UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HANG LI, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. SPIRIT AEROSYSTEMS HOLDINGS, INC., TOM GENTILE III, and MARK J. SUCHINSKI, Defendants.	Case No. **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

Plaintiff Hang Li ("Plaintiff"), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Spirit AeroSystems Holdings, Inc. ("Spirit" or the "Company") with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Spirit; and (c) review of other publicly available information concerning Spirit.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Spirit securities between April 8, 2020 and April 13, 2023 inclusive (the "Class Period"). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Spirit is a non-Original Equipment Manufacturer that serves markets for commercial airplanes, military platforms, and business/regional jets. The Company's core products include fuselages, integrated wings and wing components, pylons, and nacelles. Spirit's largest customer is Boeing Co. ("Boeing"). Spirit and Boeing have long-term supply agreements under which Spirit provides products for several Boeing aircrafts, including the B737. Among other provisions, the supply agreements cover the life of the aircraft programs.

3. On April 13, 2023, after the market closed, Boeing announced that it would halt deliveries of its 737 MAX aircraft due to a supplier quality problem. According to an article by *Barron's*, Boeing issued a statement stating that "the issue will likely affect a significant number of undelivered 737 MAX airplanes."

4. The same day, *Bloomberg* identified Spirit as the supplier of the faulty part. Several media outlets reported the details of the quality problem. An article by *Reuters* reported that "[t]he problem involves the installation of two fittings that join the aft fuselage made by Spirit to the vertical tail, which were not attached correctly to the structure of the fuselage before it was sent to Boeing." *Reuters* also reported that "Spirit said it is working to develop an inspection and repair for the affected fuselages" and that "the problem is believed to date back to 2019."

5. On this news, Spirit's stock price fell $7.38, or 20.7%, to close at $28.22 per share on April 14, 2023.

6. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Spirit lacked effective production quality controls; (2) that, as a result, Spirit incorrectly installed fittings designed to join the aft fuselage to the vertical tail for some Boeing 737 Max airplanes that Spirit sent to Boeing; (3) that, as a result, Spirit would have to develop an inspection and repair procedure for the affected fuselages; (4) that the foregoing would negatively impact Spirit's financial results; and (5) that as a result of the foregoing, Defendant's positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

JURISDICTION AND VENUE

7. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

11. Plaintiff Hang Li, as set forth in the accompanying certification, incorporated by reference herein, purchased Spirit securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant Spirit is incorporated under the laws of Delaware with its principal executive offices located in Wichita, Kansas. Spirit's class A common stock trades on the New York Stock Exchange (the "NYSE") under the symbol "SPR."

13. Defendant Tom Gentile III ("Gentile") was the Company's President and Chief Executive Officer ("CEO") at all relevant times.

14. Defendant Mark J. Suchinski ("Suchinski") was the Company's Chief Financial Officer ("CFO") at all relevant times.

15. Defendants Gentile and Suchinski (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

16. Spirit is a non-Original Equipment Manufacturer that serves markets for commercial airplanes, military platforms, and business/regional jets. The Company's core products include fuselages, integrated wings and wing components, pylons, and nacelles. Spirit's largest customer is Boeing Co. ("Boeing"). Spirit and Boeing have long-term supply agreements under which Spirit provides products for several Boeing aircrafts, including the B737. Among other provisions, the supply agreements cover the life of the aircraft programs.

Materially False and Misleading

Statements Issued During the Class Period

17. The Class Period begins on April 8, 2020.[1] On that day, the Company issued a press release entitled "Spirit AeroSystems' Actions in Response to COVID-19." Therein, the Company stated, in relevant part:

> Spirit AeroSystems [NYSE: SPR] is announcing today a series of additional actions the company is taking to reduce costs and preserve liquidity in light of the economic impacts of the COVID-19 pandemic and continued uncertainty in the industry.
>
> "Spirit has enacted a robust crisis management and response process as part of our enterprise risk management program to help us navigate the challenges we face due to the COVID-19 pandemic," said Tom Gentile, President and CEO, Spirit AeroSystems. "We are proactively taking steps to ensure the safety of our team as we maintain operations to support our customers, including the critical work we do on national security programs."
>
> On April 6, Spirit AeroSystems received notice from Boeing that all deliveries to Boeing's Washington state and South Carolina facilities are suspended until further notice due to Boeing's indefinite production suspension at the sites. As a result, Spirit has halted production for Boeing programs, subject to certain exceptions, performed at its facilities in Wichita, Kansas, and in Tulsa and McAlester, Oklahoma for an indefinite period of time. Spirit Defense work as well as Airbus and other non-Boeing work will continue at such facilities.
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> * * *
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> **Cost Reductions**
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> In light of the 737 MAX production suspension that began on January 1, 2020, Spirit initiated the following actions to reduce costs:
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> Implemented workforce reductions of 2,800 employees in Wichita, Kansas and 400 employees in Oklahoma
>
> Initiated a voluntary retirement program for 850 hourly and salaried workers
>
> Deferred over $120 million of capital expenditures

[1] Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

Extended union contracts for employees represented by the IAM and IBEW for three years

Negotiated an amendment to its credit facility providing for covenant relief into 2021 and secured a $375 million short term delayed draw term loan facility

Reduced its cash dividend to a penny per share

Continued the suspension of its share repurchase program

Negotiated a new production agreement with Boeing; extended the MAX contract three years to 2033; received $225 million advance from Boeing; deferred repayment of $123 million advance from Boeing to 2022

To further reduce costs due to the economic impact of the COVID-19 pandemic and related production suspension, Spirit has taken the following additional actions:

Reduced pay for all U.S.-based executives by 20 percent until further notice. The company will address non-U.S. executive pay in accordance with local law and statutory requirements

Initiated a 21 calendar-day furlough of production workers and managers supporting Boeing programs in Wichita, Kansas and Oklahoma

Implemented a four-day work week for its salaried workforce at its Wichita, Kansas facility until further notice

If OEM production rates decline in the future, Spirit will evaluate further cost reduction actions, including additional workforce actions.

Balance Sheet and Liquidity

Spirit has taken the actions highlighted above to reduce costs and preserve its liquidity in this unprecedented time, while also working to maintain the health and viability of its supply chain to support operations post-production suspension. Spirit maintains a strong balance sheet. As of December 31, 2019, Spirit's cash balance was $2.35 billion and total debt balance was $3.03 billion. As of April 2, 2020, Spirit's cash balance was approximately $1.83 billion and total debt balance was approximately $3.04 billion. Spirit's $800 million revolver remains fully drawn. The reduction in cash in the first quarter of 2020 was in line with internal plans and included the price paid for the FMI acquisition as well as the negative impacts of working capital requirements and does not fully reflect the benefit of recent actions that Spirit has taken to further reduce costs and preserve liquidity. In addition, Spirit believes that due to its variable cost structure, it has the ability to take further actions to address future market developments. Based on current business conditions, Spirit believes that it is well positioned to manage its liquidity through this challenging and unprecedented situation.

(Emphasis in original.)

18. On May 6, 2020, the Company issued a press release announcing its first quarter 2020 results (the "1Q20 Press Release"). Therein, Spirit announced the following financial highlights:

- Delivered 324 shipsets compared to 453 shipsets in the first quarter of 2019
- Revenue of $1.1 billion
- Earnings per share (EPS) of $(1.57); Adjusted EPS of $(0.79)
- Cash from operations of $(331) million; Free cash flow of $(362) million

(Footnotes omitted.)

19. In the 1Q20 Press Release, the Company stated the following about its revenue:

> Spirit's first quarter of 2020 revenue was $1.1 billion, down from the same period of 2019, primarily due to the 737 MAX production suspension directed by Boeing that began on January 1, 2020. ***Deliveries decreased to 324 shipsets during the first quarter of 2020 compared to 453 shipsets in the same period of 2019, including Boeing 737 MAX deliveries of 18 shipsets compared to 152 shipsets in the same period of the prior year.***

20. Also on May 6, 2020, the Company filed its Form 10-Q with the SEC for the quarter ended April 2, 2020 (the "1Q20 10-Q"). In it, the Company detailed the importance of the 737 Max's production:

> ***Our business depends, in large part, on sales of components for a single aircraft program, the B737 MAX. Further suspensions or reductions in our production rates for the B737 MAX as well as our other programs, as a result of the COVID-19 pandemic may have a material adverse impact on our business, financial condition, results of operations, and cash flows.***
>
> For the twelve months ended December 31, 2019, approximately 53% of our net revenues were generated from sales of components to Boeing for the B737 aircraft. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and the military P-8 derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model as defined by the Sustaining Agreement.

The contract is a requirements contract and Boeing can reduce the purchase volume at any time.

While we have taken actions to align our cost structure to lower 2020 production rates, the benefit of such actions will be realized over time and the B737 MAX situation continues to present challenges to our liquidity. These challenges are exacerbated by the COVID-19 pandemic as other programs that alleviate the strain of the lower B737 MAX production rate are now suspended or producing at lower rates. We have fully drawn all $800 million of our 2018 Revolver to address critical issues that may arise and have agreed to maintain minimum liquidity levels as required by the 2018 Credit Agreement.

If Boeing is unable to return the B737 MAX to service in one or more jurisdictions, begin timely deliveries to customers, or if production levels across our programs are reduced beyond current expectations due to depressed demand relating to COVID-19 or otherwise, our liquidity position may worsen absent our ability to procure additional financing and we may trigger an event of default under our 2018 Credit Agreement, and our business, financial condition, results of operations, and cash flows could be materially adversely impacted.

Based on Boeing's public statements, we have assumed that regulatory approval will enable Boeing to resume delivering B737 MAX aircraft to its customers in the third quarter of 2020. We cannot predict the effect of the COVID-19 pandemic on this timeline. In the event of delays to this timeline and corresponding changes to our production rate, we may be required to take actions with longer-term impact, such as additional changes to our production plans, employment reductions and/or the expenditure of significant resources to support our supply chain and/or Boeing. In addition, a delay to that timeline and corresponding changes to our production rate may cause us to default under our credit agreement.

(First emphasis in original.)

21. The 1Q20 10-Q contained the following risk related to the Company's operations:

Our business depends on our ability to maintain a healthy supply chain and timely deliver products that meet or exceed stringent quality standards, which are negatively impacted by the COVID-19 pandemic.

Our business depends on our ability to maintain a healthy supply chain, achieve planned production rate targets, and meet or exceed stringent performance and reliability standards. The supply chain for large commercial aerostructures is complex and involves hundreds of suppliers and their technical employees from all over the world.

Operational issues, including delays or defects in supplier components relating to government mandated production shutdowns or otherwise, could result in

> significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers. Our suppliers' failure to provide parts on a timely basis or to provide parts that meet our technical specifications could have a materially adverse effect on production schedules, contract performance, and contract profitability. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for us and possible forward losses on certain contracts. Even if acceptable alternatives are found, the process of locating and securing such alternatives might be disruptive to our business and might lead to termination of our supply agreements with our customers.
>
> In order for us to keep the supply chain healthy, we must minimize disruption and production changes. The B737 MAX program has experienced significant disruption due to the production suspension and the impacts of COVID-19, including resulting from government mandated shutdowns of our suppliers' facilities. Many suppliers are distressed. If these suppliers cannot timely deliver components to us at the cost and rates necessary to achieve our targets, we may be unable to meet delivery schedules and/or the financial performance of our programs would suffer.
>
> Furthermore, due to cost pressures and government mandates to shut down production related to COVID-19, our suppliers may encounter financial difficulty and, absent financial support, may not be able to continue meeting commitments under their agreements with us. Our 2018 Credit Agreement generally restricts the amount of funds we can invest in suppliers to assist with difficulties. If any of such suppliers supply critical parts to us and we are not able to secure timely and adequate replacement parts, we may breach our obligations to our customers and, as a result, or customers may terminate such agreements. If the agreements are significant to us, our business, financial condition, results of operations and cash flows could be materially adversely impacted.

(Emphasis in original.)

22. On August 4, 2020, the Company issued a press release announcing its second quarter of 2020 results. Therein, Spirit stated the following about the Company's revenue:

> Spirit's second quarter of 2020 revenue was $644.6 million, down from the same period of 2019, primarily due to the significantly lower 737 MAX production resulting from the grounding of the program and the impacts of COVID-19. ***Deliveries decreased to 159 shipsets during the second quarter of 2020 compared to 449 shipsets in the same period of 2019, including Boeing 737 MAX deliveries of 19 shipsets compared to 147 shipsets in the same period of the prior year.***

23. Also on August 4, 2020, the Company filed its Form 10-Q with the SEC for the quarter ended July 2, 2020. It contained the same risk disclosures as the 1Q20 10-Q.

24. On November 3, 2020, the Company issued a press release announcing its third quarter of 2020 results. Therein, Spirit stated the following about the Company's revenue:

> Spirit's third quarter of 2020 revenue was $806 million, down from the same period of 2019, primarily due to the significantly lower 737 MAX production resulting from the grounding of the program and the impacts of COVID-19. ***Deliveries decreased to 206 shipsets during the third quarter of 2020 compared to 437 shipsets in the same period of 2019, including Boeing 737 MAX deliveries of 15 shipsets compared to 154 shipsets in the same period of the prior year.***

25. On November 3, 2020, the Company filed its Form 10-Q with the SEC for the quarter ended September 1, 2020. It contained the same risk disclosures as the 1Q20 10-Q.

26. On February 25, 2021, the Company filed its Form 10-K with the SEC for the year ended December 31, 2020 (the "2020 10-K"). In it, the Company detailed the importance of the 737 Max's production:

> ***Our business depends largely on sales of components for a single aircraft program, the B737 MAX. The B737 MAX production rate was significantly reduced and, from time to time, suspended as a result of the B737 MAX grounding and COVID-19 pandemic. Additional suspensions or reductions in, or increases in, the B737 MAX production rate may create financial and disruption risks for the Company and its suppliers on the program, which, may in turn, affect the Company's ability to comply with contractual obligations.***
>
> For the twelve months ended December 31, 2018, 2019, and 2020, approximately 56%, 53%, and 19% of our net revenues were generated from sales of components to Boeing for the B737 aircraft, respectively. For the twelve months ended December 31, 2020, our revenues from the B737 aircraft were significantly impacted by grounding and COVID-19 pandemic. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and military P-8 derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model as defined by the Sustaining Agreement. The contract is a requirements contract, and Boeing can reduce the purchase volume at any time.
>
> In March 2019, the B737 MAX fleet was grounded in the U.S. and internationally following the accidents involving two B737 MAX aircraft. At Boeing's direction, Spirit suspended all B737 MAX production beginning on January 1, 2020. Subsequently, there were a number of changes to 2020 production rates as a result

of the grounding and COVID-19 impacts. These production changes created significant disruption for the Company and its B737 MAX suppliers.

If production levels for the MAX program are reduced beyond current expectations due to depressed demand or otherwise, or if we have difficulties in managing our cost structure to take into account changes in production schedules or to accommodate a ramp-up in production, our liquidity position may worsen absent our ability to procure additional financing, we may trigger an event of default under our credit facilities, and our business, financial condition, results of operations and cash flows could be materially adversely impacted.

Boeing's deliveries of the B737 MAX resumed in December 2020, but the rate at which deliveries will continue and continued impacts of the grounding remain uncertain. We have made significant assumptions with respect to the B737 program regarding the number of units to be delivered in 2021 (161 units), the period during which those units are likely to be produced, and the units' expected sales prices, production costs, program tooling and other non-recurring costs, and routine warranty costs. In addition, we have made assumptions regarding estimated costs expected to be incurred until resuming a normal production rate consistent with 2019 production levels to determine which costs should be (i) included in program inventory and (ii) expensed when incurred as abnormal production costs. Any changes in these estimates and/or assumptions with respect to the B737 program could have a material adverse impact on our financial position, results of operations, and/or cash flows.

(First emphasis in original.)

27. The 2020 10-K also contained the following risk related to its operations:

Our business depends on our ability to maintain a healthy supply chain, meet production rate requirements, and timely deliver products that meet or exceed stringent quality standards.

Our business depends on our ability to maintain a healthy supply chain, achieve planned production rate targets, and meet or exceed stringent performance and reliability standards. The supply chain for large commercial aerostructures is complex and involves hundreds of suppliers and their technical employees from all over the world.

Operational issues, including delays or defects in supplier components, could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers. Our suppliers' failure to provide parts that meet our technical specifications could materially adversely affect production schedules and contract profitability. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for us and possible forward losses on certain contracts. Even if acceptable alternatives are

> found, the process of locating and securing such alternatives might be disruptive to our business and might lead to termination of our supply agreements with our customers.
>
> Our suppliers continue to encounter financial difficulty due to the pandemic and residual effects of the B737 MAX grounding. Absent financial support, suppliers may not be able to meet commitments under their agreements with us. If any suppliers fail to supply critical parts and we are not able to secure timely and adequate replacements, we may breach our obligations to our customers. As a result of a breach, customers generally may terminate their agreements or proceed against us for damages and our business, financial condition, results of operations and cash flows could be materially adversely impacted.
>
> Additionally, the Company's ability to meet production rate increases is dependent upon several factors, including expansion and alignment of its production facilities, tooling, and equipment; improved efficiencies in its production line; on-time delivery of component parts from the Company's suppliers; adequate supply of skilled labor; and implementation of customer customizations upon demand. If the Company fails to meet the quality or delivery expectations or requirements of its customers, disruptions in manufacturing lines could result, which could have a material adverse impact on the Company's ability to meet commitments to its customers and on its future financial results.
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> In some cases, in order to meet these increases in production rates, we will need to make significant capital expenditures to expand our capacity and improve our performance or find alternative solutions such as outsourcing some of our existing work to free up additional capacity. While some of these expenditures will be reimbursed by our customers, we could be required to bear a significant portion of the costs. In addition, the increases in production rates could cause disruptions in our manufacturing lines, which could materially adversely impact our ability to meet our commitments to our customers, and have a resulting adverse effect on our financial condition and results of operations.

(Emphasis in original.)

28. On May 5, 2021, the Company issued a press release announcing its first quarter of 2021 results (the "1Q21 Press Release"). Therein, the CEO stated that the Company is "increasing 737 MAX production rates in line with Boeing's objective of 31 aircraft per month in 2022."

29. The 1Q21 Press Release also contained the following financial highlights:

- Delivered 269 shipsets, compared to 324 in Q1 2020 including 29 737 MAX shipsets in Q1

- 2021 compared to 18 in Q1 2020; expect to deliver about 160 737 MAX shipsets in 2021

- $901 million in Q1 2021 revenue, compared to $1,077 million in Q1 2020

- Cash used in operations of $(170) million and free cash flow of $(198) million in Q1 2021 compared to cash used in operations of $(331) million and free cash flow of $(362) million in Q1 2020

- Full-year 2021 cash used in operations is expected to be between $(50) to $(150) million; full-year 2021 free cash flow is expected to be between $(200) and $(300) million

- EPS of $(1.65) in Q1 2021 compared to $(1.57) in Q1 2020; Adjusted EPS of $(1.22) in Q12021 compared to $(0.79) in Q1 2020

- Prepaid $300 million of floating rate notes in February 2021

(Footnotes omitted.)

30. Also on May 5, 2021, the Company filed its Form 10-Q with the SEC for the quarter ended April 1, 2021. It incorporated by reference the risk factors discussed in the 2020 10-K.

31. On August 4, 2021, the Company issued a press release announcing its second quarter of 2021 results (the "2Q21 Press Release"). Therein, the Company announced the following financial highlights:

- Delivered 243 shipsets, compared to 159 in Q2 2020; delivered 35 737 shipsets in Q2 2021 compared to 19 in Q2 2020 and 29 in Q1 2021

- Revenue of $1 billion in Q2 2021, compared to $645 million in Q2 2020 and $901 million in Q1 2021

- Cash used in operations improved by $200 million from Q2 2020 and $142 million from Q1 2021

- Cash guidance unchanged: full-year 2021 cash used in operations is expected to be between $(50) to $(150) million; full-year 2021 free cash flow is expected to be between $(200) and $(300) million

- EPS of $(1.30) in Q2 2021 compared to $(2.46) in Q2 2020; Adjusted EPS of $(0.31) in Q2 2021 compared to $(2.28) in Q2 2020

(Footnotes omitted.)

32. Also in the 2Q21 Press Release, Spirit stated the following about the Company's revenue:

> ***Spirit's second quarter of 2021 revenue was $1.0 billion, up 55% from the same period of 2020, primarily due to higher production deliveries on the Boeing 737*** and Airbus A320 programs and increased revenue from the recently acquired A220 wing and Bombardier programs. These increases were partially offset by the lower widebody production rates due to reduced international air traffic resulting from the impacts of COVID-19. ***Deliveries increased to 243 shipsets during the second quarter of 2021 compared to 159 shipsets in the same period of 2020, including Boeing 737 deliveries of 35 shipsets compared to 19 shipsets in the same period of the prior year.***

33. Also on August 4, 2021, the Company filed its Form 10-Q with the SEC for the quarter ended July 1, 2021. It incorporated by reference the risk factors discussed in the 2020 10-K.

34. On November 3, 2021, the Company issued a press release announcing its third quarter of 2021 results (the "3Q21 Press Release"). Therein, the Company announced the following financial highlights:

- Delivered 250 shipsets, compared to 206 in Q3 2020; delivered 47 737 shipsets in Q3 2021 compared to 15 in Q3 2020
- Revenue of $980 million in Q3 2021, compared to $806 million in Q3 2020
- Cash guidance unchanged: full-year 2021 cash used in operations is expected to be between $(50) to $(150) million; full-year 2021 free cash flow is expected to be between $(200) and $(300) million
- EPS of $(1.09) in Q3 2021 compared to $(1.50) in Q3 2020
- Established business divisions to focus on key growth markets: Commercial, Defense & Space, and Aftermarket; Segment reporting change beginning Q4 2021

(Footnotes omitted.)

35. Also in the 3Q21 Press Release, Spirit stated the following about the Company's revenue:

> ***Spirit's third quarter of 2021 revenue was $980.0 million, up 22% from the same period of 2020, primarily due to higher production deliveries on the Boeing 737*** and increased revenue from the recently acquired A220 wing and Bombardier programs. These increases were partially offset by the lower widebody production rates due to reduced international air traffic resulting from the impacts of COVID-19. ***Deliveries increased to 250 shipsets during the third quarter of 2021 compared to 206 shipsets in the same period of 2020, including Boeing 737 deliveries of 47 shipsets compared to 15 shipsets in the same period of the prior year.***

36. Also on November 3, 2021, the Company filed its Form 10-Q with the SEC for the quarter ended September 30, 2021. It incorporated by reference the risk factors discussed in the 2020 10-K.

37. On February 2, 2022, the Company issued a press release announcing its fourth quarter and full-year 2021 results (the "4Q21 Press Release"). Therein, the Company announced the following financial highlights:

> **Fourth Quarter 2021**
>
> - Revenue of $1.1 billion, up 22% y/y
> - EPS of $(1.15), up 60% y/y; Adjusted EPS of $(0.84), up 36% y/y
> - Cash from operations of $(77) million, improving 42% y/y; free cash flow of $(137) million, improving 24% y/y
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> **Full-Year 2021**
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> - Revenue of $4.0 billion, up 16% y/y
> - EPS of $(5.19), up 38% y/y; Adjusted EPS of $(3.46), up 40% y/y
> - Cash from operations of $(63) million, improving 92% y/y; free cash flow of $(214) million, improving 75% y/y

(Footnotes omitted. Emphasis in original.)

38. Also in the 4Q21 Press Release, Spirit stated the following about the Company's fourth quarter 2021 revenue:

> ***Spirit's revenue in the fourth quarter of 2021 revenue was $1.1 billion, up 22 percent from the same period of 2020, primarily due to higher production deliveries on the Boeing 737*** and increased revenue from the recently acquired A220 and Bombardier programs. These increases were partially offset by lower widebody production rates due to reduced international air traffic resulting from the impacts of COVID-19, and the pause in Boeing 787 deliveries. ***Overall deliveries increased to 281 shipsets during the fourth quarter of 2021 compared to 231 shipsets in the same period of 2020. This includes Boeing 737 deliveries of 51 shipsets compared to 19 shipsets in the same period of the prior year*** and Boeing 787 deliveries of 6 shipsets compared to 20 shipsets in the same period of the prior year.

39. The 4Q21 Press Release stated the following about the Company's full-year 2021 revenue:

> ***Spirit's full-year 2021 revenue was $4.0 billion, up 16 percent from 2020, primarily due to higher production deliveries on the Boeing 737 and increased revenue from the recently acquired A220 and Bombardier programs, as well as additional aftermarket activity.*** These increases were partially offset by lower widebody production rates due to reduced international air traffic due to impacts from COVID-19, and the pause in Boeing 787 deliveries. ***Overall deliveries increased to 1,028 shipsets during 2021 compared to 920 shipsets in 2020. This includes Boeing 737 deliveries of 162 shipsets compared to 71 shipsets in the prior year,*** and Boeing 787 deliveries of 37 shipsets compared to 112 shipsets in 2020.

40. On February 15, 2022, the Company filed its Form 10-K with the SEC for the year ended December 31, 2021 (the "2021 10-K"). In it, the Company detailed the importance of the 737 Max's production:

> ***Our business depends largely on sales of components for a single aircraft program, the B737 MAX***, which has had significant reductions in production rate, including suspensions, relating to the B737 MAX grounding and the COVID-19 pandemic. Additional suspensions or reductions in, or increases in, the B737 MAX production rate may create financial and disruption risks for the Company and its suppliers on the program, which, may in turn, affect the Company's ability to comply with contractual obligations.
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> For the twelve months ended December 31, 2021, 2020, and 2019 approximately 35%, 19% and 53% of our net revenues were generated from sales of components

to Boeing for the B737 aircraft, respectively. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and military P-8 derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model as defined by the Sustaining Agreement. The contract is a requirements contract, and Boeing can reduce the purchase volume at any time.

In March 2019, the B737 MAX fleet was grounded in the U.S. and internationally following the accidents involving two B737 MAX aircraft. At Boeing's direction, Spirit suspended all B737 MAX production beginning on January 1, 2020. Subsequently, there were a number of changes to production rates as a result of the grounding and COVID-19 impacts. These production changes created significant disruption for the Company and its B737 MAX suppliers.

Boeing's deliveries of the B737 MAX resumed in December 2020, but the rate at which deliveries will continue and continued impacts of the grounding remain uncertain. We regularly make significant assumptions with respect to the B737 program regarding the number of units to be delivered each year, the period during which those units are likely to be produced, and the units' expected sales prices, production costs, program tooling and other non-recurring costs, and routine warranty costs. In addition, we regularly make assumptions regarding estimated costs expected to be incurred until resuming a normal production rate consistent with 2019 production levels to determine which costs should be (i) included in program inventory and (ii) expensed when incurred as abnormal production costs. Any changes in these estimates and/or assumptions with respect to the B737 program could have a material adverse impact on our financial position, results of operations, and/or cash flows.

If production levels for the B737 MAX program are reduced beyond current expectations due to depressed demand or otherwise, or if we have difficulties in managing our cost structure to take into account changes in production schedules or to accommodate a ramp-up in production, our liquidity position may worsen absent our ability to procure additional financing, we may trigger an event of default under our credit facilities, and our business, financial condition, results of operations and cash flows could be materially adversely impacted.

(First emphasis in original.)

41. The 2021 10-K also contained the following risk related to its operations:

Our business depends on our ability to maintain a healthy supply chain, meet production rate requirements, and timely deliver products that meet or exceed stringent quality standards.

Our business depends on our ability to maintain a healthy supply chain, achieve planned production rate targets, and meet or exceed stringent delivery, performance and reliability standards. The supply chain for large commercial aerostructures is complex and involves hundreds of suppliers and their technical employees from all over the world.

Operational issues, including delays or defects in supplier components, have resulted and could continue to result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers. Our suppliers' failure to provide parts that meet our technical specifications could materially adversely affect production schedules and contract profitability. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for us and possible forward losses on certain contracts. Even if acceptable alternatives are found, the process of locating and securing such alternatives might be disruptive to our business and might lead to termination of our supply agreements with our customers.

Our suppliers continue to encounter financial difficulty due to the pandemic and residual effects of the B737 MAX grounding. Absent financial support, suppliers may not be able to meet commitments under their agreements with us. If any suppliers fail to supply critical parts and we are not able to secure timely and adequate replacements, we may breach our obligations to our customers. As a result of a breach, customers generally may terminate their agreements or proceed against us for damages and our business, financial condition, results of operations and cash flows could be materially adversely impacted.

Additionally, the Company's ability to meet production rate increases is dependent upon several factors, including expansion and alignment of its production facilities, tooling, and equipment; improved efficiencies in its production line; on-time delivery of component parts from the Company's suppliers; adequate supply and costs of skilled labor; and implementation of customer customizations upon demand. ***From time-to-time the Company has experienced, and may continue to experience, quality or delivery timing disruptions.*** This includes common carrier disruptions and other disruptions that affect manufacturing lines, any of which could have a material adverse impact on the Company's ability to meet commitments to its customers and on its future financial results.

In some cases, in order to meet these increases in production rates, we have made and will need to make in the future significant capital expenditures to expand our capacity and improve our performance or find alternative solutions such as outsourcing some of our existing work to free up additional capacity. While some of these expenditures will be reimbursed by our customers, we could be required to bear a significant portion of the costs. In addition, the increases in production rates could cause disruptions in our manufacturing lines, which could materially adversely impact our ability to meet our commitments to our customers, and have a resulting adverse effect on our financial condition and results of operations.

(First emphasis in original.)

42. On May 4, 2022, the Company issued a press release announcing its first quarter of 2022 results (the "1Q22 Press Release"). Therein, the Company announced the following financial highlights:

- Revenue of $1.2 billion, up 30% y/y
- EPS of $(0.51); Adjusted EPS of $0.03
- Cash used in operations of $270 million; free cash flow usage of $298 million, reflecting first quarter headwinds as well as the impacts of the Russia/Ukraine conflicts

(Footnotes omitted.)

43. Also in the 1Q22 Press Release, Defendant Gentile stated the following about the 737 program, "[o]n the 737 MAX, our largest program, we have recently increased production to 31 shipsets per month and currently expect to hold at that rate for the remainder of the year."

44. The 1Q22 Press Release stated the following about the Company's revenue:

> ***Spirit's revenue in the first quarter of 2022 was $1.2 billion, up 30 percent from the same period of 2021. This increase was primarily due to higher production deliveries on the Boeing 737,*** Airbus A220 and Airbus A320 programs as well as increased Aftermarket revenue, partially offset by lower production volume on the Boeing 787 program. Overall deliveries increased to 321 shipsets during the first quarter of 2022 compared to 262 shipsets in the same period of 2021. ***This includes Boeing 737 deliveries of 60 shipsets compared to 29 shipsets in the same period of the prior year*** and Boeing 787 deliveries of 3 shipsets compared to 15 shipsets in the first quarter of 2021.

45. Also on May 4, 2022, the Company filed its Form 10-Q with the SEC for the quarter ended March 31, 2022. It incorporated, by reference, the risks discussed in the 2021 10-K.

46. On August 3, 2022, the Company issued a press release announcing its second quarter of 2022 results (the "2Q22 Press Release"). Therein, the Company announced the following financial highlights:

- Revenue of $1.3 billion, up 26% y/y
- EPS of $(1.17); Adjusted EPS of $(1.21)
- Cash used in operations of $62 million; Free cash flow usage of $79 million

(Footnotes omitted.)

47. Also in the 2Q22 Press Release, Spirit stated the following about the Company's revenue:

> ***Spirit's revenue in the second quarter of 2022 was $1.3 billion, up 26 percent from the same period of 2021. This increase was primarily due to higher production deliveries on the Boeing 737 program*** as well as increased Aftermarket revenue, partially offset by lower production volume on the Boeing 787 program. Overall deliveries increased to 318 shipsets during the second quarter of 2022 compared to 235 shipsets in the same period of 2021. ***This includes Boeing 737 deliveries of 71 shipsets compared to 35 shipsets in the same period of the prior year*** and Boeing 787 deliveries of 4 shipsets compared to 11 shipsets in the second quarter of 2021.

48. Also on August 3, 2022, the Company filed its Form 10-Q with the SEC for the quarter ended June 30, 2022. It incorporated, by reference, the risks discussed in the 2021 10-K.

49. On November 3, 2022, the Company issued a press release announcing its third quarter of 2022 results (the "3Q22 Press Release"). Therein, the Company announced the following financial highlights:

- Revenue of $1.3 billion, up 30% y/y
- Executing U.S. pension termination which will include negative EPS impacts in 2022 and 2023, with expected favorable after-tax cash impact in the range of $120 - $150 million in 2023
- EPS of $(1.22); Adjusted EPS of $(0.15)
- Cash used in operations of $36 million; Free cash flow usage of $73 million
- Launching cost optimization program to enhance profitability and cash flow in 2023

(Footnotes omitted.)

50. In the 3Q22 Press Release, Defendant Gentile was quoted as saying the following:

> "We continue to leverage our investments in productivity, including digitization and automation, as well as strengthening our workforce to stabilize production at the current rates and position ourselves for future rate increases. Given that ***our production rate is set at 31 aircraft per month on the 737 program now, and we will likely remain at that rate for much of 2023,*** we are initiating a focused effort to reduce structural costs to enhance our profitability and cash flow in 2023."

51. The 3Q22 Press Release also stated the following about Spirit's revenue:

> ***Spirit's revenue in the third quarter of 2022 was $1.3 billion, up 30 percent from the same period of 2021. This increase was primarily due to higher production deliveries on the Boeing 737 program*** as well as increased Aftermarket revenue, partially offset by lower production deliveries on the Boeing 747 program. Overall deliveries increased to 316 shipsets during the third quarter of 2022 compared to 248 shipsets in the same period of 2021***. This includes Boeing 737 deliveries of 69 shipsets compared to 47 shipsets in the same period of the prior year.***

52. Also on November 3, 2022, the Company filed its Form 10-Q with the SEC for the quarter ended September 29, 2022. It incorporated, by reference, the risks discussed in the 2021 10-K.

53. On February 7, 2023, the Company issued a press release announcing its fourth quarter 2022 results (the "4Q22 Press Release"). Therein, the Company announced the following financial highlights:

> **Fourth Quarter 2022**
>
> - Revenue of $1.3 billion
> - EPS of $(2.32); Adjusted EPS of $(1.46)
> - Cash used in operations of $27 million; Free cash flow usage of $66 million
> - Delivered 81 737 shipsets in the quarter, up 17% q/q and 59% y/y
>
> **Full-Year 2022**

- Revenue of $5.0 billion
- EPS of $(5.21); Adjusted EPS of $(2.81)
- Cash used in operations of $395 million; Free cash flow usage of $516 million
- Delivered 281 737 shipsets, up 73% y/y

(Footnotes omitted. Emphasis in original.)

54. Also in the 4Q22 Press Release, Spirit stated the following about the Company's revenue for the fourth quarter of 2022:

> ***Spirit's revenue in the fourth quarter of 2022 was $1.3 billion, up 23 percent from the same period of 2021***. This increase was primarily due to higher production deliveries on the Boeing 737 program as well as increased Defense and Space revenue. ***Overall deliveries increased to 343 shipsets during the fourth quarter of 2022 compared to 277 shipsets in the same period of 2021. This includes Boeing 737 deliveries of 81 shipsets compared to 51 shipsets in the same period of the prior year.***

55. In the 4Q22 Press Release, Spirit stated the following about the Company's full-year 2022 revenue:

> ***Spirit's full-year 2022 revenue was $5.0 billion, up 27 percent from 2021. This increase was primarily due to higher production deliveries on the Boeing 737*** and Airbus A320 and A220 programs, as well as increased Aftermarket and Defense and Space revenue, partially offset by lower production deliveries on the Boeing 747 and 787 programs. ***Overall deliveries increased to 1,297 shipsets during 2022 compared to 1,022 shipsets in 2021. This includes Boeing 737 deliveries of 281 shipsets compared to 162 shipsets in the prior year.***

56. On February 17, 2023, the Company filed its Form 10-K with the SEC for the year ended December 31, 2022 (the "2022 10-K"). In it, the Company detailed the importance of the 737 Max's production:

> ***Our business depends largely on sales of components for a single aircraft program, the B737 MAX***, which has had significant reductions in production rate, including suspensions, relating to the B737 MAX grounding and the COVID-19 pandemic. Additional suspensions or reductions in, or increases in, the B737 MAX production rate may create financial and disruption risks for the Company

> and its suppliers on the program, which, may in turn, affect the Company's ability to comply with contractual obligations.
>
> For the twelve months ended December 31, 2022, 2021, and 2020 approximately 45%, 35%, and 19% of our net revenues, respectively, were generated from sales of components to Boeing for the B737 aircraft, as compared to 53% for the twelve months ended December 31, 2019, which was the most recent period to exclude impacts from the MAX grounding and the global pandemic crises. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and military P-8 derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model as defined by the Sustaining Agreement. The contract is a requirements contract, and Boeing can reduce the purchase volume at any time.
>
> In March 2019, the B737 MAX fleet was grounded in the U.S. and internationally following the accidents involving two B737 MAX aircraft. At Boeing's direction, Spirit suspended all B737 MAX production beginning on January 1, 2020. Subsequently, there were a number of changes to production rates as a result of the grounding and COVID-19 impacts. These production changes created significant disruption for the Company and its B737 MAX suppliers.
>
> Boeing's deliveries of the B737 MAX resumed in December 2020, but the rate at which deliveries will continue and continued impacts of the grounding remain uncertain. We regularly make significant assumptions with respect to the B737 program regarding the number of units to be delivered each year, the period during which those units are likely to be produced, and the units' expected sales prices, production costs, program tooling and other non-recurring costs, and routine warranty costs. In addition, we regularly make assumptions regarding estimated costs expected to be incurred until resuming a normal production rate consistent with 2019 production levels to determine which costs should be (i) included in program inventory and (ii) expensed when incurred as abnormal production costs. Any changes in these estimates and/or assumptions with respect to the B737 program could have a material adverse impact on our financial position, results of operations, and/or cash flows.
>
> ***If production levels for the B737 MAX program are reduced beyond current expectations due to depressed demand or otherwise, or if we have difficulties in managing our cost structure to take into account changes in production schedules or to accommodate a ramp-up in production, our liquidity position may worsen absent our ability to procure additional financing, we may trigger an event of default under our credit facilities, and our business, financial condition, results of operations and cash flows could be materially adversely impacted***.

(First emphasis in original.)

57. The 2022 10-K also contained the following risk related to its operations:

Our business depends on our ability to maintain a healthy supply chain, meet production rate requirements, and timely deliver products that meet or exceed stringent quality standards.

Our business depends on our ability to maintain a healthy supply chain, achieve planned production rate targets, and meet or exceed stringent delivery, performance and reliability standards. The supply chain for large commercial aerostructures is complex and involves hundreds of suppliers and their employees from all over the world.

Operational issues, including delays or defects in supplier components, have resulted and could continue to result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers. Our suppliers' failure to provide parts that meet our technical specifications has adversely affected and could continue to adversely affect production schedules and contract profitability. We have not always been able to find and in the future we may not be able to find acceptable alternatives, and any such alternatives in some cases have resulted and could continue to result in increased costs for us and possible forward losses on certain contracts. Even if acceptable alternatives are found, the process of locating and securing such alternatives has been and may continue to be disruptive to our business, including our ability to execute any factory recovery plans, and might lead to termination of our supply agreements with our customers.

Our suppliers continue to encounter financial difficulty due to the pandemic and residual effects of the B737 MAX grounding. Absent financial support, suppliers may not be able to meet commitments under their agreements with us. If any suppliers fail to supply critical parts and we are not able to secure timely and adequate replacements, we may breach our obligations to our customers. As a result of a breach, customers generally may terminate their agreements or proceed against us for damages and our business, financial condition, results of operations and cash flows could be materially adversely impacted.

Additionally, the Company's ability to meet production rate increases is dependent upon several factors, including expansion and alignment of its production facilities, tooling, and equipment; improved efficiencies in its production line; on-time delivery of component parts from the Company's suppliers; adequate supply and costs of skilled labor; and implementation of customer customizations upon demand. ***From time-to-time the Company has experienced, and may continue to experience, quality or delivery timing disruptions***. This includes common carrier disruptions and other disruptions that affect manufacturing lines, any of which could have a material adverse impact on the Company's ability to meet commitments to its customers and on its future financial results.

> In some cases, in order to meet these increases in production rates, we have made and will need to make in the future significant capital expenditures to expand our capacity and improve our performance or find alternative solutions such as outsourcing some of our existing work to free up additional capacity. While some of these expenditures will be reimbursed by our customers, we could be required to bear a significant portion of the costs. In addition, the increases in production rates could cause disruptions in our manufacturing lines, which could materially adversely impact our ability to meet our commitments to our customers, and have a resulting adverse effect on our financial condition and results of operations.

(First emphasis in original.)

58. The above statements identified in ¶¶ 17-57 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that Spirit lacked effective production quality controls; (2) that, as a result, Spirit incorrectly installed fittings designed to join the aft fuselage to the vertical tail for some Boeing 737 Max airplanes that Spirit sent to Boeing; (3) that, as a result, Spirit would have to develop an inspection and repair procedure for the affected fuselages; (4) that the foregoing would negatively impact Spirit's financial results; and (5) that as a result of the foregoing, Defendant's positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

<u>Disclosures at the End of the Class Period</u>

59. On April 13, 2023, after the market closed, Boeing announced that it would halt deliveries of its 737 MAX aircraft due to a supplier quality problem. According to an article by *Barron's*, Boeing issued a statement saying:

> A supplier has notified us that a nonstandard manufacturing process was used during the installation of two fittings in the aft fuselage section of certain [737 MAX] airplanes, creating the potential for a nonconformance to required specifications.

> This is not an immediate safety of flight issue and the in-service fleet can continue operating safely. However, ***the issue will likely affect a significant number of undelivered 737 MAX airplanes***, both in production and in storage.

60. The same day, *Bloomberg* identified Spirit as the supplier of the faulty part. Several media outlets reported the details of the quality problem. For example, an article by *Reuters* stated:

> ***Boeing (BA.N) has halted deliveries of some 737 MAXs as it grapples with a new supplier quality problem by Spirit AeroSystems (SPR.N) that could stretch back to 2019, the U.S. planemaker disclosed on Thursday.***
>
> ***The issue will likely affect a "significant" number of undelivered 737 MAX airplanes both in production and in storage, and could result in lowered 737 MAX deliveries in the near term, the company said.***
>
> Boeing shares fell 5.3% and shares of Spirit AeroSystems fell 11.8% in after hours trade following the announcement.
>
> The problem, which affects a portion of the 737 MAX family of airplanes, including the MAX 7, MAX 8 and MAX 8200 airplanes as well as the P-8 Poseidon maritime surveillance aircraft based on the 737 NG, is not a safety of flight issue and in-service planes can continue to operate, Boeing said.
>
> The Federal Aviation Administration said it had "validated" Boeing's assessment that there was no immediate safety issue "based on the facts and data Boeing presented" and the agency will evaluate all affected aircraft before delivery.
>
> ***The problem involves the installation of two fittings that join the aft fuselage made by Spirit to the vertical tail, which were not attached correctly to the structure of the fuselage before it was sent to Boeing.*** Certain versions of the aircraft, like the MAX 9, use fittings from different suppliers and were correctly installed.
>
> Boeing was officially notified about the problem by Spirit on Wednesday, however the problem is believed to date back to 2019 and the company is still determining how many aircraft could be impacted, Boeing said.
>
> Boeing declined to comment on whether the problem will force it to roll back plans to boost 737 production this year as it races to deliver at least 400 MAXs in 2023. The company, which announced deliveries of 111 MAXs over the first quarter, had aimed to increase monthly MAX production rates from 31 to 38 by June.
>
> "We have notified the FAA of the issue and are working to conduct inspections and replace the non-conforming fittings where necessary," Boeing said. "We

> regret the impact that this issue will have on affected customers and are in contact with them concerning their delivery schedule."
>
> United Airlines (UAL.O) said late Thursday after discussions with Boeing that "at this time we do not expect any significant impact on our capacity plans for this summer or the rest of the year."
>
> ***Spirit said it is working to develop an inspection and repair for the affected fuselages. Officials said the FAA is likely to issue an airworthiness directive that would mandate an inspection and repair regime.***
>
> The FAA has closely scrutinized Boeing aircraft since two fatal plane crashes in 2018 and 2019. The FAA continues to inspect each 737 MAX and 787 aircraft before an airworthiness certificate is issued and cleared for delivery. Typically the FAA delegates airplane ticketing authority to the manufacturer.

61. On this news, Spirit's stock price fell $7.38, or 20.7%, to close at $28.22 per share on April 14, 2023.

CLASS ACTION ALLEGATIONS

62. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Spirit securities between April 8, 2020 and April 13, 2023, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

63. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Spirit's shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Spirit shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be

identified from records maintained by Spirit or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

64. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

65. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

66. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Spirit; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

67. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually

redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

68. The market for Spirit's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Spirit's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Spirit's securities relying upon the integrity of the market price of the Company's securities and market information relating to Spirit, and have been damaged thereby.

69. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Spirit's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Spirit's business, operations, and prospects as alleged herein.

70. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Spirit's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period

resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

71. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

72. During the Class Period, Plaintiff and the Class purchased Spirit's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

73. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Spirit, their control over, and/or receipt and/or modification of Spirit's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Spirit, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE

(FRAUD-ON-THE-MARKET DOCTRINE)

74. The market for Spirit's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Spirit's securities traded at artificially inflated prices during the Class Period. On February 16, 2023, the Company's share price closed at a Class Period high of $53.11 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Spirit's securities and market information relating to Spirit, and have been damaged thereby.

75. During the Class Period, the artificial inflation of Spirit's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Spirit's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Spirit and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

76. At all relevant times, the market for Spirit's securities was an efficient market for the following reasons, among others:

(a) Spirit shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Spirit filed periodic public reports with the SEC and/or the NYSE;

(c) Spirit regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Spirit was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

77. As a result of the foregoing, the market for Spirit's securities promptly digested current information regarding Spirit from all publicly available sources and reflected such information in Spirit's share price. Under these circumstances, all purchasers of Spirit's securities during the Class Period suffered similar injury through their purchase of Spirit's securities at artificially inflated prices and a presumption of reliance applies.

78. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the

sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

79. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Spirit who knew that the statement was false when made.

FIRST CLAIM

Violation of Section 10(b) of The Exchange Act and

Rule 10b-5 Promulgated Thereunder

Against All Defendants

80. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

81. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Spirit's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

82. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Spirit's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

83. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Spirit's financial well-being and prospects, as specified herein.

84. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Spirit's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Spirit and its business

operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

85. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these Defendants enjoyed significant personal contact and familiarity with the other Defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these Defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

86. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Spirit's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations,

financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

87. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Spirit's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Spirit's securities during the Class Period at artificially high prices and were damaged thereby.

88. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Spirit was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Spirit securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

89. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

90. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

91. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

92. Individual Defendants acted as controlling persons of Spirit within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

93. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

94. As set forth above, Spirit and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: May 3, 2023