. from August 2002 to October 2005 where he was responsible for airport operations, sales and marketing and reservations within the region. From September 1998 to August 2002, Mr. Lefebvre was the Managing Director, Cargo for US Airways, Inc. and was responsible for its worldwide cargo business.

Craig Maccubbin has served as our Vice President and Chief Information Officer since June 2009. Prior to Spirit, from 2006 to 2009 Mr. Maccubbin served as the Chief Technology Officer at Zeta Interactive, a digital marketing agency, where he led product development, infrastructure, professional services, and customer support and delivery for customers. From 2003 to 2006, Mr. Maccubbin was the Chief Technology Officer at LasVegas.com, a joint venture of the Las Vegas casino group, where he directed the technology team.

Guy Borowski has served as our Vice President, Technical Services since July 2011. Prior to joining Spirit, Mr. Borowski served from 2009 to 2011 as Vice President, Strategic Program Management for CHC Helicopters, a worldwide charter and contract operator. Prior to that, Mr. Borowski served as a consultant for Aeroinfo Systems, a division of the Boeing Company, from 2008 to 2009, Senior Vice President, Technical Operations of Virgin America from 2005 to 2007 and Vice President, Maintenance and Engineering for Airtran Airways from 2000 to 2005.

Graham Parker has served as our Vice President, Pricing and Revenue Management since September 2004. Mr. Parker formerly served as Senior Vice President, Business Development at PROS Revenue Management, a company that specializes in pricing and revenue optimization science and software, where he was responsible for marketing, sales, alliances and strategic planning and led PROS consulting activity for such companies as Deutsche Lufthansa AG, Continental Airlines, Varig Brazilian Airlines, Avianca and America West Airlines. Prior to PROS, Mr. Parker held various management positions at Continental Airlines and Southwest Airlines.

Charlie Rue has served as Vice President of Financial Planning since May 2009. Prior to joining Spirit, Mr. Rue spent 11 years at Continental Airlines, Inc., an airline company. From 2003 to 2008, Mr. Rue was Managing Director of Continental s Asia Pacific division where he served as the primary leader for financial and

strategy analysis, market initiatives, contract negotiation and operational efficiency for Continental s Guam hub and Transpacific network. During his time at Continental he also served in Corporate Development and as Chief Financial Officer of Continental Connection carrier Gulfstream International Airlines.

Bill Franke has been Chairman of the Board since July 2006. Mr. Franke is the Managing Partner of Indigo, a private equity fund focused in air transportation, and a Managing Partner of Newbridge Latin America, a private equity fund focused on Latin America. Mr. Franke also serves on the boards of Bristol Group SA, a surety and travel insurance company, Mandala Airlines, an Indonesian airline, Whitefish Aviation Limited, the holding company of Avianova, a Russian airline, Wizz Air Limited, a Hungarian airline and Concesionaria Vuela Compañía de Aviación, S.A. de C.V., which does business as Volaris, a Mexican airline. He served on the board of Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009, and was its founding chair, Alpargatas S.A.I.C, an Argentina-based footwear and textiles manufacturer, from 1996 to 2007, and Phelps Dodge Corporation, a mining company, including service as the lead outside director for several years, from 1980 to 2007. Mr. Franke was also the Chairman and Chief Executive Officer of America West Airlines from 1993 to 2001. Our board of directors has concluded that Mr. Franke should continue to serve on our board of directors as Chairman and on our compensation committee based on his private equity experience in the air transportation industry, his prior directorships, his financial literacy and his general business experience.

David Elkins has been a member of our board of directors since July 2010. Mr. Elkins retired in 2003 as President and Co-Chief Executive Officer of Sterling Chemicals, Inc., a North American chemicals producer headquartered in Houston, Texas. In 2001, Sterling Chemicals filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Prior to joining Sterling Chemicals in 1998, Mr. Elkins was a senior partner in the law firm of Andrews Kurth LLP, where he specialized in corporate and business law. Mr. Elkins currently serves as the non-executive board chairman of Holley Performance Products, Inc., an automotive performance products company. Mr. Elkins also currently serves as business representative and advisor for the heirs of Howard R. Hughes, Jr. in connection with substantial real estate holdings in Nevada and California. Our board of directors has concluded that Mr. Elkins should serve on our board and on our compensation committee based on his experience with corporate and financial transactions and business leadership experience.

H. McIntyre Gardner has been a member of our board of directors since July 2010. Mr. Gardner retired in 2008 from Merrill Lynch & Co., Inc. as the Head of Americas Region and Global Bank Group, Global Private Client. Prior to joining Merrill Lynch in July 2000, Mr. Gardner was the President and Chief Operating Officer of Helen of Troy Limited, a personal care products manufacturer. Our board of directors has concluded that Mr. Gardner should serve on our board and audit committee based on his financial and business skills, extensive corporate finance experience and broad financial expertise.

Robert Johnson has been a member of our board of directors since July 2010. Mr. Johnson retired in 2008 as Chief Executive Officer of Dubai Aerospace Enterprise (DAE), a global aerospace engineering and services company. Prior to DAE, Mr. Johnson was Chairman of the Board of Honeywell Aerospace, a leading global supplier of aircraft engines, equipment, systems and services, where he also served prior to 2000 as President and Chief Executive Officer. Prior to Honeywell Aerospace, Mr. Johnson held management positions at various aviation and aerospace companies. He serves on the board of directors of Spirit Aerosystems, a publicly-traded aerospace components company that is not affiliated with us, Ariba, Inc., a publicly-traded software company, and Roper Industries, Inc., a publicly-traded company. Our board of directors has concluded that Mr. Johnson should serve on our board and audit committee because of his experience in the aviation and aerospace industries, his financial expertise and his general business knowledge.

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

Jordon Kruse has been a member of our board of directors since 2005. Mr. Kruse is a Managing Director at Oaktree Capital Management, LP, a Los Angeles based institutional money manager. He is a member of Oaktree s Principal Fund, which focuses on investments in private equity and distressed debt for control and is responsible for the aviation, packaging, chemicals, building products and consumer apparel sectors. Prior to joining Oaktree in 2001, Mr. Kruse was an attorney at the law firm of Kirkland & Ellis LLP, which he joined in 1997. Mr. Kruse serves on the Board of Directors of Dayton Superior Corporation, a manufacturer and distributor of products used in concrete construction, Chesapeake UK Holding Ltd, a supplier of specialty paperboard packaging products in Europe, Nordenia International AG, a manufacturer of plastic films and flexible packaging, BP Clothing LLC, an apparel company, Cyanco Corporation, a manufacturer of sodium cyanide used in the gold mining industry, and CF Group Inc., a commercial furniture company. Our board of directors has concluded that Mr. Kruse should serve on our board based on his financial expertise, knowledge of our company and his general business experience.

Michael Lotz has been a member of our board of directors since February 2011. Mr. Lotz has served in various executive management positions of Mesa Air Group, Inc. since July 1998, including as President and Chief Financial Officer since June 2000. In January 2010, Mesa Air Group, Inc. filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Prior to joining Mesa Air Group, Mr. Lotz served as Chief Operating Officer of Virgin Express from 1996 to 1998. Prior to that, Mr. Lotz served in various positions at Continental Airlines, including most recently as Vice President of Airport Operations, Properties and Facilities. Our board of directors has concluded that Mr. Lotz should serve on our board based on his experience in the airline industry, financial expertise and his general business experience.

Stuart Oran has been a member of our board of directors since 2004. During the past five years, Mr. Oran has been the Managing Member of Roxbury Capital Group LLC, a merchant banking firm that he founded in April 2002. From 1994 to 2002 Mr. Oran held a number of senior executive positions at United Airlines. Mr. Oran also serves on the boards of Red Robin Gourmet Burgers, Inc., a national casual dining chain, and Premier American Bank, National Association, a banking company. He previously served on the boards of Wendy s International, Inc., a fast food company, from March 2004 to September 2008, Polaris Acquisition Corp., an acquisition company, from July 2007 to May 2009 and Deerfield Capital Corp., an investment management company that was merged into a financial institution, from 2008 to early 2011. Our board of directors has concluded that Mr. Oran should serve on our board and compensation committee based on his experience in the airline industry, his experience on public company boards and his general business experience.

Horacio Scapparone has been a member of our board of directors since 2006. He serves as Chief Executive Officer of the Bristol Group, an Argentine insurance group dedicated to P&C and Surety businesses, and has held this position since 1997. From 2002 to 2007, he was a board member and Chairman of Alpargatas ASAIC, a large Argentine textile company sold in 2007 to a Brazilian textile company. In 2007 Alpargatas filed for protection under Argentinean bankruptcy law. In addition, the Comision Nacional de Valores of Argentina imposed an administrative fine on Alpargates. This sanction is currently being appealed. Mr. Scapparone also serves on the board of Bristol Group and the Argentinean companies of El Comercio CIA De Seguros and Aseguradora De Creditos Y Garantias. Our board of directors has concluded that Mr. Scapparone should serve on the board and on our compensation committee based on his financial expertise and general business experience.

John Wilson has been a member of our board of directors since 2009. Mr. Wilson has been a Principal of Indigo since 2004, and, prior to that, held positions at America West Airlines and Northwest Airlines. Mr. Wilson also serves on the board of Wizz Air Holdings Plc, Whitefish Aviation Limited and Volaris. Our board of directors has concluded that Mr. Wilson should serve on the board and audit committee based on his experience in the airline industry, his financial expertise and general business experience.

Board Composition

Our board of directors is comprised of 11 members. In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to

serve from the time of election and qualification until the third annual meeting following election. Our directors are divided among the three classes as follows:

- The Class I directors are Messrs. Jones, Lotz and Oran, and their terms will expire at the annual general meeting of stockholders to be held in 2012;

- The Class II directors are Messrs. Baldanza, Elkins, Johnson and Scapparone, and their terms will expire at the annual general meeting of stockholders to be held in 2013; and

- The Class III directors are Messrs. Franke, Gardner, Kruse and Wilson, and their terms will expire at the annual general meeting of stockholders to be held in 2014.

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

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

As of September 30, 2011, Indigo and Oaktree, as a group, owned more than 50% of our outstanding voting securities and we were therefore considered a controlled company within the meaning of the NASDAQ Stock Market rules. Indigo and Oaktree are selling stockholders in this offering, and upon its completion that ownership level will be substantially reduced. Accordingly, following the completion of this offering, we may not remain a controlled company and could become subject to phase-in periods during which we must come into compliance with the NASDAQ Stock Market rules that require that our audit committee and compensation committee be composed entirely of independent directors. We already comply with the requirements of the Sarbanes-Oxley Act and the NASDAQ Stock Market rule requiring that the majority of our board of directors be independent and the rule requiring that all of the director serving on our nominating and corporate governance committee be independent. Our board of directors has undertaken a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors determined that Messrs. Elkins, Gardner, Johnson, Jones, Kruse, Lotz, Oran and Scapparone, representing eight of our eleven directors, are independent directors as defined under the applicable rules and regulations of the SEC and the NASDAQ Stock Market.

Leadership Structure

We have historically separated the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board provides guidance to the CEO and sets the agenda for board meetings and presides over meetings of the full board of directors. In addition, our amended and restated bylaws provide that the independent directors may appoint a lead director from among them to perform such duties as may be assigned by our board of directors.

Agreements or Understandings

Stockholders Voting Agreement. We have entered into a Stockholders Voting Agreement with investment funds managed by Indigo and Oaktree. The Stockholders Voting Agreement provides that certain of the investment funds managed by Indigo and Oaktree have the right to designate such number of director nominees to our board of directors as is equal to the product of the total number of directors to be elected multiplied by the ratio of the number of shares of our capital stock held by such stockholder to the number of shares of our capital stock held by investment funds managed by Indigo and Oaktree in the aggregate, in each case rounded to the nearest whole number except in limited circumstances for funds managed by Indigo. The designation of such nominees is subject to their election by our stockholders at the annual meeting, provided that each of the investment funds managed by Indigo and Oaktree shall vote all of the capital stock held by it in order to elect

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such nominees. The investment funds managed by Indigo and Oaktree have the right to remove and replace their respective director-designees at any time and for any reason and to fill any vacancies otherwise resulting in such director positions. By its terms, the Stockholders Voting Agreement terminates automatically at such time that the investment funds managed by Indigo and Oaktree, as a group, own less than 50% of our outstanding common stock. Indigo and Oaktree are selling stockholders in this offering, and the amount of shares they sell in this offering may result in their ownership as a group falling below this 50% threshold.

Board Committees

Our board of directors has the following committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee evaluates the independent auditors qualifications, independence and performance; determines the engagement of the independent auditors; reviews and approves the scope of the annual audit and the audit fee; discusses with management and the independent auditors the results of the annual audit and the review of our quarterly financial statements; approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the company s engagement team as required by law; reviews our critical accounting policies and estimates; oversees our internal audit function and annually reviews the audit committee charter and the committee s performance. The current members of our audit committee are H. McIntyre Gardner, who is the chair of the committee, Robert Johnson, Barclay Jones and John Wilson. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NASDAQ Stock Market. Our board has determined that H. McIntyre Gardner is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the NASDAQ Stock Market. Messrs. Gardner, Johnson and Jones are independent directors as defined under the applicable rules and regulations of the SEC and the NASDAQ Stock Market. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and the NASDAQ Stock Market. If as a result of this offering, we are no longer a controlled company within the meaning of the NASDAQ Stock Market rules, Mr. Wilson will be required to discontinue serving as a member of the audit committee.

Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. The compensation committee reviews and approves corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers, evaluates our performance in light of those goals and objectives, and sets the compensation of these officers based on such evaluations. The compensation committee also considers recommendations of our Chief Executive Officer with respect to the compensation of other executive officers. Our Chief Executive Officer evaluates each other executive officer s overall performance and contributions to us at the end of each fiscal year and reports to the compensation committee his recommendations of the other executive officers compensation. The compensation committee also administers the issuance of stock options and other awards under our stock plans. The compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. The current members of our compensation committee are Messrs. Franke, Elkins, Oran and Scapparone, with Mr. Franke serving as the chair of the committee.

In order for our compensation committee to continue to make recommendations or determinations with respect to executive compensation, such committee must be composed of a majority of independent directors

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within ninety days from the date we are no longer a controlled company, which could occur upon the completion of this offering, and entirely of independent directors within one year from that date. Our board of directors has affirmatively determined that each of Messrs. Elkins, Oran and Scapparone meets the definition of independent director for purposes of the NASDAQ Stock Market listing rules and for purposes of Section 162(m) of the Internal Revenue Code. If, as a result of this offering, we are no longer a controlled company within the meaning of the NASDAQ Stock Market rules, Mr. Franke will be required to discontinue serving as a member of the compensation committee within one year of that date.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations regarding candidates for directorships and the size and composition of our board. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations concerning governance matters. The nominating and corporate governance committee is comprised of Messrs. Gardner, Oran and Scapparone, with Mr. Gardner serving as the chair of the committee. Potential candidates for nomination to the board of directors will be discussed by the committee. Our board of directors has affirmatively determined that each of Messrs. Gardner, Oran and Scapparone meets the definition of independent director for purposes of the NASDAQ Stock Market listing rules.

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

Compensation Committee Interlocks and Insider Participation

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

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is applicable to all members of the board, executive officers and employees, including our chief executive officer, chief financial officer and principal accounting officer. The Code of Ethics and Business Conduct is available under the Investor Relations section on our website at www.spirit.com under Code of Ethics. The Code of Ethics and Business Conduct addresses, among other things, issues relating to conflicts of interests, including internal reporting of violations and disclosures, and compliance with applicable laws, rules and regulations. The purpose of the Code of Ethics and Business Conduct is to deter wrongdoing and to promote, among other things, honest and ethical conduct and to ensure to the greatest possible extent that our business is conducted in a legal and ethical manner. We intend to promptly disclose (1) the nature of any amendment to our code of ethics that applies to our directors, executive officers or other principal financial officers and (2) the nature of any waiver, including an implicit waiver, from a provision of our code of ethics that is granted to one of these specified directors, officers or other principal financial officers, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

Limitation of Liability and Indemnification

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

- any breach of the director s duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

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

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

Post-IPO Compensation Arrangements for our Non-Employee Directors

We compensate our non-employee directors for their service on our board of directors, but do not pay director fees to our directors who are our employees. In October 2011, we adopted a new non-employee director compensation policy under which each non-employee director is entitled to receive an annual retainer of $30,000 paid in quarterly installments and fees of $1,500 for attendance at each meeting of our board of directors. In addition, each committee member is entitled to receive fees of $1,500 for attendance in person at each committee meeting of our board of directors. The Chairman of the Board, Chair of the audit committee and Chairs of any other board committees receives additional annual retainers of $20,000, $12,000 and $5,000, respectively.

Non-employee directors are also entitled to receive an annual equity based grant (which could be in the form of stock options, restricted stock units, restricted stock or other equity-based compensation) with an estimated fair market value of $40,000 as of the grant date.

Non-employee directors are reimbursed for travel and other expenses incurred for attending meetings. Consistent with prevailing practice in the airline industry, non-employee directors are also afforded free positive-space family travel benefits on our airline up to a maximum value of $5,000 per year. Prior to the adoption of our new non-employee director compensation policy, our non-employee directors received an annual cash retainer of $25,000, payable in quarterly installments.

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Director Compensation Table

The following table sets forth information regarding compensation earned by our non-employee directors during 2010 pursuant to director compensation practice applicable prior to our IPO.

Name	Fees Earned or Paid in Cash($)	All Other Compensation ($)	Total ($)
Bill Franke (1)	25,000		25,000
Jordon Kruse (2)			
Barclay Jones, III	25,000		25,000
Stuart Oran	25,000		25,000
Horacio Scapparone	25,000		25,000
John Wilson	25,000		25,000
David Elkins (3)	12,500	6,250(4)	18,750
H. McIntyre Gardner (3)	12,500	6,250(4)	18,750
Robert Johnson (3)	12,500	6,250(4)	18,750
Michael Lotz (5)			

(1) Mr. Franke is the sole member of Indigo Partners LLC, which receives annual fees totaling $800,000 under the terms of a professional services agreement with the Company. This agreement was terminated on May 25, 2011. Please see Certain Relationships and Related Transactions Professional Services Agreement.

(2) Mr. Kruse is a managing director at Oaktree. The annual fees payable to Mr. Kruse for his service on our board are paid to Oaktree.

(3) Messrs. Elkins, Gardner and Johnson were appointed to the Board in July 2010.

(4) Consists solely of board observer fees paid to Messrs. Elkins, Gardner and Johnson prior to becoming elected members of the Board.

(5) Mr. Lotz was appointed to our board of directors in February 2011.

None of our non-employee directors held any stock options or unvested stock awards as of December 31, 2010.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.

Our compensation committee is responsible for establishing, implementing, and monitoring adherence to our compensation philosophy. We seek to ensure that the total compensation paid to our executive officers is fair, reasonable and competitive. Our compensation committee is appointed by our board of directors. In 2010, our compensation committee determined the compensation for our Chief Executive Officer and all of our other named executive officers, or NEOs.

Our NEOs for 2010 were as follows:

- B. Ben Baldanza, Chief Executive Officer and President;
- David Lancelot, Senior Vice President and Chief Financial Officer;
- Barry Biffle, Executive Vice President and Chief Marketing Officer;
- Thomas Canfield, Senior Vice President, General Counsel and Secretary; and
- Ken McKenzie, former Chief Operating Officer.

Mr. McKenzie resigned as Chief Operating Officer effective July 15, 2011 and provided services to us under transitional arrangements until July 29, 2011.

Compensation Philosophy and Objectives

The market for experienced management is highly competitive in our industry. Our goal is to attract and retain the most highly qualified executives to manage each of our business functions. In doing so, we draw upon a pool of talent that is highly sought within the airline industry. Within this talent pool, we seek out individuals who we believe will be able to contribute to our unique operating model and our vision of future success, our culture and values, and who will enhance the cohesiveness and productivity of our teams. We regard as fundamental that executive officer compensation be structured to provide competitive base salaries and benefits to attract and retain superior employees, and to provide incentive compensation to motivate executive officers to attain, and to reward executive officers for attaining, established financial, operational and other goals that are consistent with increasing stockholder value. In fiscal year 2010, our board of directors used cash bonuses and awards of stock options as our incentive compensation arrangement for executive officers, including the named executive officers.

In determining the form and amount of compensation payable to the named executive officers, we are guided by the following objectives and principles:

- ***Compensation levels should be competitive to attract and retain key executives.*** We aim to provide an executive compensation program that attracts, motivates and retains high performance talent and rewards them for our achieving and maintaining a competitive position in our industry. Total compensation (*i.e.*, maximum achievable compensation) should increase with position and responsibility.

Compensation should relate directly to performance, and incentive compensation should constitute a significant portion of total compensation. We aim to foster a pay-for-performance culture, with a significant portion of total compensation being at risk. Accordingly, a significant portion of total compensation should be tied to and vary with our financial, operational and strategic performance, as well as individual performance. Executives with greater roles and the ability to directly impact our strategic goals and long-term results should bear a greater proportion of the risk if these goals and results are not achieved. The amount of at risk pay is structured accordingly.

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Long-term incentive compensation should align executives interests with our stockholders interests. Awards of long-term incentives, including equity-based compensation encourage executives to focus on our long-term growth and prospects and incentivize executives to manage the company from the perspective of stockholders with a meaningful stake in us, as well as to focus on long-term career orientation.

Determination of Compensation

The compensation committee meets not less than annually to specifically review and determine adjustments, if any, to the Chief Executive Officer s compensation, including his base salary, annual bonus compensation and long-term equity awards and to review and consider recommendations of the Chief Executive Officer with respect to the other NEOs base salaries, annual bonus compensation and long-term equity awards. For 2010, the compensation committee determined each individual component of compensation for our NEOs. The compensation committee annually evaluates our company-wide performance against the approved operating plan for the prior fiscal year. The compensation committee also meets periodically to discuss compensation-related matters as they arise during the year. Mr. Baldanza evaluates each other NEO s individual performance and contributions to the Company at the end of each fiscal year and reports to the compensation committee his recommendations regarding each element of the other NEOs compensation to the compensation committee. Mr. Baldanza does not participate in any formal discussion with the compensation committee regarding decisions on his own compensation and he recuses himself from meetings when his compensation is discussed.

We do not generally rely on formulaic guidelines for determining the mix or levels of cash and equity-based compensation, but rather maintain a flexible compensation program that allows us to adapt components and levels of compensation to motivate and reward individual executives within the context of our desire to attain certain financial and operational goals. Subjective factors considered in compensation determinations include an executive s skills and capabilities, contributions as a member of the executive management team, contributions to our overall performance and whether the total compensation potential and structure is sufficient to ensure the retention of an executive when considering the compensation potential that may be available elsewhere.

In making compensation determinations, the compensation committee has not undertaken any formal benchmarking or reviewed any formal surveys of compensation for our competitors, but has instead relied primarily on its general knowledge of the competitive market for executive talent, especially in our industry.

In July 2011, the compensation committee engaged an independent compensation consultant to assist the compensation committee with our executive compensation program design.

Components of Compensation for 2010

Our performance-driven compensation program for our NEOs consists of four components:

- base salary;
- discretionary cash bonuses;
- equity-based incentives; and
- benefits.

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

Base Salary. We provide our NEOs and other employees with a base salary to compensate them for services rendered during the fiscal year. The base salary payable to each NEO is intended to provide a fixed component of compensation reflecting the executive s skill set, experience, role and responsibilities. Base salary amounts are

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established based on consideration of, among other factors, the scope of the NEOs responsibilities, years of service and the compensation committee s general knowledge of the competitive market, based on, among other things, experience with other companies and our industry.

The NEOs 2010 base salaries are set forth under the 2010 Summary Compensation Table below. In 2010, Messrs. Baldanza and Canfield, received 2.8% and 3.5% raises, respectively, based on the compensation committee s subjective evaluation of Mr. Baldanza s performance, and Mr. Baldanza s subjective evaluation and recommendations to the committee relating to Mr. Canfield s performance. Messrs. Lancelot, Biffle and McKenzie did not receive base salary increases for 2010.

Bonuses. We provide cash bonuses to provide incentives to executive officers to drive company-wide financial and operating performance. All of our NEOs are eligible for annual cash bonuses, which are determined annually at the discretion of the compensation committee. The compensation committee has generally used a guideline target opportunity for our NEOs and other officers of 50% of base salary. The determination of the amount of annual bonuses paid to our executive officers generally reflects a number of subjective considerations, including our cash, earnings and cost management, and a subjective evaluation of the individual contributions of the executive officer during the relevant period.

The compensation committee did not establish any performance targets or goals under the annual bonus program for 2010. In determining bonuses to executive officers with respect to 2010, the compensation committee reviewed our 2010 financial and operating performance, including Adjusted EBITDA and EBITDAR, Adjusted CASM ex fuel and the amount of year-end cash on hand, as well as individual performance and the effect of unanticipated events such as our June 2010 pilot strike. Following this review, the compensation committee awarded bonuses to executive officers ranging between 28% and 40% of the executives respective base salaries.

Equity-based incentives. We believe that long-term performance is achieved through an ownership culture that rewards and encourages long-term performance by our executive officers through the use of cash and stock- based awards. Our 2011 Equity Incentive Award Plan, or the 2011 Plan, became effective on May 25, 2011. The 2011 Plan replaced the Amended and Restated 2005 Incentive Plan, or the 2005 Stock Plan, and no new awards will be granted under the 2005 Stock Plan. Our board of directors adopted the 2011 Plan in order to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to our employees and consultants, and to promote the success of our business. Historically we have granted options, restricted stock and restricted stock unit awards. The compensation committee determined on an annual basis who received awards under the 2005 Stock Plan and the limitations on those awards and will do so under the 2011 Plan as well.

On July 27, 2010, Mr. McKenzie received an option to purchase 185,000 shares of our common stock in connection with his commencement of employment. Mr. McKenzie s award was negotiated as part of his offer of employment and vests in four installments on each annual anniversary of December 10, 2009, his date of commencement of employment. Mr. McKenzie also received an additional option to purchase 30,000 shares on July 27, 2010 as part of our annual equity grants, which vests in four installments on each annual anniversary of the date of grant. These options have an exercise price of $7.80 per share, which was determined to be the fair market value of our common stock on the date of grant. The compensation committee determined the number of shares subject to Mr. McKenzie s initial option grant based on arms-length negotiations in connection with his commencement of employment and its general knowledge of grants made by other companies and common practice in our industry. The compensation committee determined the number of shares subject to Mr. McKenzie s additional option grant based on subjective review of Mr. McKenzie s performance during the term of his employment, its review and consideration of his initial option grant and his role and responsibility within our company. Following Mr. McKenzie s resignation in July 2011, he retained stock options to purchase 53,750 shares (which had vested as of July 29, 2011 and were exercised in September 2011) and forfeited unvested stock options to purchase 161,250 shares. In addition, Messrs. Biffle and Canfield each received options to purchase 10,000 shares on July 27, 2010. The compensation committee approved these awards based on its subjective review of each executive s performance, unvested equity holdings and the Company s need to retain and properly incentivize each executive.

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We expect the annual equity awards we make to our executive officers will be driven by our sustained performance over time, our executive officers ability to impact our results that drive stockholder value, their organization level and their potential to take on roles of increasing responsibility. Equity forms a key part of the overall compensation for each executive officer and will be considered each year as part of the annual performance review process and incentive payout calculation.

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

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

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

Severance and Change in Control-Based Compensation. Our NEOs participate in an executive severance plan. Under the executive severance plan, in the event of (i) a termination without cause, (ii) a termination without cause in connection with a change in control of us or within 12 months following a change in control of us, or (iii) a termination for good reason within 30 days following a change in control of us, each participant that holds a Senior Vice President or higher position is entitled to receive, subject to, among other things, execution of a general release, continuation of salary payments and COBRA coverage for 12 months, a free family travel pass on our flights for 12 months and use of a blackberry for 30 days in order to allow the participant to transition to another device. The severance plan also references the benefits provided under our equity plans, which provide for full acceleration of awards in the event of a change in control or death or disability or if a participant is terminated without cause less than 90 days prior to a change in control. The benefits provided under the severance plan are in lieu of any other benefits provided under any other Company policy, plan or arrangement, including any benefits provided under any employment agreement. Under Mr. Baldanza s employment agreement, we agreed to provide Mr. Baldanza with continuation of salary payments for 12 months and a lifetime travel pass on our flights if his employment is terminated by us without cause, subject to Mr. Baldanza s execution of a general release. We believe that terminations of employment, both within and outside of the change in control context, are causes of great concern and uncertainty for senior executives and that providing protections to our executives in these contexts is therefore appropriate in order to alleviate these concerns and allow the executives to remain focused on their duties and responsibilities to the Company in all situations.

Perquisites. As is common in the airline industry, senior executives and their immediate families are entitled to certain travel privileges on our flights, which may be on a positive space basis. Similar travel benefits (which generally are on a space available basis) are afforded to all of our director-level employees and above. The value of such flight benefits for the executives is reported as taxable income. We believe that providing these benefits is a relatively inexpensive way to enhance the competitiveness of the executive s compensation package. We do not provide any other significant perquisites or personal benefits to our named executive officers.

Stock Ownership Guidelines. The board of directors has not implemented stock ownership guidelines for our executives. The board of directors will continue to periodically review best practices and re-evaluate our position with respect to stock ownership guidelines.

Tax and Accounting Considerations. While our board of directors and our compensation committee generally consider the financial accounting and tax implications of their executive compensation decisions, neither element has been a material consideration in the compensation awarded to our NEOs historically. In addition, our compensation committee and our board of directors have considered the potential future effects of Section 162(m) of the Internal Revenue Code on the compensation paid to our NEOs. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding $1 million in any taxable year for our chief executive officer and each of the other NEOs (other than our chief financial officer), unless compensation is performance-based. As we were not publicly-traded until our IPO, our compensation committee has not historically taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation.

2010 and 2009 Summary Compensation Table

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

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (2)	All Other Compensation ($) (3)	Total ($)
B. Ben Baldanza	2010	468,930	130,000			8,430	607,360
Chief Executive Officer and President	2009	457,200	308,623	46,750		8,417	820,990
David Lancelot	2010	291,011	95,000			8,430	394,441
Senior Vice President and Chief Financial Officer	2009	291,011	196,432	22,000		7,807	517,250
Barry Biffle	2010	310,000	125,000		40,300	8,430	483,730
Executive Vice President and Chief Marketing Officer	2009	310,000	225,000	37,125		8,417	580,542
Thomas Canfield	2010	299,167	100,000		40,300	180	439,647
Senior Vice President, General Counsel and Secretary	2009	290,000	195,750	55,000		167	540,917
Ken McKenzie (4)	2010	335,000	110,000		866,450(5)	8,430	1,319,880
Chief Operating Officer	2009	24,480					24,480

(1) Amounts shown in the Stock Awards column represent the aggregate grant date fair value of restricted stock granted during 2009 computed in accordance with FASB ASC Topic 718.

(2) Amounts shown in the Option Awards column represent the aggregate grant date fair value of option awards granted during 2010 computed in accordance with FASB ASC Topic 718. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model using the following weighted-average assumptions for options granted to all employees:

	2010
Risk-free interest rate	2.12%
Expected life in years	6.25
Expected volatility	51.6%
Expected dividend yield	0%

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(3) Amounts under the All Other Compensation column for 2010 consist of 401(k) company-matching contribution and company-paid life insurance premiums and accidental death and dismemberment insurance premiums as follows:

Name	401(k) Plan Company Contributions ($)(a)	Company-paid Life Insurance and accidental death and dismemberment insurance Premiums ($)
Mr. Baldanza	8,250	180
Mr. Lancelot	8,250	180
Mr. Biffle	8,250	180
Mr. Canfield	0	180
Mr. McKenzie	8,250	180

(a) See Employee Benefits Plans 401(k) Plan for a description of employer matching contributions made under our defined contribution 401(k) plans.

(4) Mr. McKenzie s compensation for 2009 is pro-rated to reflect his commencement of employment with us as our Chief Operating Officer on December 10, 2009. Mr. McKenzie resigned as Chief Operating Officer effective July 15, 2011.

(5) Reflects grant of stock options to purchase 215,000 shares, of which unvested stock options to purchase 161,250 shares were forfeited in July 2011 in connection with Mr. McKenzie s resignation.

Grants of Plan-Based Awards in 2010

The following table sets forth certain information with respect to grants of plan-based awards to our NEOs for 2010.

Name	Approval Date	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Grant Date Fair Value of Stock and Option Awards ($)(1)
Barry Biffle	7/27/10	7/27/10	10,000	40,300
Thomas Canfield	7/27/10	7/27/10	10,000	40,300
Ken McKenzie	7/27/10	7/27/10	185,000	745,550
	7/27/10	7/27/10	30,000	120,900

(1) Amounts shown in this column represent the aggregate grant date fair value of option awards granted during 2010 as computed in accordance with FASB ASC Topic 718. See footnote (2) to the Summary Compensation Table for a discussion of valuation assumptions for the aggregate grant date fair values**.**

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

Employment Agreement and Offer Letters

B. Ben Baldanza. On January 24, 2005, we entered into an employment agreement with B. Ben Baldanza, our current Chief Executive Officer and President. Under the employment agreement, Mr. Baldanza is entitled to receive an annual base salary of no less than $450,000 as Chief Executive Officer, a target bonus of 50% but not exceeding 100% of his base salary, as well as a monthly car allowance. In 2007, Mr. Baldanza s car allowance (and that of other senior executives) was eliminated in connection with a salary increase in that year. The agreement provided for a grant of 225,000 shares of restricted stock in connection with his commencement of employment and an additional grant of 125,000 shares of restricted stock when Mr. Baldanza succeeded to the position of Chief Executive Officer. In addition, we agreed to provide Mr. Baldanza with 12 months of base salary and a lifetime family travel pass on our flights if his employment is terminated by us without cause, subject to Mr. Baldanza s execution of a general release.

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David Lancelot. On December 11, 2006, we entered into an employment letter agreement with David Lancelot, our current Senior Vice President and Chief Financial Officer. Under the agreement, Mr. Lancelot is entitled to receive an annual base salary from us initially set at $285,000, as well as a monthly car allowance (which was eliminated in 2007 in exchange for an increase in base salary). The letter agreement also provides that Mr. Lancelot would be eligible to participate in an incentive compensation program, as approved by our board of directors. In addition, the agreement provided for a grant of 90,000 shares of restricted stock to Mr. Lancelot in connection with his commencement of employment, in accordance with the terms of our 2005 Stock Plan. The letter agreement also provides for positive space travel on our airline for the executive and his immediate family.

Barry Biffle. On January 27, 2005, we entered into an employment letter agreement with Barry Biffle, our current Executive Vice President and Chief Operating Officer. Under the agreement, Mr. Biffle is entitled to receive an annual base salary from us initially set at $200,000, as well as a monthly car allowance (which was eliminated in 2007 in exchange for an increase in base salary). Under the agreement, Mr. Biffle was entitled to an initial equity grant equal to 0.75% of our then-outstanding common stock, or 75,000 shares. The letter agreement also provides for positive space travel on our airline for the executive and his immediate family.

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

Ken McKenzie. On November 21, 2009, we entered into an employment letter agreement with Ken McKenzie, our current Chief Operating Officer. Under the agreement, Mr. McKenzie was entitled to receive an annual base salary from us initially set at $335,000. In addition, the agreement provided for a grant of 125,000 shares of restricted stock or other stock-based compensation to Mr. McKenzie in connection with his commencement of employment, in accordance with the terms of our 2005 Stock Plan. The letter agreement also provided for positive space travel on our airline for the executive and his immediate family. Effective July 15, 2011, Mr. McKenzie resigned as Chief Operating Officer and provided services to us under transitional arrangements until July 29, 2011. Accordingly, this agreement terminated.

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Outstanding Equity Awards at December 31, 2010

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2010.

		Option Awards				Stock Awards	
Name	Vesting Commencement Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number Of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number Of Shares Of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)(1)
B. Ben Baldanza	5/5/09(2)					31,875	$ 312,694
	2/11/08(3)					35,000	343,350
	7/11/07(4)					9,375	91,969
David Lancelot	5/5/09(2)					15,000	147,150
	2/11/08(3)					25,000	245,250
	7/11/07(4)					6,875	67,444
	2/20/07(4)					22,500	220,725
Barry Biffle	2/2/10(5)		10,000	$ 7.80	7/27/20		
	5/5/09(2)					25,313	248,321
	12/1/08(3)					37,500	367,875
	2/11/08(3)					30,000	294,300
	7/11/07(4)					7,813	76,646
Thomas Canfield	2/2/10(5)		10,000	$ 7.80	7/27/20		
	5/5/09(2)					37,500	367,875
	2/11/08(3)					25,000	245,250
	10/10/07(4)					18,750	183,938
Ken McKenzie	7/27/10(5)		30,000	$ 7.80	10/15/11		
	12/10/09(5)	46,250	138,750	$ 7.80	10/15/11		

(1) The market value of shares of stock that have not vested is calculated based on the fair market value of our common stock as of December 31, 2010 which our board of directors determined to be $9.81.
(2) The unvested shares vest in three equal annual installments on each of the second, third and fourth anniversaries of the vesting commencement date.
(3) The unvested shares vest in two equal installments on the third and fourth anniversaries of the vesting commencement date.
(4) The unvested shares vest on the fourth anniversary of the vesting commencement date.
(5) Effective July 15, 2011, Mr. McKenzie resigned from his position as Chief Operating Officer, and he agreed to provide services to us under transitional arrangements until July 29, 2011. As of July 29, 2011, 53,750 shares underlying options had vested and were exercised on September 22, 2011. The remaining unvested options were forfeited.

Option Exercises and Stock Vested in 2010

The following table shows information regarding vesting of restricted stock held by our NEOs during 2010. We have calculated the value realized on vesting by multiplying the number of shares of stock by the fair market value of our common stock on the vesting date. We have provided no information regarding stock option exercises because no NEOs exercised any stock options during 2010.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
B. Ben Baldanza	37,500	267,825
David Lancelot	46,875	316,275

Barry Biffle	51,749	527,286
Thomas Canfield	43,750	357,320
Ken McKenzie		

(1) Amounts shown are based on the fair market value of our common stock on the applicable vesting date.

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Pension Benefits

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

Nonqualified Deferred Compensation

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

Potential Payments upon Termination or Change in Control

The information below describes and quantifies certain compensation and benefits that would have become payable to each of our NEOs if our NEO s employment had terminated on December 31, 2010 as a result of each of the termination scenarios described below, taking into account the named executive s compensation as of that date. The information below does not generally reflect compensation and benefits available to all salaried employees upon termination of employment with us under similar circumstances. We are not obligated to provide any additional compensation in connection with a change in control.

Name of Executive Officer	Termination Scenario	Severance ($) (1)	Value of Unvested Restricted Stock Awards ($) (2)	Value of Unvested Option Awards (3)	Value of Continued Health Care Coverage Premiums ($) (4)	Life Insurance Proceeds ($) (5)	Other ($) (6)	Total ($)
B. Ben Baldanza	Termination without Cause(7)	470,000					29,652	499,652
	Change of Control		748,013					748,013
	Qualifying Termination in Connection with a Change in Control(8)	470,000	748,013		17,491		1,054	1,236,558
	Death or Disability		748,013			75,000		823,013
David Lancelot	Termination without Cause(7)	291,011			17,491		1,706	310,208
	Change of Control		680,569					680,569
	Qualifying Termination in Connection with a Change in Control(8)	291,011	680,569		17,491		1,706	990,777
	Death or Disability		680,569			75,000		755,569
Barry Biffle	Termination without Cause(7)	310,000			17,491		1,054	328,545
	Change of Control		987,142	20,100				1,007,242
	Qualifying Termination in Connection with a Change in Control(8)	310,000	987,142	20,100	17,491		1,054	1,335,787
	Death or Disability		987,142	20,100		75,000		1,082,242
Thomas Canfield	Termination without Cause(7)	300,000			17,491		1,054	318,545
	Change of Control		797,063	20,100				817,163
	Qualifying Termination in Connection with a Change in Control(8)	300,000	797,063	20,100	17,491		1,054	1,135,708
	Death or Disability		797,063	20,100		75,000		892,163

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Name of Executive Officer	Termination Scenario	Severance ($) (1)	Value of Unvested Restricted Stock Awards ($) (2)	Value of Unvested Option Awards (3)	Value of Continued Health Care Coverage Premiums ($) (4)	Life Insurance Proceeds ($) (5)	Other ($) (6)	Total ($)
Ken McKenzie	Termination without Cause(7)(9)	335,000			17,491		1,380	353,871
	Change of Control			339,188				339,188
	Qualifying Termination in Connection with a Change in Control(8)(9)	335,000		339,188	17,491		1,380	693,059
	Death or Disability			339,188		75,000		414,188

(1) Represents continuation of salary payments for 12 months.
(2) Represents the aggregate value of the executive s unvested restricted stock that would have vested on an accelerated basis, determined by multiplying the number of accelerating shares by the fair market value of our common stock ($9.81) as of December 31, 2010. Under the 2005 Stock Plan, in the event of a change of control, death or disability or if a participant is terminated without cause less than 90 days prior to a change in control, all awards become fully vested.
(3) Represents the aggregate value of the executive s unvested option awards that would have vested on an accelerated basis, based on the spread between the fair market value of our common stock ($9.81) as of December 31, 2010 and the stock options exercise prices.
(4) Represents continued coverage under COBRA for 12 months under the executive severance plan based on the incremental cost of our contribution as of December 31, 2010 to provide this coverage.
(5) Our NEOs each receive life insurance proceeds of $75,000 upon death, which amounts have been included in the table. We pay the premiums for term life insurance for all eligible employees providing coverage ranging between $20,000 and $100,000.
(6) For NEOs other than Mr. Baldanza, represents the value of a free family travel pass for 12 months and use of a blackberry for 30 days in order to allow the participant to transition to another device. The value of the flight benefits for 12 months was calculated using an incremental cost approach, assuming that executives and eligible family members would each take ten round trip flights during the period, each with an incremental cost that includes the estimated cost of incremental fuel, insurance, security, station cleaning, facility rent and station baggage rent, but excludes fees and taxes paid by the named executive officer for the air transportation. In the case of Mr. Baldanza, in the event of a termination without cause only, represents the value of a lifetime travel pass (including immediate family) on our flights, as provided under his employment agreement. The present value of the lifetime flight benefit was calculated using a discount rate of 7.00% and mortality assumptions based on the United States Statistics Life Expectancy Tables. The value was calculated using an incremental cost approach, assuming that Mr. Baldanza and his eligible family members would each take ten round trip flights during each year, each with an incremental cost that includes the estimated cost of incremental fuel, insurance, security, station cleaning, facility rent and station baggage rent, but excludes fees and taxes paid by Mr. Baldanza for the air transportation.
(7) Represents the benefits payable to Mr. Baldanza under his employment agreement and the benefits payable to each other NEO under the executive severance plan.
(8) Represents the benefits payable to each NEO under the executive severance plan in the event of a termination without cause in connection with a change in control of us or within 12 months following a change in control of us or a termination for good reason within 30 days following a change in control of us.
(9) Mr. McKenzie became eligible for benefits under our executive severance plan on June 10, 2010, which is six months after his commencement of employment with us. Effective July 15, 2011, Mr. McKenzie resigned as Chief Operating Officer. Mr. McKenzie did not receive any additional benefits in connection with his resignation.

Compensation Risk Assessment

Management considered our compensation policies and practices for our employees to determine if these policies and practices give rise to risks that are reasonably likely to have a material adverse effect on us.

This risk assessment process included a review by management of our compensation policies and practices and identification of risks and risk controls related to the programs. Although management reviewed all compensation programs, it focused on the programs with variability of payout, which means the participant is able to directly affect payout. Management assessed our compensation programs against potential compensation risks relating to pay mix, performance metrics, payment timing and adjustments, equity incentives, performance appraisals, and leadership and culture. No areas of risk were determined to be reasonably likely to have a material adverse effect on us.

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In reaching its conclusion that our compensation policies and practices do not give rise to risks that are reasonably likely to have a material adverse effect on us, management considered the following:

For most of our employees, cash compensation is fixed in the form of base salaries or hourly cash compensation. For our officers and director-level employees, the majority of cash compensation is also fixed in the form of base salaries. Fixed compensation in the form of base salaries or hourly compensation provide income regardless of our short-term performance and do not create an incentive for employees to take unnecessary risks.

In evaluating our performance for purposes of our cash incentive plans, the compensation committee reviews our performance in several areas, including income statement and balance sheet financial measures, to provide a balanced perspective.

The compensation committee exercises broad discretion in determining compensation amounts, and qualitative factors beyond quantitative financial metrics are a key consideration in the determination of individual cash bonuses and long-term equity awards. For example, for 2010, the determination of bonus payouts under our executive cash incentive was not formulaic and was based on the compensation committee s evaluation of qualitative factors beyond quantitative financial metrics.

The financial opportunity in our long-term incentive program is best realized through long-term appreciation of our stock price, which mitigates excessive short-term risk-taking. Equity-based awards vest over four years, subject to the holder s continuing service with us. This promotes alignment of our employees interests with our long-term objectives and interests and with stockholders interests.

Employee Benefit Plans

The principal features of our equity incentive plans and our 401(k) plan are summarized below. These summaries are qualified in their entirety by reference to the text of the plans, which, other than the 401(k) plan, are filed as exhibits to the registration statement.

2011 Equity Incentive Award Plan

On May 9, 2011, we adopted a 2011 Equity Incentive Award Plan. The principal purpose of the 2011 Plan is to attract, retain and engage selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards. The 2011 Plan is also designed to permit us to make cash-based awards and equity-based awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. The principal features of the 2011 Plan are summarized below.

Share Reserve. As of the effective date of our 2011 Plan, 3,397,614 shares of our common stock were reserved for issuance under the 2011 Plan pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalent awards, stock payment awards and performance awards and other stock-based awards. The number of shares reserved for issuance under our 2011 Plan includes the number of shares remaining available for future awards under our 2005 Stock Plan at the time the 2011 Plan become effective. The number of shares reserved for issuance or transfer pursuant to awards under the 2011 Plan will be increased by the number of shares represented by awards outstanding under our 2005 Stock Plan that are forfeited or lapse unexercised and which following the effective date of the 2011 Plan are not issued under the 2005 Stock Plan; provided, however, no more than 3,563,125 shares of stock may be issued upon the exercise of incentive stock options. As of September 30, 2011, 3,296,614 shares of our common stock remained available for future issuance under the 2011 Plan.

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The following counting provisions are in effect for the share reserve under the 2011 Plan:

- to the extent that an award terminates, expires or lapses for any reason or an award is settled in cash without the delivery of shares, any shares subject to the award at such time will be available for future grants under the 2011 Plan;

- to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the 2011 Plan, such tendered or withheld shares will be available for future grants under the 2011 Plan;

- to the extent that shares of our common stock are repurchased by us prior to vesting so that shares are returned to us, such shares will be available for future grants under the 2011 Plan;

- the payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2011 Plan; and

- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the 2011 Plan.

Administration. The compensation committee of our board of directors administers the 2011 Plan unless our board of directors assumes authority for administration. The 2011 Plan provides that the compensation committee may delegate its authority to grant awards to employees other than executive officers and certain senior executives of the company to a committee consisting of one or more members of our board of directors or one or more of our officers.

Subject to the terms and conditions of the 2011 Plan, the administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the 2011 Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the 2011 Plan. Our board of directors may at any time remove the compensation committee as the administrator and revest in itself the authority to administer the 2011 Plan. The full board of directors administers the 2011 Plan with respect to awards to non-employee directors.

Eligibility. Options, SARs, restricted stock and all other stock-based and cash-based awards under the 2011 Plan may be granted to individuals who are then our officers, employees or consultants or are the officers, employees or consultants of certain of our subsidiaries. Such awards also may be granted to our directors. Only employees of our company or certain of our subsidiaries may be granted incentive stock options, or ISOs.

Awards. The 2011 Plan provides that the administrator may grant or issue stock options, SARs, restricted stock, restricted stock units, deferred stock, dividend equivalents, performance awards, stock payments and other stock-based and cash-based awards, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Nonqualified Stock Options*, or NQSOs, will provide for the right to purchase shares of our common stock at a specified price, which may not be less than fair market value on the date of grant, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant s continued employment or service with us and/or subject to the satisfaction of corporate performance targets and individual performance targets established by the administrator. NQSOs may be granted for any term specified by the administrator that does not exceed ten years from the grant date.

Incentive Stock Options, or ISOs, will be designed in a manner intended to comply with the provisions of Section 422 of the Code and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs must have an exercise price of not less than the fair market value of a share of common stock on the grant date, may only be granted to employees, and must not be exercisable after a

period of ten years measured from the grant date. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the 2011 Plan provides that the exercise price must be at least 110% of the fair market value of a share of common stock on the grant date and the ISO must not be exercisable after a period of five years from the date of grant.

Restricted Stock may be granted to any eligible individual and made subject to such restrictions as may be determined by the administrator. Restricted stock, typically, may be forfeited for no consideration or repurchased by us at the original purchase price if the conditions or restrictions on vesting are not met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse, however, extraordinary dividends will generally be placed in escrow, and will not be released until restrictions are removed or expire.

Restricted Stock Units may be awarded to any eligible individual, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Like restricted stock, restricted stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.

Deferred Stock Awards represent the right to receive shares of our common stock on a future date. Deferred stock may not be sold or otherwise hypothecated or transferred until issued. Deferred stock will not be issued until the deferred stock award has vested, and recipients of deferred stock generally will have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the shares are issued. Deferred stock awards generally will be forfeited, and the underlying shares of deferred stock will not be issued, if the applicable vesting conditions and other restrictions are not met.

Stock Appreciation Rights, or SARs, may be granted in connection with stock options or other awards, or separately. SARs granted in connection with stock options or other awards typically will provide for payments to the holder based upon increases in the price of our common stock over a set exercise price. The exercise price of any SAR granted under the 2011 Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant. Except as required by Section 162(m) of the Code with respect to a SAR intended to qualify as performance-based compensation as described in Section 162(m) of the Code, there are no restrictions specified in the 2011 Plan on the exercise of SARs or the amount of gain realizable therefrom, although restrictions may be imposed by the administrator in the SAR agreements. SARs under the 2011 Plan will be settled in cash or shares of our common stock, or in a combination of both, at the election of the administrator.

Dividend Equivalents represent the value of the dividends, if any, per share paid by us, calculated with reference to the number of shares covered by the award. Dividend equivalents may be settled in cash or shares and at such times as determined by the compensation committee or board of directors, as applicable.

Performance Awards may be granted by the administrator on an individual or group basis. Generally, these awards will be based upon specific performance targets and may be paid in cash or in common stock or in a combination of both. Performance awards may include phantom stock awards that provide for payments based upon the value of our common stock. Performance awards may also include bonuses that may be granted by the administrator on an individual or group basis and which may be payable in cash or in common stock or in a combination of both.

Stock Payments may be authorized by the administrator in the form of common stock or an option or other right to purchase common stock as part of a deferred compensation on other arrangement in lieu of all or any part of compensation, including bonuses, that would otherwise be payable in cash to the employee, consultant or non-employee director.

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Change in Control. In the event of a change in control where the acquirer does not assume or replace awards granted under the 2011 Plan, awards issued under the 2011 Plan will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable or payable, as applicable, prior to the consummation of such transaction and if not exercised or paid the awards will terminate upon consummation of the transaction. In addition, the administrator will also have complete discretion to structure one or more awards under the 2011 Plan to provide that such awards will become vested and exercisable or payable on an accelerated basis in the event such awards are assumed or replaced with equivalent awards but the individual s service with us or the acquiring entity is subsequently terminated within a designated period following the change in control event. The administrator may also make appropriate adjustments to awards under the 2011 Plan and is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. Under the 2011 Plan, a change in control is generally defined as:

- the transfer or exchange in a single or series of related transactions by our stockholders of more than 50% of our voting stock to a person or group;
- a change in the composition of our board of directors over a two-year period such that 50% or more of the members of our board of directors were elected through one or more contested elections;
- a merger, consolidation, reorganization or business combination in which we are involved, directly or indirectly, other than a merger, consolidation, reorganization or business combination, which results in our outstanding voting securities immediately before the transaction continuing to represent a majority of the voting power of the acquiring company s outstanding voting securities and after which no person or group beneficially owns 50% or more of the outstanding voting securities of the surviving entity immediately after the transaction;
- the sale, exchange, or transfer of all or substantially all of our assets; or
- stockholder approval of our liquidation or dissolution.

Adjustments of Awards. In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of our assets to stockholders (other than normal cash dividends) or any other corporate event affecting the number of outstanding shares of our common stock or the share price of our common stock that would require adjustments to the 2011 Plan or any awards under the 2011 Plan in order to prevent the dilution or enlargement of the potential benefits intended to be made available thereunder, the administrator will make appropriate, proportionate adjustments to:

- the aggregate number and type of shares subject to the 2011 Plan;
- the number and kind of shares subject to outstanding awards and terms and conditions of outstanding awards (including, without limitation, any applicable performance targets or criteria with respect to such awards); and
- the grant or exercise price per share of any outstanding awards under the 2011 Plan.

Amendment and Termination. Our board of directors or the compensation committee (with board of director approval) may terminate, amend or modify the 2011 Plan at any time and from time to time. However, we must generally obtain stockholder approval:

- to increase the number of shares available under the 2011 Plan (other than in connection with certain corporate events, as described above); or

to the extent required by applicable law, rule or regulation (including any applicable stock exchange rule).
Notwithstanding the foregoing, an option may be amended to reduce the per share exercise price below the per share exercise price of such option on the grant date and options may be granted in exchange for, or in connection with, the cancellation or surrender of options having a higher per share exercise price without receiving additional stockholder approval.

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Expiration Date. The 2011 Plan will expire on, and no option or other award may be granted pursuant to the 2011 Plan after, the tenth anniversary of the effective date of the 2011 Plan. Any award that is outstanding on the expiration date of the 2011 Plan will remain in force according to the terms of the 2011 Plan and the applicable award agreement.

Securities Laws and U.S. Federal Income Taxes. The 2011 Plan is designed to comply with various securities and U.S. federal tax laws as follows:

Securities Laws. The 2011 Plan is intended to conform to all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the SEC thereunder, including without limitation, Rule 16b-3. The 2011 Plan will be administered, and options will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations.

Section 409A of the Code. Certain awards under the 2011 Plan may be considered nonqualified deferred compensation for purposes of Section 409A of the Code, which imposes certain additional requirements regarding the payment of deferred compensation. Generally, if at any time during a taxable year a nonqualified deferred compensation plan fails to meet the requirements of Section 409A, or is not operated in accordance with those requirements, all amounts deferred under the 2011 Plan and all other equity incentive plans for the taxable year and all preceding taxable years by any participant with respect to whom the failure relates are includible in gross income for the taxable year to the extent not subject to a substantial risk of forfeiture and not previously included in gross income. If a deferred amount is required to be included in income under Section 409A, the amount also is subject to interest and an additional income tax. The interest imposed is equal to the interest at the underpayment rate plus one percentage point, imposed on the underpayments that would have occurred had the compensation been includible in income for the taxable year when first deferred, or if later, when not subject to a substantial risk of forfeiture. The additional U.S. federal income tax is equal to 20% of the compensation required to be included in gross income. In addition, certain states, including California, have laws similar to Section 409A, which impose additional state penalty taxes on such compensation.

Section 162(m) of the Code. In general, under Section 162(m) of the Code, income tax deductions of publicly held corporations may be limited to the extent total compensation (including, but not limited to, base salary, annual bonus, and income attributable to stock option exercises and other non-qualified benefits) for certain executive officers exceeds $1,000,000 (less the amount of any excess parachute payments as defined in Section 280G of the Code) in any taxable year of the corporation. However, under Section 162(m), the deduction limit does not apply to certain performance-based compensation established by an independent compensation committee that is adequately disclosed to and approved by stockholders. In particular, stock options and SARs will satisfy the performance-based compensation exception if the awards are made by a qualifying compensation committee, the 2011 Plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the stock price after the grant date. Specifically, the option exercise price must be equal to or greater than the fair market value of the stock subject to the award on the grant date. Under a Section 162(m) transition rule for compensation plans of corporations that are privately held and that become publicly held in an initial public offering, the 2011 Plan will not be subject to Section 162(m) until a specified transition date, which is the earlier of:

- the material modification of the 2011 Plan;
- the issuance of all of the shares of our common stock reserved for issuance under the 2011 Plan;
- the expiration of the 2011 Plan; or
- the first meeting of our stockholders at which members of our board of directors are to be elected in 2015.

After the transition date, rights or awards granted under the 2011 Plan, other than options and SARs, will not qualify as performance-based compensation for purposes of Section 162(m) unless such rights or awards

are granted or vest upon pre-established objective performance goals, the material terms of which are disclosed to and approved by our stockholders. Thus, after the transition date, we expect that such other rights or awards under the plan will not constitute performance-based compensation for purposes of Section 162(m).

On June 9, 2011 we filed with the SEC a registration statement on Form S-8 covering the shares of our common stock issuable under the 2011 Plan.

Amended and Restated 2005 Incentive Stock Plan

Our board of directors adopted, and our stockholders approved, the Amended and Restated 2005 Incentive Stock Plan, effective January 1, 2008. The total number of shares of common stock that could be issued pursuant to awards granted under the 2005 Stock Plan was 2,500,000 shares. The 2005 Stock Plan provides for the grant of non-qualified stock options, stock appreciation rights, restricted stock, performance shares, phantom stock, restricted stock units and other awards that are valued in whole or in part by reference to our stock. As of September 30, 2011, 251,500 options to purchase shares of our common stock and 1,797,136 shares of restricted stock remained outstanding under the 2005 Stock Plan. Our board of directors adopted, and our stockholders approved, the 2011 Plan effective May 9, 2011. As a result, no further awards will be granted under the 2005 Stock Plan, and all outstanding awards thereunder will continue to be governed by their existing terms.

Administration. Our compensation committee, or such other committee of the board appointed by our board of directors, or, if our board has not designated a committee to administer the plan, the board of directors has the authority to administer the 2005 Stock Plan and the awards granted under it. The committee may, in accordance with the terms of the 2005 Stock Plan, make appropriate adjustments to the number of shares of our common stock available for the grant of awards and the terms of outstanding awards to reflect any stock dividend or distribution, stock split, reverse stock split, recapitalization, reclassification, reorganization or combination or exchange of shares (and certain other events affecting our capital structure or business).

Nonqualified Stock Options. The 2005 Stock Plan provided for the grant of NQSOs. NQSOs provide for the right to purchase shares of our common stock at a specified price, which may not be less than fair market value on the date of grant, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant s continued employment or service with us and/or subject to the satisfaction of corporate performance targets and individual performance targets established by the administrator. The term of NQSOs does not exceed ten years.

Restricted Stock. The 2005 Stock Plan provided for the grant of restricted stock awards. Restricted stock was granted to employees, directors, consultants and prospective employees in connection with an offer of future employment with the Company. In general, restricted stock that is subject solely to future service requirements vests in equal annual increments of 25%, with one increment vesting on each anniversary date of the grant date. Participants holding restricted stock have all rights of stockholders with respect to such shares, including voting rights. All cash or stock dividends that would otherwise be paid with respect to restricted stock shall be designated as dividend equivalents and held in escrow by the Company and distributed to the participant when the underlying stock is distributed. If a participant s employment or service with us terminates other than for cause (as defined in the 2005 Stock Plan) or voluntary termination within 90 days following an event that would be ground for termination for cause, disability or death, all unvested shares of restricted stock expire and all unvested shares of restricted stock and any dividends or distributions held in escrow by the Company with respect to such unvested restricted stock is forfeited immediately and returned to the Company. In the event a participant s employment or service with us is terminated by the Company without cause less than 90 days prior to a change in control, such participant s shares of restricted stock shall be considered fully vested as of the date of termination. In the event of a change in control, death or disability, the participant s shares of restricted stock fully vest. If a participant s employment or service is terminated for cause or voluntary termination within 90 days following an event that would be ground for termination for cause, all vested and unvested shares are forfeited and deemed expired. In addition, in the event an employee is determined by our board of directors to no longer hold a management position (as defined in the form of restricted stock award agreement), the shares held by such employee, whether vested or unvested, will be forfeited.

Change in Control. In the event of a change in control of the Company all awards shall fully vest and any restrictions on transfer of the awards shall lapse. In addition, the administrator may in its sole discretion: (i) terminate all awards that can be exercised, subject to the ability of the participants to exercise any vested awards or to receive a cash payment equal to the difference between the change in control price and the exercise price of any vested awards, (ii) in the event of a liquidation or dissolution of us, convert awards into the right to receive the liquidation proceeds, less the exercise price, or (iii) any combination of the above.

Nontransferability. Generally, awards granted under the 2005 Stock Plan are not transferable by a participant other than by will or by the laws of descent and distribution, except that the administrator may provide that an award is transferable to certain family members (as defined in the 2005 Stock Plan).

401(k) Plan

We have two defined contribution 401(k) plans. The Spirit Airlines, Inc. Employee Retirement Savings Plan was adopted on February 1, 1994. Generally all employees that are not covered by the pilots collective bargaining agreement who have at least one year of service, have worked at least 1,000 hours during the year and have attained the age of 21 may participate in this plan. We may make a Qualified Discretionary Contribution, as defined in the plan, or provide matching contributions to this plan. Effective July 1, 2007, we amended this plan to change the service requirement to 60 days and provided for matching contribution to the plan at 50% of the employee s contribution, up to 6% of an employee s annual compensation.

The Spirit Airlines, Inc. Pilots Retirement Savings Plan is for our pilots, and contain the same service requirements as our plan and was amended effective July 1, 2007 to change the service requirements to 60 days and having attained the age of 21. We match 100% of our pilot s contributions, up to 8% of the individual pilot s annual compensation.

Matching contributions made to both plans were $3.8 million, $3.9 million, $4.8 million and $3.7 million in the years ended December 31, 2008, 2009, 2010, and the nine months ended September 30, 2011, respectively.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers, holders of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

Each agreement described below is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following descriptions are qualified by reference to such agreements.

2006 Securities Purchase Agreement

In July 2006, we entered into a Second Amended and Restated Securities Purchase Agreement, or Securities Purchase Agreement, with certain investors, including Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC and OCM Spirit Holdings III-A, LLC. Indigo Florida, Indigo Miramar and OCM Spirit Holdings II, LLC each own more than 5% of our common stock. In addition, Bill Franke, one of our directors, is the managing partner of Indigo, the entity that controls both Indigo Miramar and Indigo Florida, John Wilson, one of our directors, is a principal of Indigo, and Jordon Kruse, one of our directors, is a managing director of Oaktree, the entity that controls OCM Spirit Holdings II, OCM Spirit Holdings III and OCM Spirit Holdings III-A. Pursuant to the Securities Purchase Agreement, Indigo Florida and Indigo Miramar agreed to purchase $45.0 million of the Tranche B notes and shares of our common stock, OCM Spirit Holdings III and OCM Spirit Holdings III-A agreed to purchase $15.0 million of Tranche B notes and OCM Spirit Holdings II agreed to purchase $66.7 million of Tranche A notes. Interest accrues on both the Tranche A and Tranche B notes at a rate of 17% per annum, compounded annually on December 31, to the extent not paid in cash. All Tranche A and Tranche B notes mature on April 30, 2012, except for $20.0 million of Tranche A Notes which are due on December 30, 2011. Pursuant to the terms of the Securities Purchase Agreement, if our unrestricted cash balance falls below a stated level, Indigo Florida, Indigo Miramar, OCM Spirit Holdings III and OCM Spirit Holdings III-A may elect to require the Tranche B holders to purchase, on a pro rata basis, up to $16.8 million in additional Tranche B notes. During 2009, our unrestricted cash was above minimum stated levels, however in 2008, the level of our unrestricted cash fell below the stated level, and the Tranche B holders amended the agreement to provide for additional support by requiring (i) investment funds managed by Oaktree and Indigo to fund $5.0 million in cash in exchange for additional Tranche B notes and (ii) investment funds managed by Oaktree and Indigo to provide a guarantee of up to $11.8 million in favor of the letter of credit provider in connection with the renewal in December 2008 of our letter of credit facility, which served to reduce the cash collateral we are required to maintain with our credit card processors. We were obligated to pay to investment funds managed by Oaktree and Indigo a commitment fee on the amount of this guarantee at a rate of 17% per annum. In connection with the extension of our letter of credit facility, we terminated the stockholder guarantee and paid them the accrued commitment fees in an aggregate amount of $5.6 million, of which $3.2 million was paid to funds managed by Indigo and $2.4 million was paid to funds managed by Oaktree.

We used a portion of our proceeds from the IPO to prepay a portion of the Tranche A and Tranche B notes. The remaining notes were exchanged for shares of common stock pursuant to the Recapitalization Agreement described below.

Recapitalization Agreement

We entered into the Recapitalization Agreement with the holders of all of our outstanding notes, shares of Class A preferred stock and shares of Class B preferred stock, including investment funds managed by Oaktree and Indigo. The Recapitalization Agreement provided that, in connection with the IPO, after we paid our underwriting discounts on the shares sold by us and the expenses of the IPO payable by us (which included those incurred by the selling stockholders, other than underwriting discounts on the shares offered by them):

- we paid three individual, unaffiliated holders of our subordinated notes a fee equal to $450,000 in the aggregate;

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- we retained net proceeds from the sale of shares of common stock by us in the IPO equal to $150.0 million; and

- the remaining net proceeds of the IPO, which were equal to approximately $20.6 million, were used to pay a portion of outstanding principal amounts of the Tranche A notes and Tranche B notes and all accrued and unpaid interest thereon.

Also in connection with the IPO:

- all of the principal amount and accrued and unpaid interest on all of our outstanding notes either were repaid with a portion of the net proceeds from the IPO or, to the extent not repaid, exchanged for a number of shares of common stock equal to the principal amount and accrued and unpaid interest of such unpaid notes divided by the IPO price per share of $12.00;

- all shares of Class A preferred stock and Class B preferred stock outstanding immediately prior the IPO were exchanged for a number of shares of common stock equal to the Liquidation Preference of such shares divided by the IPO price per share of $12.00; and

- each share of Class B common stock was exchanged for one share of common stock,

As a result of the 2011 Recapitalization, upon the closing of the IPO there were no notes and no shares of preferred stock outstanding.

The Recapitalization Agreement provides that investment funds managed by Oaktree and Indigo had the right to sell a number of shares of common stock in the IPO solely to the extent that the underwriters exercise their over-allotment option to purchase additional shares of common stock in such an amount such that investment funds managed by Oaktree and Indigo will receive gross proceeds from the sale of up to $25.6 million and $5.0 million, respectively (with priority to the Oaktree shares), and any remaining shares of common stock that may have been sold in the over-allotment be sold on a pro rata basis (based on shares of common stock owned after the IPO) between investment funds managed by Oaktree and Indigo. Further, investment funds managed by Oaktree and Indigo have the right, subject to certain limitations, to sell shares of common stock in a registered offering following the IPO in amounts equal to the difference between $25.6 million and $5.0 million, respectively, and the gross proceeds that each received in the over-allotment sale in the IPO. The Recapitalization Agreement also provided that we will pay the reasonable out of pocket expenses for certain transactions.

Tax Receivable Agreement

We entered into the Tax Receivable Agreement (TRA) with our Pre-IPO Stockholders (as defined in the TRA) that became effective immediately prior to the consummation of the IPO. Under the TRA, we are obligated to pay to the Pre-IPO Stockholders an amount equal to 90% of the cash savings in federal income tax realized by us by virtue of the use of the federal net operating loss, deferred interest deductions and alternative minimum tax credits held by us as of March 31, 2011. Cash tax savings generally will be computed by comparing our actual federal income tax liability to the amount of such taxes that we would have been required to pay had such Pre-IPO NOLs (as defined in the TRA) not been available. Upon consummation of the IPO and execution of the TRA we recorded a liability with an offsetting reduction to additional paid in capital.

The term of the TRA will continue until the first to occur of (a) the full payment of all amounts required under the agreement with respect to utilization or expiration of all of the Pre-IPO NOLs, (b) the end of the taxable year including the tenth anniversary of the IPO or (c) a change in control of our company. Upon such a change in control, we will be obligated to make a final payment under the Tax Receivable Agreement equal to 90% of the present value of the tax saving represented by any portion the Pre-IPO NOLs for which a payment under the agreement had not already been made assuming the applicable net operating losses, deferred interest

deductions and alternative minimum tax credits are fully used in the year of such change in control without limitation or, if there exist pre-existing limitations on such Pre-IPO NOLs, assuming such net operating losses, deferred interest deductions or alternative minimum tax credits, as the case may be, are used as quickly as possible in subsequent years. Payments resulting from a change in control could be substantial and could exceed our actual cash savings from the Pre-IPO NOLs.

The amount and timing of payments under the TRA will depend upon a number of factors, including, but not limited to, the amount and timing of taxable income the Company generates in the future and any future limitations that may be imposed on the Company s ability to use the Pre-IPO NOLs. As of September 30, 2011, the Company estimated a cash benefit of $36.5 million, or 90% of the total cash benefit from the full use of the Pre-IPO NOLs, will be paid to the Company s Pre-IPO Stockholders under the terms of the TRA.

While the TRA is designed with the objective of causing our annual cash costs attributable to federal income taxes (without regard to our continuing 10% interest in the Pre-IPO NOLs) to be the same as we would have paid had we not had the Pre-IPO NOLs available to offset our federal taxable income, there are circumstances in which this may not be the case. In particular, the TRA provides that any payments by us thereunder shall not be refundable. In that regard, the payment obligations under the TRA differ from a payment of a federal income tax liability in that a tax refund would not be available to us under the TRA even if we were to incur a net operating loss for federal income tax purposes in a future tax year. The TRA does, however, provide a mechanism by which the tax benefit attributable to such future net operating loss will be deemed to be recognized by us before any further payments are made under the TRA. Similarly, the Pre-IPO Stockholders will not reimburse us for any payments previously made if any tax benefits relating to such payments are subsequently disallowed, although the amount of any such tax benefits subsequently disallowed will reduce future payments (if any) otherwise owed to the Pre-IPO Stockholders. For example, if our determinations regarding the applicability (or lack thereof) and amount of any limitations on the Pre-IPO NOLs under Section 382 of the Internal Revenue Code of 1986, as amended, were to be successfully challenged by the IRS after payments relating to such Pre-IPO NOLs had been made to the Pre-IPO Stockholders, we would not be reimbursed by the Pre-IPO Stockholders and our recovery would be limited to the extent of future payments (if any) otherwise remaining under the TRA. In addition, depending on the amount and timing of our future earnings (if any) and on other factors, including the effect of any limitations imposed on our ability to use the Pre-IPO NOLs, it is possible that all payments required under the TRA could become due within a relatively short period of time following the IPO.

If we had not entered into the TRA, the Company would be entitled to realize the full economic benefit of the Pre-IPO NOLs, to the extent allowed by Section 382 of the Internal Revenue Code of 1986, as amended. The TRA is designed with the objective of causing our annual cash costs attributable to federal income taxes (without regard to our continuing 10% interest in the Pre-IPO NOLs) to be the same as we would have paid had we not had the Pre-IPO NOLs available to offset our federal taxable income. As a result, the stockholders purchasing shares in this offering will not be entitled to the economic benefit of the Pre-IPO NOLs that would have been available if the TRA were not in effect (except to the extent of our continuing 10% interest in the Pre-IPO NOLs).

Additionally, the payments we make to the Pre-IPO Stockholders under the TRA are not expected to give rise to any incidental tax benefits to the Company, such as deductions or an adjustment to the basis of the Company s assets.

The TRA provides that in the event that we breach any of our material obligations under the TRA, whether as a result of our failure to make any payment when due (subject to a specified cure period), failure to honor any other material obligation under the TRA or by operation of law as a result of the rejection of the TRA in a case commenced under the Bankruptcy Code or otherwise, then all our payment and other obligations under the TRA will be accelerated and will become due and payable. Additionally, we have the right to terminate the TRA, in which case our payment and other obligations under the TRA will be accelerated and will become due and

payable. Such payments could be substantial and could exceed our actual cash tax savings from the Pre-IPO NOLs.

In the event that any determinations must be made under or any dispute arises involving the TRA, the Pre-IPO Stockholders will be represented by certain shareholder representatives that are entities controlled by Indigo and Oaktree. In any such instance, should any representatives of Indigo or Oaktree then be serving on our board of directors, such directors will be excluded from deliberations and actions of the board related to the relevant determination or dispute.

Professional Services Agreement

Prior to the IPO, we were party to a Professional Services Agreement with Indigo pursuant to which Indigo agreed to provide our board and our management with financial and management consulting services, including business strategy, budgeting of future corporate investments, acquisition and divestiture strategies and debt and equity financing consulting services. Indigo is managed by one of our directors, Bill Franke, and another of our directors, John Wilson, is a principal of Indigo. Indigo Florida, L.P. and Indigo Miramar LLP are affiliates of Indigo. In exchange for these services, we have paid Indigo a fee of $800,000 per year and reimbursed Indigo for reasonable fees and expenses incurred in connection with the rendering of these services. As part of the Recapitalization Agreement, Indigo agreed to terminate the Professional Services Agreement in exchange for $1.8 million, which was paid from the net proceeds from the IPO retained by us. In the years 2008, 2009, 2010, and the nine months ended September 30, 2010 and 2011, we paid $0.8 million, $1.5 million, $0.8 million, $0.6 million and $2.1 million (which amount includes the $1.8 million termination fee) million, respectively, to Indigo under this agreement. Of the $1.5 million payment made to Indigo during 2009, $0.7 million was to reimburse Indigo for transaction expenses incurred in connection with an acquisition transaction that was not completed.

Registration Rights

Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings I, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., and OCM Principal Opportunities Fund III, L.P., and their respective transferees are entitled to certain long-form (Form S-1) demand, short-form (Form S-3) demand and piggyback registration rights, subject to lock-up arrangements pursuant to a Second Amended and Restated Investor Rights Agreement, as amended. For additional information, please see Description of Capital Stock Registration Rights.

Stockholders Voting Agreement

We are party to a Stockholders Voting Agreement with investment funds managed by Indigo and Oaktree. The Stockholders Voting Agreement provides that our board of directors shall be comprised of 11 members at the closing date and that each of the investment funds managed by Indigo and Oaktree will have the right to designate such number of director nominees to our board of directors as is equal to the product of the total number of directors to be elected multiplied by the ratio of the number of shares of our capital stock held by such stockholder to the number of shares of our capital stock held by investment funds managed by Indigo and Oaktree in the aggregate, in each case rounded to the nearest whole number except in limited circumstances for funds managed by Indigo. The designation of such nominees are subject to their election by our stockholders at the annual meeting, provided that each of the investment funds managed by Indigo and Oaktree shall vote all of the capital stock held by it in order to elect such nominees.

Each of the investment funds managed by Indigo and Oaktree has the right to fill any vacancies otherwise resulting in such director positions. By its terms, the Stockholders Voting Agreement terminates at such time that investment funds managed by Indigo and by Oaktree, as a group, own less than 50% of our outstanding voting common stock. Indigo and Oaktree are selling stockholders in this offering, and the amount of shares they sell in this offering may result in their ownership as a group falling below this 50% threshold.

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Letter of Credit Facility

On December 11, 2008, we amended our letter of credit facility to eliminate a paid-in-kind feature. In connection with this amendment, certain holders of our Tranche B notes, including investment funds managed by Oaktree and Indigo, provided a guarantee of up to $11.8 million, and we agreed to pay a commitment fee equal to 17% per annum on this guarantee. On April 29, 2011, we extended the letter of credit facility and increased the amount to $30 million. This extended facility was subject to a commitment fee of 15% per annum, which was payable on a monthly basis, and a $0.6 million termination fee. In connection with the extension of this facility, the stockholder guarantee was terminated and we paid them the accrued commitment fees in an aggregate amount of $5.6 million, of which $3.2 million was paid to funds managed by Indigo and $2.4 million was paid to funds managed by Oaktree. We terminated this letter of credit facility after the consummation of the IPO and used a portion of the net proceeds from the IPO retained by us to pay the lender the $0.6 million termination fee.

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a written related party policy setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we are to be a participant, the amount involved exceeds $120,000 and a related party had or will have a direct or indirect material interest, including purchases of goods or services by or from the related party or entities in which the related party has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related party.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of September 30, 2011, information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our voting securities;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

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

Common stock subject to stock options and warrants currently exercisable or exercisable within 60 days of September 30, 2011, are deemed to be outstanding for computing the percentage ownership of the person holding these options and warrants and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

We have based our calculation of the percentage of beneficial ownership prior to the offering on 72,530,256 shares of common stock outstanding on September 30, 2011. We have based our calculation of the percentage of beneficial ownership after the offering on 72,530,256 shares of our common stock outstanding immediately after the completion of this offering (assuming no exercise of the underwriters over-allotment option to purchase shares from the selling stockholders).

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Unless otherwise noted below, the address for each of the stockholders in the table below is c/o Spirit Airlines, Inc., 2800 Executive Way, Miramar, Florida 33025.

Name and Address of Beneficial Owner	Beneficial Ownership Prior to the Offering		Beneficial Ownership After the Offering		Beneficial Ownership After the Offering if the Over-allotment Option is Exercised	
	Number of Shares Beneficially Owned	Percent	Number of Shares Beneficially Owned	Percent	Number of Shares Beneficially Owned	Percent
5% Stockholders:						
Funds affiliated with Indigo (1)	22,856,930	31.5%				
Funds affiliated with Oaktree Capital Management (2)	29,146,331	40.2%				
Named Executive Officers and Directors:						
B. Ben Baldanza	488,338	*	488,338	*	488,338	*
David Lancelot	180,301	*	180,301	*	180,301	*
Barry Biffle (3)	262,240	*	262,240	*	262,240	*
Thomas Canfield (4)	165,211	*	165,211	*	165,211	*
Tony Lefebvre (5)	145,961	*	145,961	*	145,961	*
Bill Franke (1)	22,856,930	31.5%				
David Elkins		*		*		*
H. McIntyre Gardner		*		*		*
Robert Johnson		*		*		*
Barclay Jones III		*		*		*
Jordon Kruse		*		*		*
Michael Lotz		*		*		*
Stuart Oran	50,000	*	50,000	*	50,000	*
Horacio Scapparone		*		*		*
John Wilson		*		*		*
All executive officers and directors as a group (15 persons)	24,148,981	33.3%				

* Represents beneficial ownership of less than one percent (1%) of the outstanding common stock.

(1) Shares of common stock reflected in the column entitled Beneficial Ownership Prior to the Offering consist of 14,222,091 shares held by Indigo Florida L.P. and 8,634,839 shares held by Indigo Miramar LLC. Shares of common stock reflected in the columns entitled. Bill Franke is the managing member of a fund that is the general partner of Indigo Florida L.P. and is manager of a fund that is the manager of Indigo Miramar LLC and as such, has voting and dispositive power over these shares. Mr. Franke disclaims beneficial ownership of the shares held by these entities except to the extent of any pecuniary interest therein. Each entity listed herein whose shares are beneficially owned by Indigo has a principal business address of: c/o Indigo Partners, 2525 East Camelback Road, Suite 800, Phoenix, Arizona 85016.

(2) Shares of common stock reflected in the column entitled Beneficial Ownership Prior to the Offering consist of 6,224,143 shares held by OCM Spirit Holdings, LLC, 20,586,793 shares held by OCM Spirit Holdings II, LLC, 1,300,219 shares held by OCM Spirit Holdings III, LLC 579,644 shares held by OCM Spirit Holdings III-A, LLC and 455,532 shares held by POF Spirit Foreign Holdings, LLC. Howard S. Marks, Bruce A. Karsh, Sheldon M. Stone, Larry W. Keele, Stephen A. Kaplan, John B. Frank, David M. Kirchheimer and Kevin L. Clayton, whom we refer to collectively as the Oaktree Management Group, are members of the executive committee of Oaktree Capital Group Holdings GP, LLC. Oaktree Capital Group Holdings GP, LLC is the general partner of Oaktree Capital Group Holdings, L.P., which is the majority holder of the voting units of Oaktree Capital Group, LLC. Oaktree Capital Group, LLC is the sole shareholder of Oaktree Holdings, Inc., which is the general partner of Oaktree Capital Management, L.P., which is the manager of each of OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC and POF Spirit Foreign Holdings LLC, each of which owns common stock of the Company. As such, each such entity and member of the Oaktree Management Group may be deemed to have voting and dispositive power over the shares held by each of OCM Spirit

Holdings, LLC, OCM Spirit Holdings II, LLC and POF Spirit Foreign Holdings LLC. Each such entity and member of the Oaktree Management Group disclaims beneficial ownership of shares of common stock of the Company except to the extent of any pecuniary interest therein.

Each entity listed herein whose shares are beneficially owned by the Oaktree Management Group has a principal business address of: c/o Oaktree Capital Management, 333 S. Grand Avenue, Los Angeles, California 90071.

(3) Number of shares beneficially owned shown in the table above includes 2,500 shares that Mr. Biffle has the right to acquire within 60 days upon the exercise of stock options.

(4) Number of shares beneficially owned shown in the table above includes 2,500 shares that Mr. Canfield has the right to acquire within 60 days upon the exercise of stock options.

(5) Number of shares beneficially owned shown in the table above includes 3,750 shares that Mr. Lefebvre has the right to acquire within 60 days upon the exercise of stock options.

DESCRIPTION OF CAPITAL STOCK

General

As of September 30, 2011, there were issued and outstanding 72,530,256 shares of our common stock.

Our amended and restated certificate of incorporation authorizes us to issue up to 240,000,000 shares of common stock, $0.0001 par value per share, 50,000,000 shares of non-voting common stock, $0.0001 par value per share, and 10,000,000 shares of preferred stock, $0.0001 par value per share. All of our issued and outstanding shares of common stock and preferred stock are duly authorized, validly issued, fully paid and non-assessable. Our shares of common stock and non-voting common stock are not redeemable and do not have preemptive rights.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws. A copy of each of these documents is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following descriptions are qualified by reference to such documents.

Common Stock

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

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

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

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

Non-Voting Common Stock

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

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

Conversion Rights. Shares of our non-voting common stock will be convertible on a share-for-share basis into common stock at the election of the holder.

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

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

Preferred Stock

Our board of directors has the authority, without further action by our stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. Our issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. As of September 30, 2011, no shares of preferred stock were outstanding, and we have no present plan to issue any such shares of preferred stock.

Registration Rights

Upon completion of this offering, Indigo and Oaktree (or their respective designees) will hold approximately million shares of our common stock and will continue to have the registration rights described below pursuant to the terms of our Second Amended and Restated Investor Right Agreement, as amended.

The following description of the terms of the registration rights agreement is intended as a summary only and is qualified in its entirety by reference to the Second Amended and Restated Investors Rights Agreement, as amended, filed as an exhibit to the registration statement of which this prospectus is part.

Demand and Short-Form Registration Rights

Indigo and Oaktree (or their respective designees) are entitled to certain demand and short-form registration rights. At any time at least 180 days following the consummation of this offering, the holders of at least a majority of these shares can, on not more than one occasion, request that we register all or a portion of their shares under the Securities Act. In addition, these holders are entitled to certain short-from registration rights whereby they can make a written request that we register their shares on a short form registration if we are eligible to file a registration statement on Form S-3. These stockholders may make an unlimited number of requests for registration on Form S-3. Once every 12 months, we may postpone for up to 60 days the filing or the effectiveness of a registration statement for a demand or a short-form registration if our board of directors determines that such registration would have a material adverse effect on any of our proposals or plans to engage in any acquisitions of assets, merger, consolidation, tender offer or similar transaction.

Piggyback Registration Rights

In the event that we propose to register any of our securities under the Securities Act (other than pursuant to a demand or short-form registration or pursuant to a registration on Form S-4 or S-8 or any successor or similar forms), Indigo and Oaktree (or their respective designees) will be entitled to certain piggyback registration rights allowing for inclusion of their shares in such registration, subject to certain marketing and other limitations.

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Expenses of Registration, Restriction and Indemnification

Generally we have agreed to pay all registration expenses, including the legal fees of one counsel for all holders under the Second Amended and Restated Investor Rights Agreement, as amended, including this offering. In addition, we will reimburse the holders for the reasonable fees and disbursements of each additional counsel retained for the purpose of rendering any legal opinion required by underwriters or us.

The demand, short-form and piggyback registration rights are subject to customary restrictions such as blackout periods and any limitations on the number of shares to be included in the underwritten offering imposed by the managing underwriter. The Second Amended and Restated Investor Rights Agreement, as amended, also contains customary indemnification provisions.

Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation provides for our board of directors to be divided into three classes, with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors up for election at any given stockholders meeting. Our amended and restated certificate of incorporation and amended and restated bylaws provide that all stockholder action must be effected at a duly called meeting of stockholders and not by a consent in writing, and that only our corporate secretary, upon the direction of our board of directors, or the Chairman of the Board may call a special meeting of stockholders.

Our amended and restated certificate of incorporation requires a 66 $^{2}/3$% stockholder vote for the amendment, repeal or modification of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws including, among other things, relating to the classification of our board of directors, the requirement that stockholder actions be effected at a duly called meeting, and the designated parties entitled to call a special meeting of the stockholders. The combination of the classification of our board of directors, the lack of cumulative voting and the 66 $^{2}/3$% stockholder voting requirements make it more difficult for our stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions may have the effect of deterring hostile takeovers or delaying changes in our control or management. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in our management.

Section 203 of the Delaware General Corporation Law. We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

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upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or

the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an interested stockholder as an entity or person who, together with the person s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Limited Voting by Foreign Owners

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 capital stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 25% of our voting 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 certificate of incorporation provides that no shares of our capital stock may be voted by or at the direction of non-U.S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our amended and restated bylaws further provide that no shares of our capital stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Presently, ten of the eleven members of our board of directors are U.S. citizens. As of September 30, 2011, all of these non-citizen funds own in the aggregate approximately 20.0% of our common stock.

Delaware as Sole and Exclusive Forum

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine. As a result, any action brought by any of our stockholders with regard to any of these matters will need to be filed in the Court of Chancery of the State of Delaware and cannot be filed in any other jurisdiction.

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Lock-Up Agreements

We, the selling stockholders and our executive officers and directors have agreed that, subject to certain exceptions, for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Notwithstanding the foregoing, if (i) during the last 17 days of the 60-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 60-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. These agreements are described below under the section captioned Underwriting.

Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC have advised us that they have no present intent or arrangement to release any shares subject to a lock-up and will consider the release of any lock-up on a case-by-case basis. Upon a request to release any shares subject to a lock-up, Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC would consider the particular circumstances surrounding the request, including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, the reasons for the request, the possible impact on the market for our common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours.

Limitations of Liability and Indemnification

Please see Management Limitation of Liability and Indemnification.

Market Listing

Our common stock is listed and traded on the NASDAQ Global Select Market under the symbol SAVE.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Wells Fargo Shareholder Services and its telephone number is (800) 689-8788.

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SHARES ELIGIBLE FOR FUTURE SALE

Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Based on the number of shares outstanding as of September 30, 2011 and giving effect to the completion of this offering, 72.5 million shares of common stock will be outstanding. All of the shares sold in this offering will be freely tradable, except that any shares held by our affiliates, as that term is defined in Rule 144 under the Securities Act, may only be sold in compliance with the limitations described below.

After this offering, approximately   million shares of common stock will be restricted as a result of securities laws or lock-up agreements. Following the expiration of the various lock-up periods, all shares will be eligible for resale in compliance with Rule 144 or Rule 701, if then available, to the extent such shares have been released from any repurchase option that we may hold. Restricted securities as defined under Rule 144 were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if registered pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale and are current in filing our periodic reports. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 725,000 shares, based on the number of shares of common stock outstanding as of September 30, 2011

- the average weekly trading volume of our common stock on the NASDAQ Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale (or if no such notice is required, the transaction order or execution date).

Such sales by affiliates must also comply with the manner of sale and notice provisions of Rule 144.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers or directors who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-Up Agreements

We, the selling stockholders and our officers and directors have agreed that, for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Notwithstanding the foregoing, if (i) during the last 17 days of the 60-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 60-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. These agreements are described below under the section captioned Underwriting.

Morgan Stanley & Co. LLC have advised us that they have no present intent or arrangement to release any shares subject to a lock-up, and will consider the release of any lock-up on a case-by-case basis. Upon a request to release any shares subject to a lock-up, Barclays Capital Inc., Citigroup Global Market Inc. and Morgan Stanley & Co. LLC would consider the particular circumstances surrounding the request, including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, the reasons for the request, the possible impact on the market for our common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours.

Registration Rights

On the date beginning 180 days after the date of this offering, Indigo and Oaktree (or their respective designees), will hold approximately million shares and will be entitled to certain rights with respect to the registration of those shares under the Securities Act. For a description of these registration rights, please see Description of Capital Stock Registration Rights. After these shares are registered, they will be freely tradable without restriction under the Securities Act.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences generally applicable to non-U.S. holders (as defined below) of the acquisition, ownership and disposition of our common stock issued pursuant to this offering. This discussion is not a complete analysis of all the potential U.S. federal income tax consequences relating thereto, nor does it address any tax consequences arising under any state, local or non-U.S. tax laws, the U.S. federal estate tax or gift tax rules or any other U.S. federal tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the IRS), all as in effect as of the date of this offering. These authorities may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership or disposition of our common stock, or that any such contrary position would not be sustained by a court.

This discussion is limited to non-U.S. holders who purchase our common stock issued pursuant to this offering and who hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax considerations that may be relevant to a particular holder in light of that holder s particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the U.S. federal income tax laws, including, without limitation, U.S. expatriates and former permanent residents of the United States, an integral part or controlled entity of a foreign sovereign, partnerships and other pass-through entities, real estate investment trusts, regulated investment companies, controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, banks, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organizations, tax-qualified retirement plans, persons subject to the alternative minimum tax, persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation, persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment or persons deemed to sell our common stock under the constructive sale provisions of the Code.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR NON-U.S. TAX LAWS, THE U.S. FEDERAL ESTATE OR GIFT TAX RULES AND ANY OTHER U.S. FEDERAL TAX LAWS.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is not a U.S. person or a partnership for U.S. federal income tax purposes. A U.S. person is any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust or (2) that has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

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If a partnership (or other entity taxed as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock and partners in such partnerships are urged to consult their tax advisors regarding the specific U.S. federal income tax consequences to them of acquiring, owning or disposing of our common stock.

Distributions on our Common Stock

As described in the section titled Dividend Policy, we do not anticipate paying cash dividends on our common stock. If, however, we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described under the section titled Gain on Sale or Disposition of our Common Stock below.

Dividends paid to a non-U.S. holder of our common stock that are not effectively connected with a U.S. trade or business conducted by such holder generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable tax treaty. Even if a non-U.S. holder is eligible for a lower treaty rate, dividend payments will generally be subject to withholding at a 30% rate (rather than the lower treaty rate) unless the non-U.S. holder provides a valid IRS Form W-8BEN or other documentary evidence establishing entitlement to the lower treaty rate with respect to such payments.

Non-U.S. holders that do not timely provide us or our paying agent with the required certification, but which qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding possible entitlement to benefits under a tax treaty.

If a non-U.S. holder holds our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on the common stock are effectively connected with such holder s U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must furnish to us or our paying agent a valid IRS Form W-8ECI (or applicable successor form), certifying that the dividends are effectively connected with the non-U.S. holder s conduct of a trade or business within the United States.

Any dividends paid on our common stock that are effectively connected with a non-U.S. holder s U.S. trade or business (and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be subject to U.S. federal income tax on a net income basis in the same manner as if such holder were a U.S. person. A non-U.S. holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty). Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

A non-U.S. holder that claims the benefit of an applicable income tax treaty generally will be required to satisfy applicable certification and other requirements prior to the distribution date. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

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Gain on Sale or Disposition of our Common Stock

Subject to the discussion below regarding backup withholding, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder s conduct of a trade or business in the United States and, if required by an applicable tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a U.S. real property holding corporation (a USRPHC) for U.S. federal income tax purposes during the relevant statutory period.

Unless an applicable tax treaty provides otherwise, gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis in the same manner as if such holder were a U.S. person. A non-U.S. holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty). Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Gain described in the second bullet point above generally will be subject to U.S. federal income tax at a flat 30% rate (or such a lower rate specified by an applicable income tax treaty), but may be offset by U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and we do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other business assets, however, there can be no assurance that we will not become a USRPHC in the future. In the event we do become a USRPHC, as long as our common stock is regularly traded on an established securities market, our common stock will be treated as a U.S. real property interest only with respect to a non-U.S. holder that actually or constructively holds more than 5% of our common stock at any time during the shorter of the five-year period preceding the date of disposition or the holder s holding period.

Information Reporting and Backup Withholding

Generally, we must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such holder and the amount of any tax withheld with respect to those dividends. This information also may be made available under a specific treaty or agreement with the tax authorities of the country in which the non-U.S. holder resides or is established. Under certain circumstances, the Code imposes a backup withholding obligation (currently at a rate of 28%) on certain reportable payments. Backup withholding generally will not, however, apply to payments of dividends to a non-U.S. holder of our common stock provided the non-U.S. holder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder s U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

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New Legislation Relating to Foreign Accounts

Legislation enacted in 2010 may impose withholding taxes on certain types of payments made to foreign financial institutions and certain other non-U.S. entities. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to foreign intermediaries and certain non-U.S. holders. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If the payee is a foreign financial institution, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. IRS guidance indicates that, under future regulations, this withholding will apply to payments of dividends made on or after January 1, 2014 and to payments of gross proceeds from a sale or disposition of our common stock made on or after January 1, 2015. Prospective investors should consult their tax advisors regarding this legislation.

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UNDERWRITING

Barclays Capital Inc., Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name.

Underwriter	Number of Shares
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Morgan Stanley & Co. LLC	
Deutsche Bank Securities Inc.	
Raymond James & Associates, Inc.	
Dahlman Rose & Company, LLC	
Macquarie Capital (USA) Inc.	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed $ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

If the underwriters sell more shares than the total number set forth in the table above, the selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares at the initial public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, the selling stockholders and our officers and directors have agreed that, subject to certain exceptions, for a period of 60 days from the date of this prospectus, we and they will not, without the prior written consent of Barclays Capital Inc., Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Notwithstanding the foregoing, if (i) during the last 17 days of the 60-day restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 60-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 60-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. Barclays Capital Inc., Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

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Our common stock is listed and traded on the NASDAQ Global Select Market under the symbol SAVE.

The following table shows the underwriting discounts that the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

	Paid by Company		Paid by the Selling Stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	$	$	$	$
Total	$	$	$	$

We estimate that our portion of the total expenses of this offering (which will include those incurred by the selling stockholders, other than underwriting discounts on the shares offered by them) will be $. The underwriters have agreed to reimburse us for approximately $ of our out of pocket expenses associated with this offering. In addition, the underwriters have agreed to reimburse the selling stockholders for approximately $ of their expenses associated with this offering.

In order to facilitate the offering of the shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the shares above independent market levels or prevent or retard a decline in the market price of the shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

In addition, in connection with this offering, some of the underwriters (and selling group members) may engage in passive market making transactions in the shares on the NASDAQ Global Select Market, prior to the pricing and completion of the offering. Passive market making consists of displaying bids on the NASDAQ Global Select Market no higher than the bid prices of independent market makers and making purchases at prices no higher than those independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker s average daily trading volume in the shares during a specified period and must be discontinued when that limit is reached. Passive market making may cause the price of the shares to be higher than the price that otherwise would exist in the open market in the absence of those transactions. If the underwriters commence passive market making transactions, they may discontinue them at any time.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

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Certain of the underwriters have performed commercial banking services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (EEA) that has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), an offer to the public of any shares described in this prospectus (the Securities) may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any securities may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of securities shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each purchaser of shares described in this prospectus located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe to purchase the securities, as the expression may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this prospectus.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

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Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs estraint*) and/or to a restricted circle of investors (*cercle estraint d investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

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Notice to Prospective Investors in Japan

The shares offered in this prospectus have not been registered under the Securities and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

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LEGAL MATTERS

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by us by this prospectus will be passed upon for us by Latham & Watkins LLP. The underwriters are being represented by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, in connection with the offering.

EXPERTS

The financial statements of Spirit Airlines, Inc. at December 31, 2009 and 2010 and for each of the three years in the period ended December 31, 2010 appearing in this prospectus and registration statement, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We are subject to the information reporting requirements of the Exchange Act, and we file reports, proxy statements and other information with the SEC. We also furnish our stockholders with annual reports containing our financial statements audited by an independent public accounting firm and quarterly reports containing our unaudited financial information. We maintain a website at www.spirit.com. You may access our quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our web address does not constitute incorporation by reference of the information contained at this site.

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SPIRIT AIRLINES, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Spirit Airlines, Inc.

We have audited the accompanying balance sheets of Spirit Airlines, Inc. as of December 31, 2010 and 2009, and the related statements of operations, shareholders deficit, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spirit Airlines, Inc. at December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with US generally accepted accounting principles.

/s/ Ernst & Young LLP

Certified Public Accountants

Miami, Florida

February 28, 2011

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Spirit Airlines, Inc.

Statements of Operations

(In thousands, except per share data)

	Years Ended December 31,			Nine Months Ended September 30,	
	2008	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Operating revenues:					
Passenger	$ 657,448	$ 536,181	$ 537,969	$ 401,513	$ 520,380
Non-ticket	129,809	163,856	243,296	163,552	276,887
Total operating revenue	**787,257**	**700,037**	**781,265**	**565,065**	**797,267**
Operating expenses:					
Aircraft fuel	299,094	181,107	248,206	178,159	293,219
Salaries, wages and benefits	147,015	135,420	156,443	114,719	133,514
Aircraft rent	105,605	89,974	101,345	72,936	86,009
Landing fees and other rents	43,331	42,061	48,118	35,651	38,628
Distribution	37,816	34,067	41,179	30,421	39,146
Maintenance, materials and repairs	24,237	27,536	28,189	20,644	26,978
Depreciation and amortization	4,236	4,924	5,620	4,317	5,296
Other operating	85,608	72,921	82,594	61,107	65,700
Loss on disposal of assets	4,122	1,010	77	77	39
Restructuring and termination costs	17,902	(392)	621	137	2,379
Total operating expenses	**768,966**	**588,628**	**712,392**	**518,168**	**690,908**
Operating income	**18,291**	**111,409**	**68,873**	**46,897**	**106,359**
Other expense (income):					
Interest expense	40,245	46,892	50,313	38,007	24,408
Capitalized interest	(166)	(951)	(1,491)	(927)	(2,519)
Interest income	(1,976)	(345)	(328)	(242)	(256)
Gain on extinguishment of debt	(53,673)	(19,711)			
Other expense	214	298	194	102	165
Total other (income) expense	**(15,356)**	**26,183**	**48,688**	**36,940**	**21,798**
Income before income taxes	33,647	85,226	20,185	9,957	84,561
Provision (benefit) for income taxes	388	1,533	(52,296)	(52,993)	32,104
Net income	**$ 33,259**	**$ 83,693**	**$ 72,481**	**$ 62,950**	**$ 52,457**
Net income per share, basic	**$ 1.29**	**$ 3.23**	**$ 2.77**	**$ 2.41**	**$ 1.12**
Net income per share, diluted	**$ 1.29**	**$ 3.18**	**$ 2.72**	**$ 2.36**	**$ 1.11**

See accompanying Notes to Financial Statements.

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Spirit Airlines, Inc.

Balance Sheets

(in thousands)

	December 31, 2009	December 31, 2010	September 30, 2011 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 86,147	$ 82,714	$ 350,973
Restricted cash	52,540	72,736	
Accounts receivable, less allowance of $319, $17, and $78 (unaudited) at December 31, 2009, 2010 and September 30, 2011	8,347	9,471	14,729
Deferred income taxes		51,492	30,502
Other current assets	16,757	34,806	53,684
Total current assets	**163,791**	**251,219**	**449,888**
Property and equipment:			
Flight equipment	3,615	3,901	4,204
Ground and other equipment	35,173	39,441	43,995
Less accumulated depreciation	(20,379)	(24,013)	(27,327)
	18,409	19,329	20,872
Deposits on flight equipment purchase contracts	16,985	44,188	72,811
Prepaid aircraft maintenance to lessors	91,294	116,857	119,790
Long-term deferred income taxes		1,319	
Security deposits and other long-term assets	37,387	42,845	58,802
Total assets	**$ 327,866**	**$ 475,757**	**$ 722,163**
Liabilities and shareholders equity (deficit)			
Current liabilities:			
Accounts payable	$ 15,265	$ 13,360	$ 17,874
Air traffic liability	86,566	104,788	123,197
Other current liabilities	58,822	73,041	97,947
Current maturities of long-term debt and obligations, due to related parties		20,000	
Current maturities of long-term debt and obligations, due to non-related parties	3,240	3,240	
Total current liabilities	**163,893**	**214,429**	**239,018**
Deferred credits and other long-term liabilities	27,998	29,101	40,423
Due to related parties, less current maturities	227,026	245,621	
Long-term debt, less current maturities	11,966	11,966	
Mandatorily redeemable preferred stock	75,110	79,717	
Shareholders equity (deficit)			
Common stock: Class A common stock, $0.0001 par value, 25,000,000, 25,000,000, 0 (unaudited) shares authorized at December 31, 2009, 2010 and September 30, 2011, respectively; 20,848,847, 20,848,847, 0 (unaudited) shares issued and outstanding as of December 31 2009, 2010, September 30, 2011, respectively	2	2	
Common stock: Class B common stock, $0.0001 par value, 6,000,000, 6,500,000, 0 (unaudited) shares authorized at December 31, 2009, 2010 and September 30, 2011, respectively; 6,019,228, 6,009,978 and 0 (unaudited) shares issued and outstanding as of December 31, 2009, 2010 and September 30, 2011, respectively	1	1	
Common stock: Common stock, $.0001 par value, 0,0, 240,000,000 (unaudited) shares authorized at December 31, 2009, 2010 and September 30, 2011, respectively; 0, 0, and 72,530,256 (unaudited) issued and oustanding as of December 31, 2009, 2010 and September 30, 2011, respectively			7
Additional paid-in-capital	107	676	496,014

Accumulated deficit	(178,237)	(105,756)	(53,299)
Total shareholders equity (deficit)	**(178,127)**	**(105,077)**	**442,722**
Total liabilities and shareholders equity (deficit)	**$ 327,866**	**$ 475,757**	**$ 722,163**

See accompanying Notes to Financial Statements

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Spirit Airlines, Inc.

Statements of Cash Flows

(in thousands)

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Operating activities:					
Net income	$ 33,259	$ 83,693	$ 72,481	$ 62,950	$ 52,457
Adjustments to reconcile net income to net cash provided by operations:					
Changes in fair value of open fuel hedge contracts	9,875	(1,449)	(2,064)	(927)	4,406
Gain on debt extinguishment	(53,673)	(19,711)			
Non-cash restructuring credit charges, net	17,233	60	22		
Equity based stock compensation, net	6	113	569	408	411
Allowance for doubtful accounts	156	109	(110)	(97)	57
Amortization of deferred gains and debt issuance costs	(477)	(255)	(574)	68	(671)
Depreciation and amortization	4,236	4,924	5,620	4,317	5,296
Deferred income tax benefit (loss)			(52,811)	(53,473)	34,164
Loss on disposition of assets	4,122	1,010	77	77	39
Interest and dividends incurred but not paid	34,626	38,080	43,202	33,300	21,875
Capitalized interest	(166)	(951)	(1,491)	(927)	(2,519)
Changes in operating assets and liabilities:					
Restricted cash	(35,219)	16,857	(20,196)	(26,346)	72,736
Accounts receivable	6,442	(2,450)	(1,014)	(3,388)	(5,316)
Prepaid maintenance reserves	(21,093)	(26,923)	(35,694)	(26,840)	(27,380)
Long-term deposits and other assets	(11,420)	(6,542)	(13,981)	(7,959)	(19,539)
Accounts payable	(5,709)	(6,566)	(2,007)	(1,112)	4,514
Air traffic liability	204	(3,239)	19,107	20,963	17,880
Other liabilities	(33,652)	(7,313)	16,132	2,965	(8,808)
Other	(663)	(380)	(235)	(181)	(114)
Net cash provided by operating activities	**(51,913)**	**69,067**	**27,033**	**$ 3,798**	**$ 149,488**
Investing activities:					
Proceeds from sale of property and equipment	8,990	19,491	333	230	5,604
Pre-delivery deposits for flight equipment, net of refunds	14,693	(2,384)	(25,474)	(12,790)	(27,194)
Purchase of property and equipment, net	(13,953)	(14,778)	(5,325)	(3,727)	(9,573)
Net cash used in investing activities	**9,730**	**2,329**	**(30,466)**	**(16,287)**	**(31,163)**
Financing activities:					
Proceeds from issuance of debt	5,000	2,000			
Proceeds from issuance of common stock, net of offering expenses					171,247
Payments on debt and capital lease obligations	(890)	(2,239)			(20,564)
Repurchase of restricted common stock	(1)	(43)			(757)
Debt issuance costs	(300)	(1,196)			8
Net cash provided by financing activities	**3,809**	**(1,478)**			**149,934**
Net increase (decrease) in cash and cash equivalents	(38,374)	69,918	(3,433)	(12,489)	268,259
Cash and cash equivalents at beginning of period	**54,603**	**16,229**	**86,147**	**86,147**	**82,714**
Cash and cash equivalents at end of period	**$ 16,229**	**$ 86,147**	**$ 82,714**	**$ 73,658**	**$ 350,973**

Supplemental disclosures

Cash payments for:					
Interest paid	$ 10,941	$ 12,177	$ 4,303	$ 3,543	$ 8,219
Taxes paid	$ 148	$ 1,974	$ 562	$ 504	$ 379
Non-cash transactions					
Exchange of notes due to related parties for common stock	$	$	$	$	$ 279,206
Exchange of mandatorily redeemable preferred stock for common stock	$	$	$	$	$ 81,747
Liability and equity related to tax receivable agreement	$	$	$	$	$ 36,522

See accompanying Notes to Financial Statements

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Spirit Airlines, Inc.

Statements of Shareholders Equity

(In thousands)

	Class A Common Stock	Class B Common Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total
Balance at December 31, 2007	**$ 2**	**$ 1**	**$**	**$ 44**	**$ (12)**	**$ (295,189)**	**$ (295,154)**
Repurchase of common stock					(1)		(1)
Share-based compensation				6			6
Net income						33,259	33,259
Balance at December 31, 2008	**2**	**1**		**50**	**(13)**	**(261,930)**	**(261,890)**
Repurchase of common stock					(43)		(43)
Retirement of common stock				(56)	56		
Share-based compensation				113			113
Net income						83,693	83,693
Balance at December 31, 2009	**2**	**1**		**107**		**(178,237)**	**(178,127)**
Share-based compensation				569			569
Net income						72,481	72,481
Balance at December 31, 2010	**2**	**1**		**676**		**(105,756)**	**(105,077)**
Conversion of Class A & B common stock to common stock (unaudited)	(2)	(1)	3				
Proceeds from initial public offering, net (unaudited)			1	170,827			170,828
Conversion of debt to common stock (unaudited)			2	279,204			279,206
Conversion of preferred stock to common stock (unaudited)			1	81,746			81,747
Record liability under Tax Receivable Agreement (unaudited)				(36,522)			(36,522)
Share-based compensation (unaudited)				411			411
Repurchase of common stock (unaudited)				(757)			(757)
Options exercised (unaudited)				419			419
Net income (unaudited)						52,457	52,457
Other (unaudited)				10			10
Balance at September 30, 2011 (unaudited)	**$**	**$**	**$ 7**	**$ 496,014**	**$**	**$ (53,299)**	**$ 442,722**

See accompanying Notes to Financial Statements

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Notes to Financial Statements

The unaudited condensed financial statements of Spirit Airlines, Inc., as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 included herein, have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed financial statements reflect all adjustments that in the opinion of management are necessary to present fairly the financial position, results of operations, cash flows, and stockholders deficit for the interim periods presented. All adjustments are of a normal recurring nature, unless otherwise disclosed. The results of operations for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

1. Summary of Significant Accounting Policies

Basis of Presentation

Headquartered in Miramar, Florida, Spirit Airlines, Inc. (Spirit or the Company) is an ultra low-cost carrier (ULCC) in the Americas and a portfolio company of two private equity firms, Indigo Partners, or Indigo, and Oaktree Capital Management, L.P., or Oaktree. The Company manages operations on a system-wide basis due to the interdependence of its route structure in the various markets served. As only one service is offered (i.e., air transportation), management has concluded that there is only one reportable segment.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of less than three months at the date of acquisition to be cash equivalents. Investments included in this category consist of money market funds, investment-grade commercial paper, and certificates of deposit.

Restricted Cash

Restricted cash primarily consists of funds held by credit card processors as collateral for future travel paid with a credit card.

Accounts Receivable

Accounts receivable primarily consist of amounts due from credit card processors associated with the sales of tickets and amounts due from counterparties associated with fuel derivative instruments that have settled. The allowance for doubtful accounts represents the estimated losses expected to be incurred in the collection of credit card receivables based on historical credit card charge-backs and other receivables based on specific analysis.

The Company wrote off accounts receivable of $0.9 million, $0 million, and $0.1 million for the years ended 2008, 2009, and 2010 and recovered $0.3 million (unaudited) and wrote off $0.1 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively. The Company recorded charges related to its allowance for doubtful accounts of $0.2 million and $0.1 million, and recovered $0.1 million for the years ended 2008, 2009 and 2010, and recovered $0.1 million (unaudited) and recorded $0.1 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively.

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Notes to Financial Statements (Continued)

Inventories

Spare parts, materials, and supplies relating to flight equipment are carried at average acquisition cost and are expensed when used in operations. Allowances for obsolescence are provided over the estimated lease life of the related aircraft and engines (as 100% of the fleet is financed via operating leases) for spare parts expected to be on hand at the date aircraft are retired from service.

Deferred Offering Costs

The Company complies with the requirements of SEC Staff Accounting Bulletin (SAB) Topic 5A Expenses of Offering. Deferred offering costs of approximately $4.0 million as of December 31, 2010 consist principally of legal, accounting, printing, and underwriting fees incurred through the balance sheet date related to an initial public offering (the IPO) that are charged to additional paid-in capital upon the completion of the offering. A total of $6.1 million (unaudited) was charged to additional paid-in capital in connection with the IPO in 2011.

Measurement of Asset Impairments

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of operating property and equipment is computed using the straight-line method applied to each unit of property, except on flight equipment (major rotable parts, avionics, and assemblies), which are depreciated on a group basis over the average life of the applicable equipment. The depreciable lives used for the principal depreciable asset classifications are:

	Estimated Useful Life
Spare rotables and flight assemblies	Lesser of the useful life of equipment or average remaining fleet life to which applicable
Other equipment and vehicles	5 to 7 years
Equipment under capital lease	Lease term
Internally developed software	3 to 10 years

All aircraft and spare engines are operated through operating leases with terms of 6 to 12 years for aircraft and 7 to 12 years for spare engines. Residual values for major spare rotable parts, avionics, and assemblies are estimated to be 10%. The following table illustrates the components of depreciation and amortization expense (in thousands):

	Year Ended December 31,			**Nine Months Ended September 31**	
	2008	**2009**	**2010**	**2010**	**2011**
				(unaudited)	
Depreciation	$ 4,236	$ 3,901	$ 4,313	$ 3,091	$ 3,667
Amortization of heavy maintenance		1,023	1,307	1,226	1,629

Total depreciation and amortization	$ 4,236	$ 4,924	$ 5,620	$ 4,317	$ 5,296

Notes to Financial Statements (Continued)

The Company capitalizes costs associated with internally developed and/or purchased software systems for new products, and enhancements to existing products that have reached the application development stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with and devote time to internal-use software projects. These costs are included in property and equipment.

Amortization of capitalized software development costs is charged to depreciation. Amortization of capitalized software development costs was $0.4 million, $0.7 million, and $1.1 million for the years ended 2008, 2009 and 2010, respectively. Amortization of capitalized software development costs was $0.8 million (unaudited) and $1.3 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively. The Company capitalized $2.9 million, $0.6 million, and $2.4 million, of software development costs during the years ended 2008, 2009 and 2010, and $2.0 million (unaudited) and $2.6 million (unaudited), during the nine months ended September 30, 2010 and 2011, respectively.

Capitalized Interest

Interest attributable to funds used to finance the acquisition of new aircraft is capitalized as an additional cost of the related asset. Capitalization of interest ceases when the asset is no longer being prepared for its intended use or is ready for service.

Manufacturer s Credits

Spirit periodically receives credits in connection with the acquisition of aircraft and engines. These credits are deferred until the aircraft and engines are delivered and then applied on a pro rata basis as a reduction of the cost of the related aircraft and engines.

Passenger Revenue Recognition

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

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

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

Notes to Financial Statements (Continued)

Frequent Flier Program

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

Original Affinity Card Program. The Company also sells mileage credits to companies participating in the FREE SPIRIT program (or affinity card program). Under the original affinity card program, funds received from the sale of mileage credits were accounted for as a multiple element arrangement and allocated to a marketing component and a transportation component (mileage credits) using the residual method. The fair value of the transportation component is deferred and recognized ratably as passenger revenue over the estimated period the transportation is expected to be provided (historically estimated at 15 to 19 months and currently estimated at 20 months). The difference between the funds received and the fair value of the transportation component is recognized in non-ticket revenue at the time of sale as non-ticket marketing revenue. The marketing component represents the Company s compensation for, among many items, use of its trademark, customer lists and placement of marketing materials to encourage application for credit cards. Because there are no undelivered elements other than the mileage credits, the Company records the revenue from the marketing component when funds are received. The Company also receives bonuses from companies participating in the FREE SPIRIT program that are driven by the volume of the usage of the Company s co-branded credit cards. The Company recognizes these bonuses as non-ticket revenue when payment is received (milestone method) as the milestones are substantive.

New Affinity Card Program(unaudited). The Company entered into a new affinity card program that became effective April 1, 2011. The agreement calls for the marketing of a co-branded Spirit credit card and the delivery of award miles over a five-year period. At the inception of the arrangement, the Company evaluated all deliverables in the arrangement to determine whether they represent separate units of accounting using the criteria as set forth in ASU No. 2009-13. The Company determined the arrangement had three separate units of accounting: (i) travel miles to be awarded, (ii) licensing of brand and access to member lists, and (iii) advertising and marketing efforts. Under ASU No. 2009-13, arrangement consideration should be allocated based on relative selling price. At inception of the arrangement, the Company established the relative selling price for all deliverables that qualified for separation. The manner in which the selling price was established is based on a hierarchy of evidence that the Company considered. Total arrangement consideration was then allocated to each deliverable on the basis of the deliverable s relative selling price. In considering the hierarchy of evidence under ASU No. 2009-13, the Company first determined whether vendor specific objective evidence of selling price or third-party evidence of selling price existed. It was determined by the Company that neither vendor specific objective evidence of selling price nor third-party evidence existed due to the uniqueness of the Company s program. As such, the Company developed its best estimate of the selling price for all deliverables. For the award miles, the Company considered a number of entity-specific factors when developing the best estimate of the selling price including the number of miles needed to redeem an award, average fare of comparable segments, breakage, restrictions, and fees. For licensing of brand and access to member lists, the Company considered both market-specific factors and entity-specific factors including general profit margins realized in the marketplace/industry, brand power, market royalty rates, and size of customer base. For the advertising element, the Company considered market-specific factors and entity-specific factors including, the Company s internal costs (and fluctuations of costs) of providing services, volume of marketing efforts, and overall advertising plan. Consideration allocated based on the relative selling price to both brand licensing and advertising elements will be recognized as revenue when earned and recorded in non-ticket revenue. Consideration allocated to award miles will be deferred and recognized ratably as passenger revenue over the estimated period the transportation is expected to be provided (historically estimated at 15 to 19 months and currently estimated at 20 months). The Company used entity-specific assumptions coupled with the various judgments necessary to determine the selling

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Notes to Financial Statements (Continued)

price of a deliverable in accordance with the required selling price hierarchy. Changes in these assumptions (e.g., cost of fare, number of miles to redeem awards, marketing plan, and approval rate of credit cards) could result in changes in the estimated selling prices. Determining the frequency to reassess selling price for individual deliverables requires significant judgment. During the nine months ended September 30, 2011, the Company noted no changes to either entity-specific assumptions or market-specific assumptions that would warrant a reassessment of selling prices from those determined at inception.

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

Year Ended	Cash proceeds from sale of miles to non-airline third parties	Portion of proceeds recognized immediately as marketing component
	(in thousands)	
December 31, 2008	$ 13,503	$ 5,775
December 31, 2009	12,008	5,209
December 31, 2010	20,748	10,576
Nine Months Ended (Unaudited)		
September 30, 2010	12,697	5,696
September 30, 2011	15,866	11,721

The total liability for future FREE SPIRIT award redemptions and unrecognized revenue from the sale of mileage credits was $4.2 million, $7.1 million, and $5.2 million (unaudited) at December 31, 2009 and 2010 and September 30, 2011, respectively. These balances are recorded as a component of air traffic liability in the accompanying balance sheets.

Non-ticket Revenue Recognition

Non-ticket revenues are generated from air travel-related fees paid by the ticketed passenger for, among other things, baggage, bookings through the Company s call center or third-party vendors, advance seat selection, itinerary changes and loyalty programs. Non-ticket revenues also consist of services not directly related to providing transportation such as the FREE SPIRIT affinity credit card program, $9 Fare Club, and the sale of advertising to third parties on Spirit s website and on board aircraft. The following table summarizes the primary components of non-ticket revenue and the revenue recognition method utilized for each service or product (in thousands):

Non-ticket revenue	Recognition method	Year Ended December 31, 2008	2009	2010	Nine Months Ended September 30, 2010	2011
					(unaudited)	
Baggage	Time of departure	$ 59,627	$ 63,222	$ 91,393	$ 59,341	$ 123,990
Passenger usage fee	Time of departure	2,330	20,596	45,181	32,686	49,364
Advance seat selection	Time of departure	10,975	18,819	32,512	22,169	32,107
Change fees	When itinerary is changed	21,515	23,561	23,120	16,580	19,036
Other		35,362	37,658	51,090	32,776	52,390
Non-ticket revenue		$ 129,809	$ 163,856	$ 243,296	$ 163,552	$ 276,887

Notes to Financial Statements (Continued)

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

During the fourth quarter of 2010, the Company determined not to renew its agreement with the administrator of the FREE SPIRIT affinity credit card program at the scheduled expiration in February 2011. In connection with that non-renewal, the Company entered into an agreement with the former administrator regarding the transition of the program to a new provider and the remittance to the Company of compensation due to the Company for card members obtained through the Company s marketing services in the amount of $5.0 million, of which $4.6 million was recognized in the fourth quarter of 2010 and $0.4 million was recognized in the first quarter of 2011.

Airframe and Engine Maintenance

The Company accounts for heavy maintenance and major overhaul and repair under the deferral method whereby the cost of heavy maintenance and major overhaul and repair is deferred and amortized based on usage through the next overhaul event.

Amortization of engine overhaul costs is charged to depreciation and amortization expense and was $1.0 million and $1.3 million for the years ended 2009 and 2010, and $1.2 million (unaudited) and $1.6 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively. During the years ended 2009 and 2010, the Company deferred $5.3 million and $5.2 million, respectively, of costs for heavy maintenance. During the nine months ended September 30, 2010 and 2011, the Company deferred $0.8 million (unaudited) and $20.2 million (unaudited), respectively, of costs for heavy maintenance.

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

The table below summarizes the extent to which the Company s maintenance costs are rate capped due to flight hour maintenance contracts (in thousands).

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Flight hour-based maintenance expense	$ 13,445	$ 14,428	$ 16,683	$ 14,085	$ 16,706
Non-flight hour-based maintenance expense	10,792	13,108	11,506	6,559	10,272
Total maintenance expense	$ 24,237	$ 27,536	$ 28,189	$ 20,644	$ 26,978

During the quarter ended December 31, 2010, the Company renegotiated a supplier contract resulting in a reduction of operating expenses of $1.0 million of amounts accrued in prior years.

Notes to Financial Statements (Continued)

Aircraft Fuel

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

Derivative Instruments

The Company accounts for derivative financial instruments at fair value and recognizes them in the balance sheet in other current assets or other current liabilities. For derivatives designated as cash flow hedges, changes in fair value of the derivative are generally reported in other comprehensive income and are subsequently reclassified into earnings when the hedged item affects earnings. For the years ended 2008, 2009 and 2010, and the nine months ended September 30, 2010 and 2011, the Company did not hold derivative instruments that qualified as cash flow hedges. As a result, changes in the fair value of such derivative contracts were recorded within aircraft fuel expense in the accompanying statements of operations. These amounts include both realized gains and losses and mark-to-market adjustments of the fair value of unsettled derivative instruments at the end of each period.

Advertising

The Company expenses advertising and the production costs of advertising as incurred. Marketing and advertising expenses were $3.4 million, $2.4 million, and $6.1 million for the years ended 2008, 2009 and 2010, respectively, and $3.0 million (unaudited) and $1.9 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively.

Income Taxes

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

Interest Expense

Related-party interest expense incurred during 2008, 2009 and 2010 was $31.8 million, $39.3 million, and $44.6 million, respectively, and consisted primarily of paid-in-kind interest on tranche notes due to related parties and preferred stock dividends due to related parties. Non-related party interest expense during 2008, 2009 and 2010 was $8.4 million, $7.6 million and $5.7 million, respectively. Related-party interest expense incurred during the nine months ended September 30, 2010 and 2011 was $33.5 million (unaudited) and $22.1 million (unaudited), respectively, and consisted primarily of paid-in-kind interest on tranche notes due to related parties and preferred stock dividends due to related parties. Non-related party interest expense during the nine months ended September 30, 2010 and 2011 was $4.5 million (unaudited) and $2.3 million (unaudited), respectively.

Stock-Based Compensation

The Company recognizes cost of employee services received in exchange for awards of equity instruments based on the fair value of each instrument at the date of grant. Compensation expense is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for an award. The fair value of the stock award is estimated using a discounted cash flow analysis based on management s estimates of revenue, driven by assumed market growth rates, and estimated costs as well as appropriate discount rates. These estimates are consistent with the plans and estimates that management uses to manage the Company s business. The fair value of share option awards is estimated on the date of grant using the Black-Scholes valuation model. See Note 9.

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Notes to Financial Statements (Continued)

Concentrations of Risk

The Company s business has been, and may continue to be, adversely affected by increases in the price of aircraft fuel, the volatility of the price of aircraft fuel, or both. Aircraft fuel was the Company s single largest expenditure representing approximately 39%, 31%, 35%, and 42% (unaudited) of total operating expenses in 2008, 2009, 2010, and the first nine months of 2011, respectively.

The Company s operations are largely concentrated in the southeast United States with Fort Lauderdale being the highest volume fueling point in the system. Gulf Coast Jet indexed fuel is the basis for a substantial majority of the Company s fuel consumption. Any disruption to the oil production or refinery capacity in the Gulf Coast, as a result of weather or any other disaster or disruptions in supply of jet fuel, dramatic escalations in the costs of jet fuel, and/or the failure of fuel providers to perform under fuel arrangements for other reasons could have a material adverse effect on the Company s financial condition and results of operations.

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

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

The Company has three union-represented employee groups that together represent approximately 50% of all employees at December 31, 2009, 2010 and 51% (unaudited) of all employees at September 30, 2011. A strike or other significant labor dispute with the Company s unionized employees is likely to adversely affect the Company s ability to conduct business. Additional disclosures are included in Note 17.

2. Recent Accounting Developments

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) Fair Value Measurement (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements (as defined in Note 18). ASU 2011-04 is effective for the Company in the first quarter of fiscal 2012 and should be applied prospectively. The Company is currently evaluating the impact of ASU 2011-04 on its financial position, results of operations, cash flows and disclosures.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, Fair Value Measurements Disclosures, which amends Subtopic 820-10 of the FASB Accounting Standards Codification to require new disclosures for fair value measurements and provides clarification for existing disclosure requirements. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Level 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances, and settlements to be presented separately (i.e., present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. Certain provisions requiring new disclosures and clarifications of existing disclosures of the guidance are effective for interim and reporting periods beginning after December 15, 2009. Certain other

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Notes to Financial Statements (Continued)

provisions for new disclosures are effective for fiscal years beginning after December 15, 2010. Adoption of those provisions of the accounting guidance that became effective for this interim period has resulted in new fair value disclosures. See related fair value disclosures in Note 18.

In October 2009, the FASB issued an Accounting Standards Update (ASU No. 2009-13) pertaining to multiple-deliverable revenue arrangements. The new guidance affects accounting and reporting for companies that enter into multiple-deliverable revenue arrangements with their customers when those arrangements are within the scope of ASC 605-25, Revenue Recognition Multiple-Element Arrangements. ASU No. 2009-13 eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. The new guidance is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. On January 1, 2011, the Company adopted ASU No. 2009-13. See related disclosures in Note 1.

3. Restructuring Charges and Termination Cost

In December 2004, the Company began to execute an accelerated exit and disposal strategy of its older, less efficient, and more costly to operate MD-80 fleet. The Company determined that the plan of sale criteria in ASC 360-10, *Property, Plant and Equipment/Impairment or Disposal of Long-Lived Assets*, had been met. Accordingly, the carrying value of the MD-80 aircraft and related engines and equipment was adjusted to its fair value, less costs to sell, which was determined based on transactions and quoted market prices of similar assets. In connection with the fleet disposal activities in 2006, five spare Pratt-Whitney engines were classified as held for sale and were sold by the end of 2009. Cash payments during 2007, 2008, and 2009 primarily related to purchasing MD-80 aircraft off lease from lessors, net of cash received for an MD-80 sublease and cash from the sale of previously written-off MD-80 parts and equipment. During 2010, the Company had cash payments to lessors and cash receipts from sale of previously written-off MD-80 parts and equipment. The following table summarizes the components of the MD-80 fleet termination and the remaining accruals in connection with the restructuring through September 30, 2011 (in thousands):

	Aircraft Charges	Facility Exit Costs	Severance	Other	Total
Accrual at December 31, 2007	$ 11,589	$ 891	$ 12	$ 88	$ 12,580
Restructuring charges	(507)	(102)		(12)	(621)
Non-cash charges					
(Payments)	(9,328)	(179)	(12)	(76)	(9,595)
Accrual at December 31, 2008	1,754	610			2,364
Restructuring charges	(345)	(281)			(626)
Non-cash charges	(34)				(34)
(Payments)	(1,528)	(45)			(1,573)
Accrual at December 31, 2009	(153)	284			131
Restructuring charges	(306)	24			(282)
(Payments) receipts	459	(79)			380
Accrual at December 31, 2010		229			229
Restructuring charges (unaudited)	(115)	69			(46)
(Payments) receipts (unaudited)	115	(20)			95
Accrual at September 30, 2011 (unaudited)	$	$ 278	$	$	$ 278

In response to record high fuel prices and rapidly deteriorating economic conditions, in July 2008, the Company rapidly restructured its network to optimize profitability by reducing capacity in markets that did not

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Notes to Financial Statements (Continued)

support elevated fuel prices. This restructuring resulted in the early termination of seven Airbus A319 aircraft operating leases and workforce reductions resulting in one-time lease fees, severance costs, and relocation costs. The Company determined the retirement of these aircraft and the planned reduction and relocation of certain employees met the requirement of an exit activity and accrued a charge in 2008. During 2008, the Company incurred $18.5 million in net restructuring charges consisting primarily of the write-off of certain leased aircraft assets and liabilities and the accrual for employee severances and relocation charges. The Company had non-cash write-off charges of $17.2 million and cash payments of $1.1 million during 2008. During 2009, the Company incurred $0.3 million in cash payments related to facility exit costs and severance. The following table summarizes the 2008 restructuring charges and related activity (in thousands):

	Aircraft Charges	Facility Exit Costs	Severance	Other	Total
Restructuring charges	$ 18,031	$	$ 356	$ 136	$ 18,523
Non-cash charges	(17,233)				(17,233)
(Payments)	(720)		(260)	(131)	(1,111)
Accrual at December 31, 2008	78		96	5	179
Restructuring charges		245	(6)	(5)	234
Non-cash charges		(26)			(26)
(Payments)	(36)	(219)	(90)		(345)
Accrual at December 31, 2009 and 2010 and September 30, 2011 (unaudited)	$ 42	$	$	$	$ 42

In 2010, in an effort to gain efficiencies, the Company relocated all of its maintenance operations in Detroit, Michigan to Fort Lauderdale, Florida. The restructuring included the closure of facilities in Detroit, relocation of equipment and tools, and the relocation of a portion of the former Detroit workforce. The Company determined the relocation of these facilities and the relocation and reduction of certain employees met the requirement of an exit activity. The following table summarizes the restructuring charges and related activity (in thousands):

	Facility Exit Costs	Severance	Relocation	Other	Total
Restructuring charges	$ 467	$ 308	$ 27	$ 101	$ 903
Non-cash charges	(22)				(22)
(Payments)	(242)	(236)	(24)	(101)	(603)
Accrual at December 31, 2010	203	72	3		278
Restructuring charges (unaudited)	100	(2)	19	52	169
Non-cash charges (unaudited)					
(Payments) (unaudited)	(303)	(70)	(22)	(52)	(447)
Accrual at September, 2011 (unaudited)	$	$	$	$	$

In the second quarter of 2011, the Company incurred termination costs of $2.3 million in connection with the IPO, which were comprised of $1.8 million paid to Indigo Partners, LLC to terminate its professional services agreement with the Company and $0.5 million paid to three individual, unaffiliated holders of the Company s subordinated notes.

4. Letters of Credit

In connection with agreements with certain airports, the Company is required to post letters of credit, which totaled $0.7 million, $4.0 million, and $0.2 million (unaudited) as of December 31, 2009 and 2010, and

Notes to Financial Statements (Continued)

September 30, 2011, respectively. The issuing banks require that the Company deposit funds at those banks to cover the amounts that could be drawn under the letters of credit. These funds are invested in money market accounts and are classified as long-term assets within security deposits and other long-term assets.

5. Credit Card Processing Arrangements

The Company has agreements with organizations that process credit card transactions arising from the purchase of air travel, baggage fees, and other ancillary services by customers. As it is standard in the airline industry, the Company s contractual arrangements with credit card processors permit them, under certain circumstances, to retain a holdback or other collateral, which the Company records as restricted cash, when future air travel and other future services are purchased via credit card transactions. The required holdback is the percentage of the Company s overall credit card sales that its credit card processors hold to cover refunds to customers if the Company fails to fulfill its flight obligations. At December 31, 2009 and 2010, the required holdback balance was $77.5 million and $87.7 million, respectively. As of September 30, 2011, the Company had amended its processing agreements with all of its processors. Prior to the amendments, the credit card processors required the Company to maintain cash collateral equal to approximately 100% of the Company s air traffic liability. The amendments were approved in light of the Company s improved balance sheet as a result of the recently completed IPO, the related recapitalization and the elimination of the holdback held by the credit card processors, effectively bringing the Company s restricted cash balance to zero, provided that the Company continues to satisfy certain liquidity and other financial covenants. Failure to meet these covenants would provide the processors the right to reinstate a holdback, resulting in a commensurate reduction of unrestricted cash.

At December 31, 2009 and 2010, the required holdback for one of the processors was partially satisfied by a letter of credit (LC), issued in favor of the processor in the amount of $25.0 million and $15.0 million, respectively. The LC was secured by substantially all of the assets of the Company and was senior to all other obligations of the Company. The LC was due to expire on April 30, 2011. On April 29, 2011, the Company extended its letter of credit facility until April 30, 2014 and increased the amount to $30.0 million. This extended facility was subject to a commitment fee of 15% per annum payable on a monthly basis. In addition, the letter of credit was subject to a $0.6 million termination fee if terminated before June 30, 2012. On June 1, 2011, the Company terminated the LC and paid the $0.6 million termination fee. The termination of this LC resulted in a $30 million increase in restricted cash funded by the Company to its principal credit card processor due to the then applicable holdback requirements.

As of December 31, 2009 and 2010, and September 30, 2011, the Company had advance ticket sales and $9 Fare Club memberships purchased with credit cards of approximately $85.4 million, $101.1 million, and $121.4 million (unaudited), respectively. As of December 31, 2010 and September 30, 2011, the Company was in compliance with its credit card processing agreements, and the processors were holding back $72.7 million and $0 (unaudited), respectively, of remittances (with respect to December 31, 2010, after considering the LC issued in favor of the Company s largest credit card processor). The maximum potential exposure to cash holdbacks by the Company s credit card processors, based upon advance ticket sales and $9 Fare Club memberships as of December 31, 2010 and September 30, 2011, was $86.1 million and $121.4 million (unaudited), respectively.

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6. Accrued Liabilities

Accrued liabilities included in other current liabilities as of December 31, 2009, 2010 and September 30, 2011 consist of the following (in thousands):

	As of December 31,		As of September 30,
	2009	2010	2011 (unaudited)
Current portion of Tax Receivable Agreement	$	$	$ 32,977
Federal excise and other passenger taxes and fees payable	15,592	19,035	17,631
Salaries and wages	12,561	14,842	14,134
Aircraft maintenance	7,001	10,909	9.391
Airport expenses	7,559	9,523	8,709
Interest	5,200	6,885	1,475
Aircraft and facility rent	3,508	4,455	5,614
Restructuring	173	549	319
Other	7,228	6,843	7,697
Accrued liabilities	$ 58,822	$ 73,041	$ 97,947

During 2010, based on new information that became available to the Company, a liability previously recorded was reduced by $1.0 million resulting in recognition of $0.7 million within other operating and $0.3 million within salaries, wages, and benefits expenses in the statement of operations.

7. Common Stock and Preferred Stock

The Company s amended and restated certificate of incorporation authorizes the Company to issue up to 240,000,000 (unaudited) shares of common stock, $0.0001 par value per share, 50,000,000 (unaudited) shares of non-voting common stock, $0.0001 par value per share, and 10,000,000 (unaudited) shares of preferred stock, $0.0001 par value per share. All of the Company s issued and outstanding shares of common stock and preferred stock are duly authorized, validly issued, fully paid and non-assessable. The Company s shares of common stock and non-voting common stock are not redeemable and do not have preemptive rights.

Common Stock

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

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

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

Notes to Financial Statements (Continued)

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

Non-Voting Common Stock

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

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

Conversion Rights. Shares of the Company s non-voting common stock will be convertible on a share-for-share basis into common stock at the election of the holder.

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

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

Preferred Stock

The Company s board of directors has the authority, without further action by the Company s stockholders, to issue up to 10,000,000 (unaudited) shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The Company s issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of the Company or other corporate action. As of September 30, 2011, there were no shares of preferred stock outstanding.

Prior to the Company s IPO and related recapitalization on June 1, 2011, there were issued and outstanding 100,000 (unaudited) shares of Class A preferred stock, 2,850 (unaudited) shares of Class B preferred stock, 20,848,847 (unaudited) shares of Class A common stock and 6,004,103 (unaudited) shares of Class B common stock. In the recapitalization consummated on June 1, 2011, all shares of preferred stock and all notes not repaid with the net proceeds received by the Company in the IPO were exchanged for shares of common stock in

Notes to Financial Statements (Continued)

accordance with the Recapitalization Agreement. In addition, each share of Class B common stock was exchanged for one share of common stock.

8. Redeemable Preferred Stock

Prior to the closing of the Company s IPO and the transactions contemplated by the Recapitalization Agreement on June 1, 2011, the Company had authority to issue up to 1,000,000 shares of preferred stock, with a par value of $0.0001, of which 125,000 shares were designated Class A preferred stock and issued with a liquidation value of $1,000 per share and a dividend rate of 5%, compounded quarterly, and 5,000 shares were designated as Class B preferred stock and 2,850 shares were issued with a liquidation value of $1,000 per share and a dividend rate of 17%, compounded quarterly. Prior to the liquidation preference adjustments discussed below, all shares of Class A preferred stock were held by Indigo and Oaktree, and all shares of Class B preferred stock were held by other non-controlling shareholders. The remaining 870,000 authorized shares could have been designated and issued from time to time in one or more series, as decided by the Board of Directors. The dividend rates for the Class A and Class B preferred stock are per annum and applied to the sum of their respective liquidation value per share plus all accumulated and unpaid dividends whether or not they have been declared and whether or not there are profits, surplus, or other funds legally available for payment. Neither series of preferred stock was, by its terms, convertible into or exchangeable for any other property or securities of the Company, and neither series had voting rights. The Class A and B preferred stock were both subject to mandatory redemption on the earlier of July 1, 2012, or a change of control. As such, the Company s preferred stock was classified as mandatorily redeemable preferred stock (a liability) in the accompanying balance sheets and dividends were recorded as interest expense in the accompanying statements of operations.

With respect to dividend distributions and upon liquidation of the corporation, Class B preferred stock ranked senior to all other classes of stock, followed by Class A preferred stock, and lastly, common stock.

The liquidation preference of the Class A preferred stock was subject to adjustments as follows:

If a new collective bargaining agreement between the Company and its pilots had not been ratified by or before January 1, 2008, the liquidation value of the Class A preferred stock would be reduced by $22.5 million and any accrued and unpaid dividends corresponding to the liquidation value reduction would be eliminated. Additionally, pursuant to the terms of a Put and Escrow Agreement among the Company and its major shareholders dated July 13, 2006, if this liquidation value adjustment was triggered, the 25,000 shares of Class A preferred stock owned by Indigo must be returned to the Company, whereupon such shares were to be cancelled and any accrued and unpaid dividends corresponding to such cancelled shares were to be eliminated.

If, as of December 31, 2009, the net cost to the Company related to the return of MD-80 aircraft, over the period from January 1, 2006 through December 31, 2009, exceeded a target threshold of $20.7 million, the liquidation value of the Class A preferred stock would be reduced by the amount of such excess (and accrued and unpaid dividends corresponding to such reduction amount would be eliminated), subject to a maximum reduction of $30.0 million.

The liquidation value of the Class A preferred stock would be reduced by the amount equal to the aggregate principal amount of additional Tranche B notes purchased by Indigo after July 13, 2006 (see Note 11).

Notes to Financial Statements (Continued)

The following table represents the distribution of ownership of the Class A preferred stock as of December 31, 2006, prior to any liquidation value adjustment events:

	Class A Preferred Stock as of December 31, 2006			
	Outstanding Shares	% of Shares Owned	Liquidation Value per Share	Liquidation Value *
	(in thousands except share and per share amounts)			
Oaktree	100,000	80.00%	$ 1,000	$ 100,000
Indigo	25,000	20.00	1,000	25,000
Total Class A preferred stock	125,000	100.00%		$ 125,000

* Liquidation value does not include accrued and unpaid dividends.

As of January 1, 2008, there was no new collective bargaining agreement with the Company s pilots. Accordingly, Indigo returned all 25,000 shares of its Class A preferred stock, which were then cancelled by the Company along with any accrued and unpaid dividends thereon. After giving effect to this cancellation, the liquidation value of the remaining 100,000 outstanding shares of Class A preferred stock was reduced by an aggregate $22.5 million, or from $1,000 to $775 per share, and accrued and unpaid dividends corresponding to the liquidation value reduction were eliminated. The Company recognized as debt extinguishment a net gain of $50.7 million, effective January 1, 2008, on the cancellation of shares and liquidation value adjustment, including the elimination of $3.6 million of corresponding accrued and unpaid dividends. After January 1, 2008, all Class A preferred stock is held by Oaktree. The following tables illustrate the execution of the Put and Escrow Agreement and liquidation value adjustment of the remaining Class A preferred stock triggered by not having a collective bargaining agreement as of January 1, 2008:

	Execution of Put and Escrow Agreement			
	Transfer of Indigo Class A Preferred Stock to Spirit	Outstanding Shares	Liquidation Value per Share	Liquidation Value *
	(in thousands except share and per share amounts)			
Oaktree		100,000	$ 1,000	$ 100,000
Indigo	(25,000)		N/A	
Total Class A preferred stock	(25,000)	100,000		$ 100,000

* Liquidation value does not include accrued and unpaid dividends.

	$22.5 Million Liquidation Value Adjustment				
	Outstanding Shares	Liquidation Value Prior to Adjustment	Liquidation Value Adjustment	Liquidation Value per Share After Adjustment	Liquidation Value as of January 1, 2008 *

	(in thousands except share and per share amounts)				
Oaktree	100,000	$ 100,000	$ (22,500)	$ 775	$ 77,500
Indigo					
Total Class A preferred stock	100,000	$ 100,000	$ (22,500)		$ 77,500

* Liquidation value does not include accrued and unpaid dividends.

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Notes to Financial Statements (Continued)

On December 28, 2008, Indigo purchased an additional $2.7 million of Tranche B notes and triggered a liquidation value adjustment. Accordingly, the Company recognized as debt extinguishment a net gain of $3.0 million, effective December 28, 2008, on the liquidation value adjustment, including the elimination of $0.3 million of corresponding accrued and unpaid dividends. The following table illustrates the liquidation adjustment as triggered by the additional Tranche B notes purchased:

	$2.7 Million Liquidation Value Adjustment				
	Outstanding Shares	Liquidation Value Prior to Adjustment	Liquidation Value Adjustment	Liquidation Value per Share After Adjustment	Liquidation Value as of December 31, 2008 *
	(in thousands except share and per share amounts)				
Oaktree	100,000	$ 77,500	$ (2,679)	$ 748	$ 74,821
Indigo					
Total Class A preferred stock	100,000	$ 77,500	$ (2,679)		$ 74,821

* Liquidation value does not include accrued and unpaid dividends.

As of December 31, 2009, the net cost related to the disposal of MD-80 aircraft exceeded the $20.7 million target threshold by $16.7 million and as a result triggered a liquidation value adjustment, which resulted in a debt extinguishment gain of $19.7 million on December 31, 2009, including the elimination of $3.1 million of accrued and unpaid dividends. The following table illustrates the liquidation adjustment as triggered by the excess of MD-80 charges over the target:

	$16.7 Million Liquidation Value Adjustment				
	Outstanding Shares	Liquidation Value Prior to Adjustment	Liquidation Value Adjustment	Liquidation Value per Share After Adjustment	Liquidation Value as of December 31, 2009 *
	(in thousands except share and per share amounts)				
Oaktree	100,000	$ 74,821	$ (16,664)	$ 582	$ 58,157
Indigo					
Total Class A preferred stock	100,000	$ 74,821	$ (16,664)		$ 58,157

* Liquidation value does not include accrued and unpaid dividends.

As of December 31, 2010, accrued and unpaid dividends for the Class A and Class B preferred stock totaled $14.5 million and $4.2 million, respectively. The maximum amount the Company could be required to pay to redeem the Class A and Class B preferred stock as of the mandatory redemption date of July 1, 2012, is estimated to be $78.6 million and $9.2 million, respectively.

During the years ended 2008, 2009, and 2010, Class A preferred stock accrued dividends of $4.3 million or $42.58 per share, $4.3 million or $43.10 per share, and $3.5 million or $35.21 per share, respectively, while the Class B preferred stock accrued dividends of $0.8 million or $273.80 per share, $0.9 million or $322.60 per share, and $1.1 million or $381.04 per share, respectively.

Notes to Financial Statements (Continued)

In connection with the closing of the IPO, the Company consummated the transaction contemplated by the Recapitalization Agreement on June 1, 2011, which resulted in the repayment or exchange for common stock of all of the Company s notes and preferred stock (see Note 20).

9. Stock-Based Compensation

The Company s board of directors adopted, and the Company s stockholders approved, the Amended and Restated 2005 Incentive Stock Plan, or the 2005 Stock Plan, effective January 1, 2008. The total number of shares of common stock authorized for issue pursuant to awards granted under the 2005 Stock Plan was 2,500,000 shares. The 2005 Stock Plan provides for the grant of non-qualified stock options, stock appreciation rights, restricted stock, performance shares, phantom stock, restricted stock units and other awards that are valued in whole or in part by reference to the Company s stock. As of December 31, 2009 and 2010, the Company had 1,848,897 and 2,327,875 shares outstanding under the 2005 Stock Plan (including shares reserved for issuance upon the exercise of stock options), of which 987,875 and 1,334,000 were fully vested at December 31, 2009 and 2010, respectively.

The Company s board of directors adopted, and the Company s stockholders approved, the 2011 Plan effective May 9, 2011. The principal purpose of the 2011 Plan is to attract, retain and engage selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards. Under the 2011 Plan, 3,000,000 shares of common stock are reserved for issuance pursuant to a variety of stock-based compensation awards, including stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock unit awards, deferred stock awards, dividend equivalent awards, stock payment awards and performance awards and other stock-based awards, plus the number of shares remaining available for future awards under the Company s 2005 Stock Plan. The number of shares reserved for issuance or transfer pursuant to awards under the 2011 Plan will be increased by the number of shares represented by awards outstanding under the Company s 2005 Stock Plan that are forfeited or lapse unexercised and which, following the effective date of the 2011 Plan, are not issued under the 2005 Stock Plan. As of September 30, 2011, 3,296,614 shares (unaudited) of the Company s common stock remained available for future issuance under the 2011 Plan. No further awards will be granted under the 2005 Stock Plan, and all outstanding awards will continue to be governed by their existing terms.

Restricted stock awards are valued at the fair value of the shares on the date of grant if vesting is based on a service or a performance condition. Granted shares vest 25% per year on each anniversary of issuance. Compensation expense is recognized on a straight-line basis over the requisite service period.

Stock option awards are granted with an exercise price equal to the fair market value of the Company s common stock at the date of grant and graded vest based on four years of continuous service and have 10-year contractual terms. The fair value of each stock option award is estimated on the date of grant using the Black-Scholes model. For option grants during 2010, the Company s weighted average assumptions for expected volatility, dividends, term, and risk-free interest rate were 51.6%, 0%, 6.25 years and 2.12%, respectively. For options granted during the nine months ended September 30, 2011, the Company s weighted average assumptions for expected volatility, dividends, term, and risk-free interest rate were 46.2% (unaudited), 0% (unaudited), 6.25 years (unaudited) and 2.0% (unaudited), respectively. Expected volatilities are based on the historical volatility of a group of peer entities within the same industry. The expected term of options is based upon the simplified method, which represents the average of the vesting term and the contractual term. The risk-free interest rate is based on U.S. Treasury yields for securities with terms approximating the expected term of the option. There were no grants of option awards prior to 2010.

Notes to Financial Statements (Continued)

To the extent a market price was not available, the fair value of the Company s common stock was estimated using a discounted cash flow analysis and market multiples, based on management s estimates of revenue, driven by assumed market growth rates, and estimated costs as well as appropriate discount rates. These estimates are consistent with the plans and estimates management uses to manage the Company s business. Share-based compensation cost included in operating expenses in the accompanying statements of operations amounted to $6,000, $113,000, and $569,000 for 2008, 2009 and 2010, respectively. For the nine months ended September 30, 2011 and 2010, share-based compensation cost included in operating expenses in the accompanying statements of operations amounted to $411,000 (unaudited) and $407,000 (unaudited), respectively.

A summary of share option activity under the plan as of, and changes during year ended December 31, 2010 and the nine months ended September 30, 2011 is presented below:

	Number of Shares	Weighted-Average Exercise Price ($)	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2010				
Granted	510,500	7.86		
Exercised				
Forfeited or expired	41,500	7.80		
Outstanding at December 31, 2010	469,000	7.87	9.3	910
Granted	101,000	12.13		
Exercised	(53,750)	7.80		
Forfeited or expired	(163,750)	7.80		
Outstanding at September 30, 2011 (unaudited)	352,500	9.16	9.1	1,179
Exercisable at September 30, 2011 (unaudited)	58,625	7.83	8.9	274
Vested or Expected to Vest at September 30, 2011 (unaudited)	328,977	9.11	9.1	1,115

The weighted-average fair value of option awards granted during the year ended December 31, 2010 was $4.06 per share. The weighted-average fair value of option awards granted during the nine months ended September 30, 2011 was $5.72 per share (unaudited).

A summary of the status of the Company s restricted stock awards as of September 30, 2011 and changes during the year ended 2010 are presented below:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2010	861,022	0.59
Granted	65,353	6.39
Vested	(297,750)	0.82
Forfeited	(55,375)	0.85
Outstanding at December 31, 2010	573,250	$ 1.12
Granted (unaudited)		
Vested (unaudited)	(243,250)	0.93
Forfeited (unaudited)	(20,501)	1.09

Outstanding at September 30, 2011 (unaudited)	309,499	$	1.26

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Notes to Financial Statements (Continued)

The weighted-average fair value of restricted stock awards granted during the years ended 2008, 2009 and 2010 was $0.04 per share, $1.10 per share, and $6.39 per share, respectively. There were no restricted stock awards granted during the nine months ended September 30, 2011.

As of December 31, 2010 and September 30, 2011, there was $2.0 million and $1.5 million (unaudited) of total unrecognized compensation cost related to nonvested shares and options granted under the plan expected to be recognized over a weighted-average period of 1.9 years and 2.8 years (unaudited), respectively. The total fair value of shares vested during the years ended 2008, 2009 and 2010, and the nine months ended September 30, 2011 was $0 million, $0.2 million, $2.2 million, and $2.9 million (unaudited), respectively.

10. Net Income per Share

The following table sets forth the computation of basic and diluted earnings per common share (in thousands, except for share and per share amounts):

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Numerator					
Net income	$ 33,259	$ 83,693	$ 72,481	$ 62,950	$ 52,457
Denominator					
Weighted-average shares outstanding, basic	25,780,070	25,910,766	26,183,772	26,154,670	46,840,034
Effect of dilutive nonvested stock awards	99,790	404,355	506,083	539,331	289,212
Adjusted weighted-average shares outstanding, diluted	25,879,860	26,315,121	26,689,855	26,694,001	47,129,246
Basic earnings (loss) per common share	$ 1.29	$ 3.23	$ 2.77	$ 2.41	$ 1.12
Diluted earnings per common share	1.29	3.18	2.72	$ 2.36	$ 1.11

At December 31, 2008, 2009 and 2010, there were no nonvested stock awards that were anti-dilutive. At September 30, 2011, there were 121,000 stock options (unaudited) that were anti-dilutive.

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Notes to Financial Statements (Continued)

11. Related-Party Debt and Transactions

As of December 31, 2009 and 2010, and September 30, 2011, the following amounts were due to related parties (in thousands):

	As of December 31, 2009	As of December 31, 2010	As of September 30, 2011 (unaudited)
Tranche A notes payable bearing interest at 17% due April 30, 2012, except for $20.0 million of Tranche A notes which are due December 30, 2011. Secured*. Accrued interest at December 31, 2009 and 2010, and September 30, 2011 was $0, $0, and $0 million (unaudited), respectively	$ 117,402	$ 137,360	$
Tranche B notes payable bearing interest at 17% due April 30, 2012. Secured*. Accrued interest at December 31, 2009 and 2010, and September 30, 2011was $0, $0, and $0 million (unaudited) respectively	109,624	128,261	
Total due to related parties	$ 227,026	$ 265,621	$

* Secured by accounts receivable, inventory, property and equipment, not including airframes or engines.

In connection with the closing of the IPO, the Company consummated the transaction contemplated by the Recapitalization Agreement on June 1, 2011, which resulted in the repayment or exchange for common stock of all of the Company s notes and preferred stock (see Note 20).

All Tranche A and B notes are held by Indigo and Oaktree. Interest on these notes is not paid in cash but accrues on a periodic basis on both the Tranche A and Tranche B notes at a rate of 17% per annum, compounded annually on December 31. All Tranche A and Tranche B notes are due April 30, 2012 except for $20.0 million of Tranche A notes that are due December 30, 2011.

Tranche A and B notes and approximately $3.2 million of other secured notes due to unrelated parties have a first-priority security interest in substantially all assets of the company (the Security Package). Certain other secured notes held by unrelated parties, aggregating approximately $12.0 million in principal amount, have a second-priority security interest in the Security Package. Pursuant to intercreditor and other security agreements, the holders of Tranche A and B notes, and of the $3.2 million of other secured notes, have agreed to:

- Permit a first-priority interest in the Security Package to the payee of reimbursement obligations under the LC described in Note 5, and

- Restrict their right to receive repayment of principal and, except for the $3.2 million of secured notes, current payment of interest on the obligations owed to them prior to the full discharge of, the Company s reimbursement obligations under the LC.

Notes to Financial Statements (Continued)

Pursuant to the terms of the securities purchase agreement covering the Tranche A and Tranche B notes, if the Company s unrestricted cash balance falls below a stated level, Indigo may elect to require the Tranche B holders to purchase, on a pro rata basis, up to $16.8 million in additional Tranche B notes. During 2009, unrestricted cash was above the minimum stated level. However in 2008, the level of unrestricted cash fell below the stated level, and the Tranche B holders amended the securities purchase agreement to provide for the full amount of the $16.8 million as follows:

The Tranche B holders funded $5.0 million in cash in exchange for additional Tranche B notes, and

The Tranche B holders provided a guarantee of up to $11.8 million in favor of an investment banking firm in connection with the renewal in December 2008 of the letter of credit facility that serves to reduce the cash collateral the Company is required to maintain with credit card processors. The Company is obligated to pay to the guarantors a commitment fee on the amount of this guarantee, at a rate of 17% per annum, which becomes due upon the expiration of the LC on April 30, 2011.

The Company s principal stockholders provided certain consulting services to the Company for a management fee of $0.8 million in each of 2008, 2009 and 2010. In addition, in 2009, the Company reimbursed one of its stockholders for $0.7 million of professional expenses incurred in connection with strategic projects involving the Company. For the nine months ended September 30, 2010 and 2011, the Company expensed $0.6 million (unaudited) and $0.3 million (unaudited), respectively, related to these consulting services. These fees are recorded in other operating expenses in the accompanying statements of operations.

12. Debt and Other Obligations

As of December 31, 2009 and 2010, and September 30, 2011, the following notes were due to unrelated parties (in thousands):

	As of December 31,		As of September 30,
	2009	2010	2011 (unaudited)
Notes payable bearing interest at 8.75% per annum due April 30, 2012. Unsecured. Accrued interest at December 31, 2009 and 2010, and September 30, 2011 of $38, $38, and $0 (unaudited) respectively.	$ 5,056	$ 5,056	$
Notes payable bearing interest at 8.70% to 19.00% per annum due April 30, 2012, except for $1.8 million of notes due and payable upon the termination of the Company s letter of credit facility on April 30, 2011. Secured*. Accrued interest at December 31, 2009 and 2010 and September 30, 2011 of $55, $55, and $0 (unaudited) respectively.	5,492	5,492	
Notes payable bearing interest at Prime plus 0.95% to 1.75% (4.20% to 5.00% at December 31, 2009 and 2010 and September 30, 2011) due April 30, 2012, except for $1.4 million of notes due and payable upon the termination of the Company s letter of credit facility on April 30, 2011. Secured*. Accrued interest at December 31, 2009 and 2010 and September 30, 2011 of $19, $19, and $0 (unaudited) respectively.	4,658	4,658	
Total due to unrelated parties	$ 15,206	$ 15,206	$

* Secured by accounts receivable, inventory, property, and equipment, not including airframes or engines.

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Notes to Financial Statements (Continued)

As described in Note 5, an investment banking firm provided an LC in favor of one of the Company s credit card processors, which served to reduce the amount of cash collateral that would otherwise be required to be maintained. In 2009, the LC was renewed for a year, and in 2010 the LC was extended until April 30, 2011. As of December 31, 2010, the amount of the LC was $15.0 million. On April 29, 2011, the Company extended its letter of credit facility until April 30, 2014 and increased the amount to $30.0 million. On June 1, 2011, the Company terminated the LC.

The Company has a line of credit for $3.6 million related to corporate credit cards, of which the Company had drawn $2.5 million and $2.0 million (unaudited) as of December 31, 2010 and September 30, 2011. The Company s line of credit corporate credit card agreement, which expired on December 31, 2010, was extended through December 31, 2011. The Company has lines of credit of $1.0 million each with two counterparties to its jet fuel derivatives, and had not drawn against either as of September 30, 2011. The Company is required to post collateral for any excess above the $1.0 million line of credit if the derivatives are in a net liability position.

Annual maturities of long-term debt obligations, related-party notes payable, and mandatorily redeemable preferred stock as of December 31, 2010 are as follows (in thousands):

Year Ended December 31,	
2011	$ 23,240
2012	338,496
2013	
Total debt obligations	361,736
Less current maturities	(23,240)
Long-term maturities	$ 338,496

In connection with the closing of the IPO, the Company consummated the transaction contemplated by the Recapitalization Agreement on June 1, 2011, which resulted in the repayment or exchange for common stock of all of the Company s notes and preferred stock (see Note 20).

13. Leases and Prepaid Maintenance Deposits

The Company leases various types of equipment and property, primarily aircraft, spare engines and airport facilities under leases, which expire in various years through 2032. Lease terms are generally 6 to 12 years for aircraft and up to 24 years for other leased equipment and property.

Total rental expense for all leases charged to operations for the years ended 2008, 2009, and 2010 was $124.9 million, $110.1 million, and $122.7 million, respectively. Total rental expense for all leases charged to operations for the nine month periods ended September 30, 2010 and 2011 was $88.7 million (unaudited) and $102.6 million (unaudited), respectively. Total rental expense charged to operations for aircraft and engine operating leases for the years ended December 31, 2008, 2009, and 2010 was $105.6 million, $90.0 million, and $101.3 million, respectively. Total rental expense charged to operations for aircraft and engine operating leases for the nine month periods ended September 30, 2010 and 2011 was $72.9 million (unaudited) and $86.0 million (unaudited), respectively.

Notes to Financial Statements (Continued)

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

At lease inception and at each balance sheet date, the Company assesses whether the maintenance reserve payments required by the master lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are substantively and contractually related to the maintenance of the leased asset are accounted for as maintenance deposits. Maintenance deposits expected to be recovered from lessors are reflected as prepaid maintenance deposits in the accompanying balance sheets. When it is not probable the Company will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent. As of December 31, 2009 and 2010 and September 30, 2011, the Company had prepaid aircraft maintenance to lessors of $96.3 million, $132.0 million, and $159.4 million (unaudited), respectively, on its balance sheets. The Company has concluded that these prepaid maintenance deposits are probable of recovery primarily due to the rate differential between the maintenance reserve payments and the expected cost for the related next maintenance event that the reserves serve to collateralize.

The Company s master lease agreements also provide that most maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to the Company and will be retained by the lessor. Consequently, any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and therefore are accounted for as contingent rent. The Company accrues for contingent rent beginning when it becomes probable and reasonably estimable the Company will incur such nonrefundable maintenance reserve payments. The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor, and the number of flight hours the aircraft is estimated to be utilized before it is returned to the lessor. The Company expensed $0.2 million, $0.2 million, and $0 million as supplemental rent during 2008, 2009, and 2010, respectively. For the nine month periods ended September 30, 2010 and 2011, the Company expensed $0 million (unaudited) and $0.9 million (unaudited), respectively, as supplemental rent. Maintenance reserves held by lessors that are refundable to the Company at the expiration of the lease are accounted for as prepaid maintenance deposits on the balance sheet when they are paid.

At September 30, 2011, the Company had its entire fleet of 35 aircraft and six spare engines financed under operating leases with lease term expiration dates ranging from 2017 to 2023. Five of the leased aircraft have variable rent payments, which fluctuate based on changes in LIBOR (London Interbank Offered Rate). The Company has the option to renew 17 of the leases for three-year periods with contractual notice required in the 10th year. Seven of the aircraft leases and all of the engine leases were the result of sale-lease-back transactions. Deferred gains from sale-lease-back transactions are amortized over the term of the lease. The costs of returning aircraft to lessors, or lease return conditions, are accounted for in a manner similar to the accounting for contingent rent. These costs are recognized over the remaining life of the lease as aircraft hours accumulate, beginning from the time when the Company determines it is probable such costs will be incurred and can generally be estimated. Such estimated costs exclude the costs of maintenance events that are covered by reserves on deposit with the relevant lessor, or routine maintenance costs that are recorded in maintenance expense.

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Notes to Financial Statements (Continued)

Future minimum lease payments under noncancelable operating leases with initial or remaining terms in excess of one year at December 31, 2010 were as follows:

As of December 31,	Aircraft and Spare Engine Leases	Operating Leases Property Facility Leases	Total Operating Leases
		(in thousands)	
2011	$ 118,800	$ 5,823	$ 124,623
2012	120,533	5,698	126,231
2013	120,614	5,071	125,685
2014	120,637	2,996	123,633
2015	121,021	1,234	122,255
2016 and thereafter	359,086	11,274	370,360
Total minimum lease payments	$ 960,691	$ 32,096	$ 992,787

14. Financial Instruments and Risk Management

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

The Company is exposed to credit losses in the event of nonperformance by counterparties to these financial instruments. The Company periodically reviews and seeks to mitigate exposure to the counterparty s financial deterioration and nonperformance by monitoring the absolute exposure levels, the counterparty s credit rating, and the counterparty s historical performance relating to hedge transactions. The credit exposure related to these financial instruments is limited to the fair value of contracts in a net receivable position at the reporting date. The Company also maintains security agreements that require the Company to post collateral if the value of selected instruments falls below specified mark-to-market thresholds. To mitigate this requirement, the Company ratably builds its hedge portfolio to targeted levels to avoid excess exposure to specific market conditions.

The Company records financial derivative instruments at fair value, which includes an evaluation of the counterparty s credit risk. Fair value of the instruments is determined using standard option valuation models. Management chose not to elect hedge accounting on any of the derivative instruments purchased through the end of 2008, 2009, and 2010 and the nine month period ended September 30, 2011 and, as a result, changes in the fair value of these fuel hedge contracts are recorded each period in aircraft fuel expense.

The following table summarizes the components of aircraft fuel expense for the years ended December 31, 2008, 2009 and 2010, and the nine month period ended September 30, 2010 and 2011 (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Into-plane fuel cost	$ 359.1	$ 181.8	$ 251.7	$ 179.2	$ 296.3
Changes in value and settlements of fuel hedge contracts	(60.0)	(0.7)	(3.5)	(1.0)	(3.1)
Aircraft fuel expense	$ 299.1	$ 181.1	$ 248.2	$ 178.2	$ 293.2

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Notes to Financial Statements (Continued)

During the year ended 2008, $60.0 million of net fuel derivative gains were recognized consisting of realized gains of $69.9 million offset by the reversal of prior-period unrealized mark-to-market gains of $9.9 million. During the year ended 2009, $0.7 million of net fuel derivative gains were recognized consisting of settlement losses of $0.7 million offset by unrealized mark-to-market gains of $1.4 million. During the year ended 2010, $3.5 million of net fuel derivative gains were recognized consisting of realized gains of $1.4 million and unrealized mark-to-market gains of $2.1 million. During the nine months ended September 30, 2010, $1.0 million (unaudited) of net fuel derivative gains were recognized consisting of realized gains of $0.1 million (unaudited) and unrealized mark-to-market gains of $0.9 million (unaudited). During the nine months ended September 30, 2011, $3.1 million (unaudited) of net fuel derivative gains were recognized consisting of realized gains of $7.5 million (unaudited) and unrealized mark-to-market losses of $4.4 million (unaudited). All realized gains and losses are reflected in the statements of cash flows in cash flow from operating activities.

As of December 31, 2010 the Company had fuel hedges using either NYMEX heating oil, NYMEX WTI crude oil, or U.S. Gulf Coast jet fuel as the underlying commodity. As of December 31, 2010, the Company had agreements in place to protect 11,800,000 gallons or approximately 10% of its 2011 anticipated fuel consumption at a weighted-average ceiling and floor price of $2.30 and $2.13 per gallon, respectively. As of September 30, 2011, the Company had fuel hedges using US Gulf Coast jet fuel collars in place for approximately 38% (unaudited) and 18% (unaudited) of the Company s estimated fuel consumption for the fourth quarter 2011 and first quarter 2012, respectively. Additionally, during hurricane season (August through October), the Company uses basis swaps using NYMEX Heating Oil indexes, to protect the refining price risk between the price of crude oil and the price of refined jet fuel. As of September 30, 2011, the Company had approximately 23% (unaudited) of its fourth quarter 2011 forecasted fuel requirements protected using these basis swaps.

15. Defined Contribution 401(k) Plan

The Company sponsors two defined contribution 401(k) plans, *Spirit Airlines, Inc. Employee Retirement Savings Plan* (first plan) and *Spirit Airlines, Inc. Pilots Retirement Savings Plan* (second plan). The first plan was adopted on February 1, 1994. Essentially, all employees that are not covered by the pilots collective bargaining agreement, who have at least one year of service, have worked at least 1,000 hours during the year, and have attained the age of 21 may participate in this plan. The Company may make a Qualified Discretionary Contribution, as defined in the plan, or provide matching contributions to this plan. Effective July 1, 2007, the Company amended this plan to change the service requirement to 60 days and provided for matching contribution to the plan at 50% of the employee s contribution, up to 6% of the employee s annual compensation.

The second plan is for the Company s pilots, and contained the same service requirements as the first plan and was amended effective July 1, 2007, to change the service requirements to 60 days and having attained the age of 21. The Company matches 100% of the pilot s contribution, up to 8% of the individual pilot s annual compensation.

Matching contributions made to both plans were $3.8 million, $3.9 million and $4.8 million in 2008, 2009 and 2010, respectively. Matching contributions made to both plans were $3.1 million (unaudited) and $3.7 million (unaudited) for the nine months ended September 30, 2010 and 2011, respectively.

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Notes to Financial Statements (Continued)

16. Income Taxes

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

	For the Years Ended December 31,		
	2008	2009	2010
		(in thousands)	
Current:			
Federal	$ (69)	$ 1,100	$ 258
State and local	142	118	68
Foreign	315	315	189
Total current expense	388	1,533	515
Deferred:			
Federal			(48,934)
State and local			(3,877)
Total deferred expense			(52,811)
Total income tax expense (benefit)	$ 388	$ 1,533	$ (52,296)

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

	For the Years Ended December 31,		
	2008	2009	2010
		(in thousands)	
Expected provision at federal statutory tax rate	$ 11,777	$ 29,830	$ 7,062
State tax expense, net of federal benefit	(229)	1,220	413
Interest and dividend on preferred stock	(17,022)	(5,015)	1,612
Change in valuation allowance	5,017	(22,814)	(65,248)
Meals and entertainment	308	273	315
Fines and penalties	312	135	9
Federal credits	(140)		(156)
Adjustment to deferred tax assets and liabilities	(14)	(2,472)	3,486
Other	379	376	211
Total income tax expense	$ 388	$ 1,533	$ (52,296)

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Notes to Financial Statements (Continued)

Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards. At December 31, 2009 and 2010, deferred taxes consisted of the following:

	December 31, 2009	December 31, 2010
	(in thousands)	
Deferred tax assets:		
Net operating loss	$ 52,113	$ 41,228
Property, plant, and equipment		
Deferred gain	4,797	4,163
Deferred revenue	4,059	6,628
Federal tax credits	1,050	1,310
Nondeductible accruals	7,093	6,682
Other	201	275
Gross deferred tax assets	69,313	60,286
Valuation allowance	(65,248)	
Deferred tax assets, net	4,065	60,286
Deferred tax liabilities:		
Capitalized interest	(1,096)	(1,735)
Fuel hedging	(534)	(1,430)
Accrued engine maintenance	(1,560)	(1,296)
Property, plant, and equipment	(875)	(3,014)
Gross deferred tax liabilities	(4,065)	(7,475)
Net deferred tax assets	$	$ 52,811
Deferred taxes included within:		
Assets:		
Other current assets	$	$ 51,492
Other long-term assets	53	1,319
Liabilities:		
Other current liabilities	(53)	
Other long-term liabilities		

The Company accounts for income taxes using the liability method. In assessing the realizability of the deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets would be realized. In evaluating the Company s ability to utilize its deferred tax assets, it considered all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis.

At December 31, 2010, the Company had net operating loss carryforwards for federal income tax purposes of $112.1 million, which begin to expire in 2023. In addition, the Company had state net operating loss carryforwards of approximately $41.9 million which could be used to offset future state taxable income.

The Company had a valuation allowance of $65.2 million as of December 31, 2009, because it had been unable to demonstrate that its deferred tax assets would be utilized against future earnings. The net change in the total valuation allowance for 2009 was a decrease of $22.8 million.

Notes to Financial Statements (Continued)

Because of the expectation of future taxable income, the availability of reversing deferred tax liabilities, and the achievement of sustained profitability, management has determined that all of the Company s deferred tax assets as of December 31, 2010, will be realized in taxable years after 2010. As a result of this determination, the Company released its valuation allowance, resulting in a $52.8 million deferred tax benefit during 2010.

The Company s income tax expense for the nine months ended September 30, 2011 increased from prior years due to the release of the valuation allowance in the prior year.

On February 20, 2004, the Company experienced an ownership change, as defined under Section 382 of the Internal Revenue Code, which creates an annual limitation on the Company s ability to utilize net operating losses generated prior to the ownership change. Subsequent ownership changes could create additional annual limitations on the amount of the carryforwards that can be utilized. The Company had approximately $10 million of net operating losses generated prior to the ownership change. As of December 31, 2010, the Company determined that it was appropriate to write off $3.5 million of deferred tax assets that were fully valued as of December 31, 2010, and corresponding allowance pertaining to the Section 382 limited net operating loss, since such amount will not be permissible under current law to offset future income.

In 2009, the Company adopted FASB Interpretation No. 48, which clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements in accordance with ASC 740, and prescribes a recognition threshold and measurement attributes for financial statement disclosure of income tax positions taken or expected to be taken on a tax return. Effective January 1, 2009, the Company adopted the provisions of this Interpretation and there was no material effect on the financial statements. The Company accrues interest related to unrecognized tax benefits in its provision for income taxes and any associated penalties are recorded in selling, general, and administrative expenses.

As of December 31, 2010, there were no ongoing audits of the Company s income tax returns by any taxing authority. In general, as the Company historically generated net operating losses, all tax years are subject to an examination in the United States, the Company s most significant taxing jurisdiction.

17. Commitments and Contingencies

Aircraft-Related Commitments and Financing Arrangements

The Company s contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers and aircraft leasing companies. As of December 31, 2010, firm aircraft orders with Airbus consisted of 13 Airbus A319 aircraft (which can be converted to A320 aircraft), 20 A320 aircraft, and six spare V2500 IAE International Aero Engines AG engines. Aircraft are scheduled for delivery in the period of 2011 through 2015, and spare engines are scheduled for delivery in the period 2011 through 2018. Committed expenditures for these aircraft and related flight equipment, including estimated amounts for contractual price escalations and pre-delivery payments, will be approximately $117 million in 2011, $313 million in 2012, $322 million in 2013, $301 million in 2014, $354 million in 2015 and $19 million in 2016 and beyond. As of September 30, 2011, committed expenditures will be approximately $83 million (unaudited) for the remainder of 2011.

In addition, during the nine months ended September 30, 2011 the Company took delivery of three new A320 aircraft from two independent leasing companies. These lease commitments are included in the schedule of future minimum lease payments under noncancelable operating leases in Note 13.

Notes to Financial Statements (Continued)

Litigation

The Company is party to legal proceedings and claims that arise during the ordinary course of business. The Company believes the ultimate outcome of these matters will not have a material adverse effect on the Company s financial position, results of operations, or cash flows.

Credit Card Processing Arrangements

The Company has agreements with organizations that process credit card transactions arising from the purchase of air travel, baggage fees, and other ancillary services by customers. As is standard in the airline industry, the Company s contractual arrangements with credit card processors permit them, under certain circumstances, to retain a holdback or other collateral, which the Company records as restricted cash, when future air travel and other future services are purchased via credit card transactions. The required holdback is the percentage of the Company s overall credit card sales that its credit card processors hold to cover refunds to customers if the Company fails to fulfill its flight obligations (see Note 5).

Employees

The Company has three union-represented employee groups that together represent approximately 50% of all employees at December 31, 2009, 2010 and 51% of all employees at September 30, 2011. As of September 30, 2011, the collective bargaining agreement between the Company and the Company s pilots, as represented by the Air Line Pilots Association International, represents 20% of the Company s employees and became amendable on January 31, 2007. On May 14, 2010, the NMB released the Company and the pilots union from mandatory supervised mediation, which release commenced a 30-day cooling off period as provided in the Railway Labor Act.

Early on June 12, 2010, following several negotiation sessions with the pilots union during the cooling off period that did not result in reaching agreement, the pilots declared a strike, and the Company ceased all flight operations. The parties reconvened in negotiations on June 15, 2010 and were able to reach a tentative agreement on June 16, 2010, which was ratified on July 23, 2010 and executed on August 1, 2010.

The collective bargaining agreement between the Company and the Company s flight attendants, as represented by the Association of Flight Attendants AFL-CIO, represents approximately 30% of the Company s employees and became amendable on August 6, 2007. The Company and the union are currently in negotiations to reach a new collective bargaining agreement. The Company s dispatchers, which represent approximately one % of the Company s employees, ratified a five-year contract in July 2007.

The Company is self-insured for health care claims for eligible participating employee and qualified dependent medical claims, subject to deductibles and limitations. The Company s liabilities for claims incurred but not reported are determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and reviewed and adjusted periodically as necessary. The Company has accrued $1.9 million, $1.6 million, $2.1 million, and $1.9 million (unaudited) for health care claims as of December 31, 2008, 2009, 2010, and September 30, 2011, respectively.

Other

The Company is contractually obligated to pay the following minimum guaranteed payments to the provider of its reservation systems as of December 31, 2010: $2.4 million in 2011, $2.9 million in 2012, $3.5 million in 2013, $3.7 million in 2014, $3.7 million in 2015 and $9.9 million in 2016 and beyond.

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Notes to Financial Statements (Continued)

18. Fair Value Measurements

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

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

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

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

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Spirit utilizes several valuation techniques in order to assess the fair value of the Company s financial assets and liabilities. The Company s fuel derivative contracts, which primarily consist of costless collar contracts, are valued using energy and commodity market data, which is derived by combining raw inputs with quantitative models and processes to generate forward curves and volatilities.

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

Assets and liabilities measured at fair value on a recurring basis are summarized below (in millions):

	Fair Value Measurements as of December 31, 2010			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 82.7	$ 82.7	$	$
Aircraft fuel derivatives	3.5			3.5
Total assets	$ 86.2	$ 82.7	$	$ 3.5
Total Liabilities	$	$	$	$

	Fair Value Measurements as of September 30, 2011(unaudited)			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 351.0	$ 351.0	$	$
Total assets	$ 351.0	$ 351.0	$	$
Aircraft fuel derivatives	$ 0.9	$	$	$ 0.9
Total liabilities	$ 0.9	$	$	$ 0.9

Cash and cash equivalents at December 31, 2010 and September 30, 2011 are comprised of liquid money market funds and cash. The Company maintains cash with various high-quality financial institutions.

The Company did not elect hedge accounting on any of the derivative instruments, and as a result, changes in the fair values of these fuel hedge contracts are recorded each period in fuel expense. Fair values of the instruments are determined using standard option valuation models. The Company also considers counterparty

Notes to Financial Statements (Continued)

risk and its own credit risk in its determination of all estimated fair values. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts its holds. Due to the fact that certain of the inputs utilized to determine the fair value of option contracts are unobservable (principally implied volatility), the Company has categorized these option contracts as Level 3. The following table presents the Company s activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in millions):

	Fuel Derivatives
Balance at January 1, 2009	$
Total gains (losses) (realized or unrealized) included in earnings, net	0.7
Purchase and settlements, net	0.7
Balance at December 31, 2009	1.4
Total gains (losses) (realized or unrealized) included in earnings, net	3.5
Purchase and settlements, net	(1.4)
Balance at December 31, 2010	3.5
Total gains (losses) (realized or unrealized) included in earnings, net (unaudited)	3.1
Purchase and settlements, net (unaudited)	(7.5)
Balance at September 30, 2011 (unaudited)	$ (0.9)

Total gains and losses during the year ended 2010 included in earnings attributable to the change in unrealized gains or losses related to assets still held at December 31, 2010, is $2.1 million. Total gains and losses during the nine months ended September 30, 2011 included in earnings attributable to the change in unrealized gains or losses related to assets still held at September 30, 2011 is $4.4 million (unaudited).

The carrying amounts and estimated fair values of the Company s debt, related party notes payable and mandatorily redeemable preferred stock at December 31, 2010, were as follows (in millions):

	Carrying Value	Estimated Fair Value
Fixed-rate debt	$ 355.9	$ 403.8
Variable-rate debt	4.6	5.0
Total debt	$ 360.5	$ 408.8

The Company s debt is not publicly traded. Management determined the enterprise value of the Company using a discounted cash flow analysis and market multiples. The fair values of certain debt instruments were estimated under a contingent claims analysis, in which a Black-Scholes option pricing model was applied. As a corroborative measure, the implied internal rates of return resulting from the application of the Black-Scholes model were compared to the current yields of certain term and other high-yield debt instruments of selected market participants operating in the airline industry.

In connection with the closing of the IPO, the Company consummated the transaction contemplated by the Recapitalization Agreement on June 1, 2011, which resulted in the repayment or exchange for common stock of all of the Company s notes and preferred stock (see Note 20).

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Notes to Financial Statements (Continued)

19. Operating Segments and Related Disclosures

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

	2008	2009	2010
DOT domestic	$ 615.7	$ 557.7	$ 625.0
DOT Latin America	171.6	142.3	156.3
Total	$ 787.3	$ 700.0	$ 781.3

During 2008, 2009, and 2010, no revenue from any one foreign country represented greater than 4% of the Company s total passenger revenue. The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment. The Company s tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

20. Initial Public Offering

On June 1, 2011, the Company raised $187.2 million of gross proceeds in the IPO from the sale of 15,600,000 shares of its common stock at a price of $12.00 per share. The resulting proceeds to the Company were approximately $176.9 million after deducting underwriter commissions. The Company retained $150.0 million of the net proceeds, after paying $20.6 million of debt, $450,000 to pay three unaffiliated holders of its subordinated notes, and $6.1 million in direct costs of the offering. In accordance with a Recapitalization Agreement, all of the principal and accrued and unpaid interest on outstanding notes, to the extent not repaid, totaling $279.2 million, as well as all of the Class A and B preferred stock outstanding immediately prior to the offering along with accrued and unpaid dividends totaling $81.7 million, were exchanged for 30,079,420 shares of common stock at a share price of $12.00 per share. Each share of Class B common stock was exchanged for one share of common stock. In addition, interest expense was reduced by $0.4 million due to a write off of the unamortized portion of prepaid loan fees and deferred interest.

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Shares

Common Stock

Barclays Capital

Citigroup

Morgan Stanley

Deutsche Bank Securities

Raymond James

Dahlman Rose & Company

Macquarie Capital

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PART II

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts, payable in connection with the sale and distribution of the securities being registered. All amounts are estimated except the SEC registration fee and the FINRA filing fee. All the expenses below will be paid by Spirit Airlines.

Item	Amount
SEC Registration fee	$ 19,769
FINRA filing fee	17,750
Legal fees and expenses	*
Accounting fees and expenses	*
Printing and engraving expenses	*
Transfer Agent and Registrar fees	*
Blue Sky fees and expenses	*
Miscellaneous fees and expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Spirit Airlines, Inc. is a Delaware corporation. Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended. Our amended and restated certificate of incorporation permits indemnification of our directors, officers and employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, we have entered into indemnification agreements with our directors, officers and some employees containing provisions which are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. The indemnification agreements may require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. Reference is also made to Section 8 of the underwriting agreement to be filed as Exhibit 1.1 hereto, which provides for indemnification by the underwriter of our officers and directors against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

During the last three years, we made sales of the following unregistered securities:

(1) On December 29, 2008, we issued an aggregate of $5.0 million of additional Tranche B notes to investment funds managed by Oaktree and investment funds managed by Indigo;

(2) On June 1, 2011, in connection with the consummation of the IPO and pursuant to the Recapitalization Agreement, (i) the aggregate principal and unpaid interest on certain secured promissory notes of the Company not repaid using the net proceeds from the IPO was cancelled in exchange for the issuance by the Company to each former holder thereof of such number of shares of common stock equal to the aggregate principal amount plus accrued and unpaid interest through June 1, 2011 divided by $12.00 (the price per share in the IPO) rounded down to the nearest whole share, and (ii) the outstanding shares of preferred stock of the Company, including accrued and unpaid dividends, were cancelled

in exchange for the issuance by the Company to each former

holder thereof of such number of shares of common stock equal to the aggregate liquidation preference of such shares (including accrued and unpaid dividends through June 1, 2011) divided by $12.00 (the price per share in the IPO) rounded down to the nearest whole share. Pursuant to such transactions, the Company issued an aggregate 23,267,189 shares of common stock to the former holders of the secured promissory notes of the Company and an aggregate 6,812,231 shares of common stock to the former holders of the preferred stock of the Company.

(3) We have granted equity awards for an aggregate of 1,389,750 shares of our common stock to employees and directors under our 2005 Stock Plan.

The sales of the above securities in paragraph (1) were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act and in paragraph (2) were deemed to be exempt from registration under the Securities Act in reliance upon Sections 3(a)(9) and 4(2) of the Securities Act. The sales of the above securities in paragraph (3) was deemed to be exempt from registration under the Securities Act in reliance upon Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

There were no underwriters employed in connection with any of the transactions set forth in Item 15.

Item 16. Exhibits and Financial Statements

See the Exhibit Index beginning on page II-6, which follows the signature pages hereof and is incorporated herein by reference.

Item 17. Undertakings

The undersigned registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

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(iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, we have duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miramar, State of Florida, on the 6th day of December, 2011.

SPIRIT AIRLINES, INC.

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

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints B. Ben Baldanza, David Lancelot and Thomas Canfield, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ B. Ben Baldanza **B. Ben Baldanza**	President and Chief Executive Officer (principal executive officer)	December 6, 2011
/s/ David Lancelot **David Lancelot**	Chief Financial Officer (principal financial and accounting officer)	December 6, 2011
/s/ William A. Franke **William A. Franke**	Director (Chairman of the Board)	December 6, 2011
/s/ David Elkins **David Elkins**	Director	December 6, 2011
/s/ H. McIntyre Gardner **H. McIntyre Gardner**	Director	December 6, 2011
/s/ Robert Johnson **Robert Johnson**	Director	December 6, 2011

/s/ Barclay Jones III	Director	December 6, 2011
Barclay Jones III		

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Signature	Title	Date
/s/ Jordon Kruse	Director	December 6, 2011
Jordon Kruse		
/s/ Michael Lotz	Director	December 6, 2011
Michael Lotz		
/s/ Stuart Oran	Director	December 6, 2011
Stuart Oran		
	Director	
Horacio Scapparone		
/s/ John Wilson	Director	December 6, 2011
John Wilson		

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation of Spirit Airlines, Inc., dated as of June 1, 2011, filed as Exhibit 3.1 to the Company s Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference.
3.2	Amended and Restated Bylaws of Spirit Airlines, Inc., dated as of June 1, 2011, filed as Exhibit 3.2 to the Company s Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference.
4.1	Specimen Common Stock Certificate
4.2	Second Amended and Restated Investor Rights Agreement, dated as of July 13, 2006, among Spirit Airlines, Inc., Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., POF Spirit Foreign Holdings, LLC, and certain other investors, filed as Exhibit 4.2 to the Company s Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
4.3	Amendment to Second Amended and Restated Investor Rights Agreement, dated as of July 20, 2010, by and among Spirit Airlines, Inc., Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., POF Spirit Foreign Holdings, LLC, and certain other investors, filed as Exhibit 4.3 to the Company s Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
4.4	Second Amendment to Second Amended and Restated Investor Rights Agreement, dated as of February 1, 2011, by and among Spirit Airlines, Inc., Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., POF Spirit Foreign Holdings, LLC, and certain other investors, filed as Exhibit 4.1 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
4.5	Third Amendment to Second Amended and Restated Investor Rights Agreement, dated as of May 25, 2011, by and among Spirit Airlines, Inc., Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., POF Spirit Foreign Holdings, LLC, and certain other investors, filed as Exhibit 10.2 to the Company s Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference.
5.1*	Opinion of Latham & Watkins LLP

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Exhibit No.	Description of Exhibit
10.1	V2500 General Terms of Sale, dated as of March 1, 2005, between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of March 1, 2005, Side Letter No. 2 dated as of March 1, 2005, Side Letter No. 3 dated as of March 1, 2005, Side Letter No. 4 dated as of March 1, 2005, and Side Letter No. 5 dated as of April 11, 2005, filed as Exhibit 10.1 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.2	Fleet Hour Agreement, dated as of April 11, 2005, between Spirit Airlines, Inc. and IAE International Aero Engines AG, as supplemented by Side Letter No. 1 dated as of April 11, 2005, Side Letter No. 2 dated June 6, 2006, Side Letter No. 3 dated June 6, 2006, Side Letter No. 4 dated June 6, 2006, Side Letter No. 5 dated February 4, 2009 (as amended by Amendment No. 1 to Side Letter No. 5 dated March 6, 2009), filed as Exhibit 10.2 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.3	Hosted Services Agreement, dated as of February 28, 2007, between Spirit Airlines, Inc. and Navitaire Inc., as amended by Amendment No. 1 dated as of October 23, 2007, Amendment No. 2 dated as of May 15, 2008, Amendment No. 3 dated as of November 21, 2008, Amendment No. 4 dated as of August 17, 2009 and Amendment No. 5 dated November 4, 2009, filed as Exhibit 10.3 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.4	Signatory Agreement, dated as of May 21, 2009, between Spirit Airlines, Inc. and U.S. Bank National Association, as amended by First Amendment dated January 18, 2010, filed as Exhibit 10.4 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.5+	Offer Letter, dated August 11, 2005, between Spirit Airlines, Inc. and Tony Lefebvre, filed as Exhibit 10.5 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.6	Terms and Conditions for Worldwide Acceptance of the American Express Card by Airlines, dated September 4, 1998, between Spirit Airlines, Inc. and American Express Travel Related Services Company, Inc., as amended January 1, 2003 and August 28, 2003, filed as Exhibit 10.6 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.7	Professional Services Agreement, dated as of July 13, 2006, between Spirit Airlines, Inc. and Indigo Partners LLC, filed as Exhibit 10.7 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.8	Second Amended and Restated Securities Purchase Agreement, dated as of July 13, 2006, between Spirit Airlines, Inc., Spirit Aviation Services, LLC, Indigo Florida, L.P., Indigo Miramar LLC, OCM Spirit Holdings II, LLC (a successor in interest to OCM Principal Opportunities Fund II, L.P. and OCM Principal Opportunities Fund III, L.P.) OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, and certain other investors; as amended by First Amendment to Amended and Restated Securities Purchase Agreement dated as of December 12, 2008, and by Second Amendment to Amended and Restated Securities Purchase Agreement dated as of February 28, 2011, filed as Exhibit 10.8 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.9	Stockholders Voting Agreement, by and among Spirit Airlines, Inc., OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., POF Spirit Foreign Holdings, LLC, Indigo Florida L.P. and Indigo Miramar LLC.

Exhibit No.	Description of Exhibit
10.10	Recapitalization Agreement, dated as of September 17, 2010, by and among Spirit Airlines, Inc., POF Spirit Foreign Holdings, LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, Highfields Capital I LP, Highfields Capital II LP; SAHC Holdings LLC, Indigo Florida L.P., Indigo Miramar LLC, Indigo Partners LLC, Jacob Schorr, Julianne B. Schorr, The David B. Schorr Trust U/T/A dated December 31, 1977, The Dina L. Schorr Trust U/T/A dated July 1, 1980, The Elliott A. Schorr Trust U/T/A dated December 31, 1977, The Raphael A. Schorr Trust U/T/A dated December 31, 1977, Taurus Investment Partners LLC, Selvin Passen, Nevada Spirit, LLC, and Mark Kahan, filed as Exhibit 10.11 to the Company s Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.11	Letter Agreement, dated as of December 12, 2008, made by Spirit Airlines, Inc. in favor of Indigo Pacific Partners L.P., Long Bar Miramar LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., Highfields Capital I LP, Highfields Capital II LP, and SAHC Holdings LLC, filed as Exhibit 10.11 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.12	Tax Receivable Agreement, dated as of June 1, 2011 between Spirit Airlines, Inc., Indigo Pacific Partners LLC, and OCM FIE, LLC.
10.13	Lease, dated as of June 17, 1999, between Sunbeam Development Corporation and Spirit Airlines, Inc., as amended by Lease Modification and Contraction Agreement dated as of May 7, 2009, filed as Exhibit 10.13 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.14	Airline-Airport Lease and Use Agreement, dated as of August 17, 1999, between Broward County and Spirit Airlines, Inc., as supplemented by Addendum dated August 17, 1999, filed as Exhibit 10.14 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.15	Airbus A320 Family Purchase Agreement, dated as of May 5, 2004, between AVSA, S.A.R.L. and Spirit Airlines, Inc.; as amended by Amendment No. 1 dated as of December 21, 2004, Amendment No. 2 dated as of April 15, 2005, Amendment No. 3 dated as of June 30, 2005, Amendment No. 4 dated as of October 27, 2006 (as amended by Letter Agreement No. 1, dated as of October 27, 2006, to Amendment No. 4 and Letter Agreement No. 2, dated as of October 27, 2006, to Amendment No. 4), Amendment No. 5 dated as of March 5, 2007, Amendment No. 6 dated as of March 27, 2007, Amendment No. 7 dated as of June 26, 2007 (as amended by Letter Agreement No. 1, dated as of June 26, 2007, to Amendment No. 7), Amendment No. 8 dated as of February 4, 2008, Amendment No. 9 dated as of June 24, 2008 (as amended by Letter Agreement No. 1, dated as of June 24, 2008, to Amendment No. 9) and Amendment No. 10 dated July 17, 2009 (as amended by Letter Agreement No. 1, dated as of July 17, 2009, to Amendment No. 10); and as supplemented by Letter Agreement No. 1 dated as of May 5, 2004, Letter Agreement No. 2 dated as of May 5, 2004, Letter Agreement No. 3 dated as of May 5, 2004, Letter Agreement No. 4 dated as of May 5, 2004, Letter Agreement No. 5 dated as of May 5, 2004, Letter Agreement No. 6 dated as of May 5, 2004, Letter Agreement No. 7 dated as of May 5, 2004, Letter Agreement No. 8 dated as of May 5, 2004, Letter Agreement No. 9 dated as of May 5, 2004, Letter Agreement No. 10 dated as of May 5, 2004 and Letter Agreement No. 11 dated as of May 5, 2004, filed as Exhibit 10.15 to the Company s Amendment No. 4 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.16+	Spirit Airlines, Inc. Executive Severance Plan, filed as Exhibit 10.16 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.

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Exhibit No.	Description of Exhibit
10.17+	Amended and Restated Spirit Airlines, Inc. 2005 Stock Incentive Plan and related documents, filed as Exhibit 10.17 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.18+	Spirit Airlines, Inc. 2011 Equity Incentive Award Plan, filed as Exhibit 10.2 to the Company s Form S-8 Registration Statement (No. 333-174812), is hereby incorporated by reference.
10.19+	Employment Agreement, dated as of January 24, 2005, between Spirit Airlines, Inc. and B. Ben Baldanza, filed as Exhibit 10.19 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.20+	Offer Letter, dated December 11, 2006, between Spirit Airlines, Inc. and David Lancelot, filed as Exhibit 10.20 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.21+	Offer Letter, dated January 27, 2005, between Spirit Airlines, Inc. and Barry Biffle, filed as Exhibit 10.21 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.22+	Offer Letter, dated September 10, 2007, between Spirit Airlines, Inc. and Thomas Canfield, filed as Exhibit 10.22 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.23+	Offer Letter, dated November 21, 2009, between Spirit Airlines, Inc. and Kenneth McKenzie, filed as Exhibit 10.23 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.24	Form of Indemnification Agreement between Spirit Airlines, Inc. and its directors and executive officers, filed as Exhibit 10.24 to the Company s Amendment No. 3 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.25	Reimbursement Agreement, dated as of July 12, 2005, among Spirit Airlines, Inc., Spirit Aviation Services, LLC and Goldman Sachs Credit Partners, L.P., as amended by First Amendment dated July 13, 2006, Second Amendment dated December 12, 2008, Third Amendment dated May 21, 2009, Fourth Amendment dated September 30, 2010 and Fifth Amendment dated April 29, 2011, filed as Exhibit 10.25 to the Company s Amendment No. 7 to Form S-1 Registration Statement (No. 333-169474), is hereby incorporated by reference.
10.26	Amendment No. 1 to Recapitalization Agreement, dated as of May 25, 2011, by and among Spirit Airlines, Inc., POF Spirit Foreign Holdings, LLC, OCM Spirit Holdings, LLC, OCM Spirit Holdings II, LLC, OCM Principal Opportunities Fund II, L.P., OCM Principal Opportunities Fund III, L.P., OCM Spirit Holdings III, LLC, OCM Spirit Holdings III-A, LLC, Highfields Capital I LP, Highfields Capital II LP; SAHC Holdings LLC, Indigo Florida L.P., Indigo Miramar LLC, Indigo Partners LLC, Jacob Schorr, Julianne B. Schorr, The David B. Schorr Trust U/T/A dated December 31, 1977, The Dina L. Schorr Trust U/T/A dated July 1, 1980, The Elliott A. Schorr Trust U/T/A dated December 31, 1977, The Raphael A. Schorr Trust U/T/A dated December 31, 1977, Taurus Investment Partners LLC, Selvin Passen, Nevada Spirit, LLC, and Mark Kahan, filed as Exhibit 10.1 to the Company s Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference.
10.27	Termination Agreement, dated as of June 1, 2011, by and between Spirit Airlines, Inc. and Indigo Partners LLC, filed as Exhibit 10.3 to the Company s Current Report on Form 8-K dated June 1, 2011, is hereby incorporated by reference.
10.28	Form of Stock Option Grant Notice and Stock Option Agreement for Awards under the Spirit Airlines, Inc. 2011 Equity Incentive Award Plan, filed as Exhibit 10.3 to the Company s Form S-8 Registration Statement (No. 333-174812), is hereby incorporated by reference.

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Exhibit No.	Description of Exhibit
10.29	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the Spirit Airlines, Inc. 2011 Equity Incentive Award Plan, filed as Exhibit 10.4 to the Company s Form S-8 Registration Statement (No. 333-174812), is hereby incorporated by reference.
10.30	Addendum and Amendment to the Agreement Governing Acceptance of the American Express Card by Airlines, dated as of June 24, 2011, by and between Spirit Airlines, Inc. and American Express Travel Related Services Company, Inc., filed as Exhibit 10.1 to the Company s Form 10-Q dated July 28, 2011, is hereby incorporated by reference.
10.31	Second Amendment to Signatory Agreement, effective as of September 6, 2011, by and between the Company and U.S. Bank, National Association, filed as Exhibit 10.1 to the Company s Form 10-Q dated October 27, 2011, is hereby incorporated by reference.
14.1	Code of Business Conduct and Ethics
21.1	List of subsidiaries
23.1*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm
24.1	Power of Attorney (see pages II-4 and II-5)
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

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

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

All schedules to this Exhibit are not material and have been omitted in reliance on Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

+ Indicates a management contract or compensatory plan or arrangement.

* To be filed by amendment

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