

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: **SPIRIT AVIATION HOLDINGS, INC., et al.**, Debtors.

Chapter 11 Case No. 25-11897 (SHL) (Jointly Administered)

**SUPPLEMENTAL OBJECTION OF SHAREHOLDER STEVEN McLEAN TO THE DEBTORS’
PROPOSED PLAN OF REORGANIZATION AND RESTRUCTURING SUPPORT AGREEMENT**

I, **Steven McLean**, a current equity holder of Spirit Airlines, respectfully submit this **Supplemental Objection** to the Debtors’ Proposed Plan of Reorganization and Restructuring Support Agreement (“RSA”), pursuant to 11 U.S.C. §§ 1128 and 1129, and state as follows:

**I. SUPPLEMENTAL OBJECTION: The Debtors’ Valuation Is Not Credible Due to
Unexplained, DIP-Driven Manipulation Between the October and March Cleansing
Materials**

A. Introduction

The Debtors’ October 2025 cleansing materials projected a solvent, profitable airline with nearly **\$900 million of 2027 EBITDAR** and over **\$1.2 billion of 2028 EBITDAR**. Five months later, the March 2026 cleansing materials — prepared under the coercive influence of DIP milestones and roll-up lender control — abruptly reduce 2027 EBITDAR to **\$598 million**, a **33% decline**, and reduce 2028 EBITDAR by **\$275 million**.

Crucially, **both the October and March projections assume substantial asset sales**, including aircraft sales, gate sales, and monetization of non-core assets. Thus, the valuation collapse **cannot** be attributed to asset monetization, because those sales were **already embedded** in the October plan.

No intervening economic event explains the collapse. The only material change was the **DIP structure**, which:

- forced accelerated monetization,
- forced a premature plan filing,
- forced a downsized fleet,
- forced cash to be diverted to DIP paydowns, and
- gave DIP lenders **100% of the reorganized equity**.

This unexplained valuation swing undermines the credibility of the Debtors' projections and renders the Plan unconfirmable.

B. The October 2025 Cleansing Materials Show a Solvent Airline

The October 2025 cleansing deck shows:

- **2027 Adj. EBITDAR: \$896 million**
- **2028 Adj. EBITDAR: \$1.203 billion**
- **2029 Adj. EBITDAR: \$1.457 billion**
- **Positive net income beginning in 2027**
- **TRASM rising to 12.77¢**
- **CASM ex-fuel falling to 8.22¢**

These projections reflect a **healthy, solvent airline** with substantial equity value.

Importantly, these projections **already assumed**:

- fleet restructuring,
- asset monetization,
- cost reductions,
- network redesign, and
- premium product initiatives.

Thus, the October projections represent the Debtors' **true view of steady-state earnings** before DIP-driven distortions.

C. The March 2026 Cleansing Materials Show a Sudden, Unexplained Collapse

The March 2026 cleansing deck shows:

- **2027 Adj. EBITDAR: \$598 million**
- **2028 Adj. EBITDAR: \$928 million**
- **A 76-aircraft downsized fleet**
- **Accelerated asset sales**
- **DIP-driven cash drains**
- **DIP milestones dictating the timing of the Plan**

The Debtors provide **no explanation** for the 33% collapse in projected earnings.

Because asset sales were already contemplated in October, the March collapse **cannot** be attributed to monetization. It is the result of **DIP-lender control**, not business fundamentals.

D. The DIP Structure Created the Valuation Collapse

The DIP requires:

- \$150 million paydown at RSA execution
- \$100 million paydown at emergence
- \$220–360 million in asset sales
- Full roll-up of \$625 million of prepetition notes
- 100% of reorganized equity to DIP lenders

These terms:

- distort the capital structure,
- force premature asset monetization,
- depress projected earnings,
- shrink the fleet below economically rational levels, and
- create a valuation trough that benefits DIP lenders at the expense of equity.

Courts have repeatedly rejected DIP structures that **predetermine plan outcomes** or **coerce the reorganization process**:

- **In re DBSD North America, Inc., 634 F.3d 79 (2d Cir. 2011)**
- **In re Innkeepers USA Trust, 442 B.R. 227 (Bankr. S.D.N.Y. 2010)**
- **In re Aegean Marine Petroleum Network Inc., Case No. 18-13374 (SHL)**
- **In re Tenney Village Co., 104 B.R. 562 (Bankr. D.N.H. 1989)**

The Spirit DIP exhibits all of these defects.

E. The Plan Violates §1129(a)(3): Not Proposed in Good Faith

A plan is not proposed in good faith when:

- projections are manipulated,

- valuation is depressed to benefit a senior creditor group, or
- the process is driven by coercive DIP terms.

Courts have repeatedly rejected plans where management's projections shift dramatically without economic justification:

- **In re Chemtura Corp., 439 B.R. 561 (Bankr. S.D.N.Y. 2010)**
- **In re Exide Technologies, 303 B.R. 48 (Bankr. D. Del. 2003)**
- **In re LATAM Airlines Group S.A., 620 B.R. 722 (Bankr. S.D.N.Y. 2020)**
- **In re Residential Capital, LLC, 501 B.R. 549 (Bankr. S.D.N.Y. 2013)**

The October vs. March discrepancy is exactly the type of manipulation these cases prohibit.

F. The Plan Violates §1129(b): Not Fair and Equitable

The October projections show:

- **2027 EV @ 5.5× ≈ \$4.9 billion**
- **2028 EV @ 5.5× ≈ \$6.6 billion**
- **Net debt ≈ \$1.9 billion**

Meaning:

- **Equity is in the money by billions.**

Under **§1129(b)(2)(C)**, equity cannot be canceled unless the Debtors prove equity is out of the money. They cannot do so using a DIP-driven, transition-year valuation that contradicts their own prior projections.

This is precisely the scenario addressed in:

- **Exide**
- **Chemtura**
- **LATAM**

G. The Plan Violates §1129(a)(7): Best Interests of Creditors

The October liquidation analysis shows:

- **DIP roll-up recovery = 6.5%–12.7%**

Yet the Plan gives DIP lenders:

- **100% of the reorganized equity,**
- **full repayment of new-money DIP, and**
- **secured takeback debt.**

This is not a “best interests” outcome. It is a **windfall engineered through valuation manipulation.**

Courts reject plans that create creditor windfalls through distorted valuation:

- **In re Pacific Lumber Co., 584 F.3d 229 (5th Cir. 2009)**

H. Relief Requested

For the reasons stated above, the Objector respectfully requests that the Court:

1. **Reject any plan that relies on the March 2026 transition-year valuation,** which is inconsistent with the Debtors’ own October 2025 projections and unsupported by economic reality.
2. **Require the Debtors to provide a full valuation using the first normalized operating year (2028),** consistent with **Chemtura, Exide, and LATAM.**
3. **Compel the Debtors to produce all valuation workpapers, assumptions, banker models, and communications** underlying both the October and March cleansing materials.
4. **Prohibit confirmation of any plan that grants DIP lenders 100% of the reorganized equity** absent a credible, expert-supported showing of insolvency.
5. **Grant such other and further relief as the Court deems just and proper,** including scheduling an evidentiary valuation hearing.

Respectfully submitted,

/s/ Steven McLean Steven McLean 2205 Windsor Dr Merritt Island, FL 32952 Phone:
321-522-9575 Email: stevenandkristina@hotmail.com Dated: March 18, 2026



CERTIFICATE OF SERVICE

I hereby certify that on **March 18, 2026**, I served a true and correct copy of the foregoing Objection by email upon the following parties:

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Dated: March 18, 2026