

Spirit Airlines (USA) - Treatment of Special Cash Dividend

20 October 2022

Spirit Airlines (USA, B3ZG8F4) is expected to pay a special cash dividend of USD 2.50 effective 26 October 2022. This exceptional distribution will be subject to a 30.00% Withholding Tax if the 10% threshold for adjustments is met. The special dividend is being paid by Jetblue Airways Corp (USA) to Spirit Airlines' shareholders as part of the merger agreement. The dividend will not be quoted ex by the exchange and is payable on 26 October 2022.

FTSE Russell intends to apply a special cash dividend (capital repayment) of USD 2.50, and in order to accommodate this event in the net-of-tax indexes, FTSE Russell proposes to make an XD adjustment in the calculation of the total return indexes at the close on 25 October 2022. This would be consistent with a portion of the cash dividend being required to pay the tax liability.

Clients should note that this treatment will be applied to all total return indexes, and not just the net-of-tax indexes.

Calculation of the total return adjustment below:

Tax liability : $\text{USD } 2.50 * 30.00\% = \text{USD } 0.75$ (tax liability)

A negative dividend of USD -1.071428571428570 will be applied to the FTSE Russell standard Total Return Indexes (i.e. $\text{USD } 0.75 / 70.00\%$) in order to reflect this tax adjustment.

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