
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-40304



Frontier Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-3681866
(I.R.S. Employer
Identification Number)

4545 Airport Way
Denver, CO 80239
(720) 374-4490
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.001 par value	ULCC	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$588 million computed by reference to the closing sale price of the common stock on the Nasdaq Global Select Market on June 30, 2021, the last trading day of the registrant's most recently completed second fiscal quarter.

The registrant had outstanding 217,101,433 shares of common stock, par value of \$0.001, as of February 18, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the 2022 Annual Meeting of Stockholders are incorporated herein by references in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2021.

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Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical factors are "forward-looking statements" for purposes of these provisions. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "should," "could," "would," "expect," "intends," "plan," "anticipate," "believe," "estimate," "project," "targets," "predict," "potential," and similar expressions intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Forward-looking statements are based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various risks and uncertainties, including those set forth in Part I, Item 1A, "Risk Factors", Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors set forth from time to time under the sections captioned "Risk Factors" in our reports and other documents filed with the Securities and Exchange Commission (the "SEC"). Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Summary Risk Factors

Our business is subject to a number of risks and uncertainties that may affect our business, results of operations and financial condition, or the trading price of our common stock or other securities. We are also subject to risks in relation to the proposed merger with Spirit Airlines, Inc. ("Spirit") (see also Part I, Item 1. Business — "Recent Developments"). We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business. The risks identified below are more fully described in Part I, Item 1A. Risk Factors. Such factors include:

Risks Related to Our Industry

- the impact the COVID-19 pandemic and measures to reduce its spread continue to have on our business, results of operations and financial condition and the timing and nature of the related recovery of the airline industry;
- certain restrictions on our business in connection with accepting financial assistance under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and related legislation;
- the ability to operate in an exceedingly competitive industry against legacy network airlines, low-cost carriers ("LCCs") and other ultra low-cost carriers ("ULCCs");
- the price and availability of aircraft fuel;
- any restrictions on or increased taxes applicable to charges for non-fare products and services paid by airline passengers or the imposition of burdensome consumer protection regulations or laws;
- changes in economic conditions;
- competition from air travel substitutes;
- threatened or actual terrorist attacks or security concerns;
- factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, aircraft and engine defects, adverse weather conditions, increased security measures, or outbreak of disease;
- our presence in international emerging markets that may experience political or economic instability;
- increases in insurance costs or inability to secure adequate insurance coverage;
- decline or suspension in funding or operations of the U.S. federal government or its agencies; and

- deployment of new 5G C-band service by wireless communications service providers.

Risks Related to the Merger

- the pendency of the proposed merger may cause disruption in our business;
- failure to complete the merger in a timely manner or at all could negatively impact the market price of our common stock, as well as our future business and our results of operations and financial condition;
- in order to complete the merger, we and Spirit must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, completion of the merger may be jeopardized or the anticipated benefits of the merger could be reduced;
- although we expect that the merger will result in synergies and other benefits to us, we may not realize those benefits because of difficulties related to integration, the achievement of such synergies, and other challenges;
- we face challenges in integrating our computer, communications and other technology systems;
- the combined company is expected to incur substantial expenses related to the merger and the integration of Frontier and Spirit;
- uncertainties associated with the merger may cause a loss of management personnel and other key employees which could adversely affect the future business and operations of the combined company;
- the future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger;
- following the closing of the merger, we will be bound by all of the obligations and liabilities of both companies; and
- the need to integrate the Frontier and Spirit workforces following the merger and negotiate new joint labor agreements presents the potential for delay in achieving expected synergies, increased labor costs or labor disputes that could adversely affect the combined company's operations.

Risks Related to Our Business

- our failure to implement our business strategy successfully;
- our ability to control our costs and maintain a competitive cost structure;
- our ability to grow or maintain our unit revenues or maintain our non-fare revenues;
- any increased labor costs, union disputes and other labor-related disruptions;
- our inability to expand or operate reliably and efficiently out of airports where we operate or desire to operate;
- any damage to our reputation or brand image could adversely affect our business or financial results;
- our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel;
- any negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- any changes in governmental regulation;
- the impact of climate change and related regulations and consumer preferences;
- our ability to obtain financing or access capital markets;
- the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book;
- our maintenance obligations;
- aircraft-related fixed obligations that could impair our liquidity; and
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

PART I

ITEM 1. BUSINESS

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. As of December 31, 2021, we had a fleet of 110 Airbus single-aisle aircraft, consisting of 16 A320neos, 73 A320XLRs and 21 A321XLRs. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand.

The coronavirus (“COVID-19”) pandemic has presented significant challenges to the global airline industry since March 2020. The rapid spread of COVID-19, along with government-mandated restrictions on travel, required stay-in-place orders, and other social distancing measures, resulted in a drastic decline in near-term air travel demand in the United States, and caused reductions in revenues and income levels as compared to corresponding pre-pandemic periods. The decline in demand for air travel has had a material adverse effect on our business and results of operations for the years ended December 31, 2021 and 2020. Although we have seen significant recovery of demand through the year ended December 31, 2021 as compared to the corresponding prior year period, we are unable to predict the future spread of COVID-19, including future variants of the virus such as the recent Delta and Omicron variants, as well as efficacy and adherence rates of vaccines and related boosters and the resulting measures that may be introduced by governments or other parties and what impact those measures may have on the demand for air travel.

Our History

We were incorporated in September 2013 as a newly-formed corporation initially wholly-owned by an investment fund managed by Indigo Denver Management Company, LLC (“Indigo”), an affiliate of Indigo Partners, LLC (“Indigo Partners”), an experienced and successful global investor in ULCCs. Indigo facilitated the acquisition of Frontier and its holding company from Republic Airways Holdings, Inc. (“Republic”). That acquisition was completed on December 3, 2013. Following the acquisition, Indigo reshaped our management team to include experienced veterans of the airline industry with significant history operating ULCCs. Working with Indigo, our management team developed and implemented our unique strategy, *Low Fares Done Right*.

Recent Developments

On February 2, 2022, we repaid our debt facility with the U.S. Department of the Treasury (the “Treasury”) which included the \$150 million principal balance along with accrued interest of \$1 million. The repayment terminated the loan agreement and unencumbered our co-branded credit card program and related brand assets that secured the loan. See Note 2 for more information.

On February 5, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Top Gun Acquisition Corp., a direct wholly owned subsidiary of ours (“Merger Sub”), and Spirit Airlines, Inc. (“Spirit”). The Merger Agreement provides that, among other things, the Merger Sub will be merged with and into Spirit (the “Merger”), with Spirit surviving the Merger and continuing as a wholly owned subsidiary of ours.

The closing of the Merger is subject to the satisfaction of customary conditions, including, but not limited to (1) the adoption of the Merger Agreement by Spirit’s stockholders; (2) the expiration or termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other required regulatory approvals including the receipt of all consents, registrations, notices, waivers, exemptions, approvals, confirmations, clearances, permits, certificates, orders, and authorizations of the U.S. Federal Aviation Administration (“FAA”), the U.S. Department of Transportation (“DOT”), and the Federal Communications

Commission (“FCC”); (3) the absence of any law or order prohibiting the consummation of the transactions; (4) the effectiveness of a registration statement on Form S-4 registering shares of our common stock to be issued in the Merger; (5) the authorization and approval for listing on NASDAQ of our shares to be issued to holders of Spirit’s common stock in the Merger; (6) the accuracy of the parties’ respective representations and warranties in the Merger Agreement, subject to specified materiality qualifications; and (7) compliance by the parties with their respective covenants in the Merger Agreement in all material respects.

Subsequent to the closing of the Merger and at the effective time of the Merger, each share of common stock of Spirit, par value \$0.0001 per share, issued and outstanding (other than shares owned by us, Spirit, or their respective subsidiaries immediately prior to the effective time) will be converted into the right to receive 1.9126 of our shares of common stock, par value \$0.001 per share, and \$2.13 per share in cash, without interest.

The Merger Agreement also specifies termination rights for both Spirit and us including, without limitation, a right for either party to terminate the Merger if it is not consummated on or before February 5, 2023, subject to certain extensions if needed to obtain regulatory approvals. If the Merger Agreement were to be terminated in specified circumstances, Spirit would be required to pay us a termination fee of \$94.2 million.

We currently expect the Merger to occur in the second half of 2022, although there can be no assurance regarding timing of completion of regulatory processes. The Merger Agreement also includes a methodology by which certain expenses will be borne by each company. During the year ended December 31, 2021, we did not incur any transaction or integration planning costs related to the planned Merger.

Following the closing of the Merger, we expect the combined company to bring ultra-low fares to travelers in more destinations across the United States, Latin America and the Caribbean, by accelerating investments in innovation and growth and by competing even more aggressively with larger competitors on domestic routes.

Our Business Model

Our business model is based on our unique *Low Fares Done Right* strategy. While our strategy is similar to the business models utilized by other ULCCs, including with respect to low-cost structure, low fares and flexible optional services, we believe *Low Fares Done Right* differentiates us from other U.S. ULCCs as a result of our focus on delivering a higher-quality, family-friendly customer experience with a more upscale look and feel than traditionally experienced on ULCCs globally. From the perspective of our customers, our business model provides a product offering that combines low base fares with dependable customer service, a customer-friendly digital platform, a rewarding frequent flyer program, a modern fleet, comfortable cabin seating, flexible optional services and operational integrity.

Our Competitive Strengths

Our competitive strengths include:

Our Low-Cost Structure. Our low-cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. Our unit costs, measured by Adjusted CASM including net interest, were the lowest in the industry for the year ended December 31, 2021. Our low-cost structure is driven by several factors:

- high aircraft utilization;
- modern, fuel-efficient, high-capacity fleet and attractive order book;
- low-cost distribution model, with our services primarily sold through direct distribution channels including our website, mobile app and call center;
- highly productive workforce and third-party specialist providers; and
- outsourcing model for non-core functions, including customer call centers, lost bag services, ground handling services and catering services.

Our Brand. We believe establishing our brand as a leading low-fare airline enhances our ability to generate customer loyalty. The key features of our brand include:

- significant customer value delivered through low fares with the choice of reasonably priced unbundled and bundled options, including *The Works* and *The Perks*;
- family-friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our Kids Fly Free program;
- a commitment to sustainability and environmental responsibility, including our position as “America’s greenest Airline” as measured by fuel efficiency;
- a carefully curated aesthetic for our livery, our website and mobile app, uniforms, seat design and on-board products, which are designed to look and feel more upscale than traditional ULCCs;
- a strong online presence with a customer-friendly digital platform that includes our passenger reservation system, improved website and mobile app;
- our modern fleet with amenities such as extra seat padding and our exit row and *Stretch* seating options, which provide up to a comfortable 53-inch seat pitch depending on aircraft type; and
- an enhanced frequent flyer program, *Frontier Miles*, and *Discount Den* membership program.

Our Network Management. We plan our route network and airport footprint to focus on profitable existing routes and new routes where we believe our business model will stimulate demand and growth, including those where we expect demand to be highest as the U.S. market continues to recover from the COVID-19 pandemic. This strategy has enabled us to reduce the seasonality of our revenue, improve utilization, lower unit costs, increase revenues and enhance profitability from 2013 through 2019, prior to the impacts of the COVID-19 pandemic. The key features of our network include:

- a broad geographic footprint, which enables us to service a wide range of visiting friends or relatives (“VFR”) and vacation destinations;
- a strong presence in high-demand markets and underserved markets, including mid-sized cities;
- a disciplined and methodical approach to both route selection and the removal of underperforming routes; and
- an operational platform that includes nationwide crew and maintenance bases, creating access to lower-risk growth opportunities while maintaining high operational standards and enabling high utilization.

Our Talented ULCC Leadership Team. Our management team has extensive day-to-day experience operating ULCCs and other airlines.

- Barry L. Biffle, our President and Chief Executive Officer, previously served as Chief Executive Officer for VivaColombia, Executive Vice President for Spirit and held various management roles with US Airways and American Eagle Airlines, a regional airline subsidiary of American Airlines;
- James G. Dempsey, our Executive Vice President and Chief Financial Officer, previously served as Treasurer and Head of Investor Relations for Ryanair after serving in management roles within the advisory practice of PricewaterhouseCoopers;
- Howard M. Diamond, our Senior Vice President, General Counsel and Corporate Secretary, previously served as Vice President, General Counsel, and Corporate Secretary for Thales USA;
- Jake F. Filene, our Senior Vice President, Customers, previously served as our Deputy Chief Operating Officer and as Vice President, Airport Services and Corporate Real Estate for Spirit;
- Craig R. Maccubbin, our Senior Vice President and Chief Information Officer, previously served as Executive Vice President and Chief Information Officer for WestJet Airlines, Chief Technology Officer for Southwest Airlines and Chief Information Officer for Spirit;
- Daniel M. Shurz, our Senior Vice President, Commercial, previously served in various roles with United Airlines and Air Canada; and
- Trevor J. Stedke, our Senior Vice President, Operations, previously served as Vice President, Aircraft Technical Operations for Southwest Airlines.

Our Business Strategy— Low Fares Done Right

Our goal is to offer the most attractive option for air travel with a compelling combination of value, product, and service, and, in so doing, to grow profitably and enhance our position among airlines in the United States. Through the key elements of our business strategy, we seek to achieve:

Low Unit Costs. We intend to strengthen and maintain our low unit costs, including by:

- maintaining high utilization levels as the U.S. market continues to recover from the COVID-19 pandemic;
- utilizing new generation, fuel-efficient aircraft that deliver lower operating costs compared to prior generation aircraft;
- increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of new 186-seat A320neo aircraft and the expected future introduction of up-to-240-seat A321neo aircraft; and
- taking a disciplined approach to our operational performance in order to reduce disruption.

A Superior Low-Fare Brand. In order to enhance our brand and drive revenue growth, we intend to continue to deliver a higher-quality flight experience than historically offered by ULCCs globally and generate customer loyalty by:

- continuing to offer attractive low fares;
- expanding our marketing efforts, including through the addition of new animals for each of our new aircraft, particularly highlighting endangered species on our signature animal tails, to continue to position our brand as a family- and environmentally-friendly ULCC;
- continuing to improve penetration of our bundle options, including *The Works* and *The Perks*;
- further enhancing our *Frontier Miles* offering to improve reward opportunities for our branded credit card customers; and
- providing our customers a dependable, reliable, on-time and friendly travel experience.

Strong Growth Driven by an Expanding and Efficient Network. We believe that our cost structure enables us to fly to more places profitably than any other U.S. airline, and we strategically focus on routes that we believe are the most profitable. We intend to continue to utilize our disciplined and methodical approach to expand our network in an efficient manner, including by:

- strategically deploying our capacity where demand is highest as the recovery from the COVID-19 pandemic continues;
- continuing to take advantage of opportunities in overpriced and/or underserved markets across the U.S. and select international destinations in the Americas;
- leveraging our diverse geographic footprint and existing crew and maintenance base infrastructure to take advantage of lower-risk network growth opportunities while maintaining high operational standards;
- utilizing our low-cost structure to offer low fares which organically drive growth through market stimulation;
- continuing to rebalance our network to mitigate seasonal fluctuations in our results; and
- focusing on what we believe are the most profitable opportunities where our cost differential drives the largest competitive advantage.

Strong Liquidity and Capital Structure. We intend to maintain our strong capital structure, which enables us to obtain financing for our aircraft pursuant to attractive operating leases, in order to support our growth strategies and the expansion of our fleet and network.

As of December 31, 2021, we had \$918 million of cash and cash equivalents, and our capital structure was comprised of the following (please refer to “Notes to Consolidated Financial Statements — 9. Debt”):

- \$174 million of the available \$200 million under the secured, revolving line of credit from our pre-delivery payment facility with Citibank (“PDP Financing Facility”);
- \$15 million from our pre-purchased miles facility;
- \$150 million in a secured loan with the Treasury;
- \$66 million in unsecured loans as part of our participation in the payroll support program under the CARES Act; and
- \$18 million under the floating rate building note.

Our Fares and the Choices We Offer

We provide low-fare passenger airline service primarily to leisure travelers. Our low fares are designed to stimulate demand from price-sensitive travelers and consist of a base fare, plus taxes and governmental fees. For the years ended December 31, 2021, 2020 and 2019 our total revenue per passenger was \$99.49, \$111.23 and \$109.91, respectively.

We combine our low fares with flexible optional services for an additional cost. Such additional options include carry-on and checked baggage, advance seat selection, our extended-legroom *Stretch* seats, ticket changes and cancellations and refundability. Our bundled options include *The Works*, a hassle-free option that includes a guaranteed seat assignment, carry-on and checked baggage, ticket refundability and changes and priority boarding, all at an attractive low price and available only on our website, and *The Perks*, which enables customers to book the same amenities included in *The Works*, excluding refundability and ticket changes. We also promote and sell products in-flight to enhance the customer experience. We offer a convenient onboard payment system that enables customers to bundle products together to save money, make multiple purchases with a single credit card transaction and provide gratuities to our flight attendants. We reward our repeat customers through our *Frontier Miles* frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares. In addition to enhancing the customer experience, these offerings have helped us to increase our ancillary revenues from \$12.80 per passenger in 2013 to \$57.11 per passenger in 2019, \$62.45 in 2020 and \$60.55 in 2021. Our other revenues also include services such as our *Frontier Miles* affinity credit card program and commissions revenue from the sale of items such as rental cars and hotels.

The following table represents our revenue, on a per-passenger basis for the periods presented:

	Year Ended December 31,		
	2021	2020	2019
Fare revenue per passenger	\$ 38.94	\$ 48.78	\$ 52.80
Ancillary revenue per passenger:			
Non-fare passenger revenue per passenger	57.65	58.66	54.33
Other revenue per passenger	2.90	3.79	2.78
Total ancillary revenue per passenger	60.55	62.45	57.11
Total revenue per passenger	\$ 99.49	\$ 111.23	\$ 109.91

Route Network

The low unit cost, high quality of service and dependability that make *Low Fares Done Right* successful have enabled us to diversify our network across a wide range of leisure destinations as well as implement a network strategy that primarily targets high demand or underserved markets, where our low fares stimulate new traffic flows.

During the year ended December 31, 2021, we served approximately 120 airports throughout the United States and international destinations in the Americas. While our primary focus is to capture point-to-point demand on the

nonstop routes that we serve, we also sell connecting itineraries, providing us with the opportunity to capture demand across a large number of routes beyond our nonstop footprint.

Below is a map of the destinations we serve as of our scheduled flights available for sale as of December 31, 2021:



We use publicly available data related to existing traffic, fares and capacity in domestic markets, as well as other data sources, to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as actual and forecasted advanced bookings. We routinely make capacity adjustments within our network based on the financial performance of our markets, and we discontinued service in markets where we determine that long-term profitability is not likely to meet our expectations. During the year ended December 31, 2021, we discontinued service to Los Angeles International Airport (LAX), and announced that service to Newark Liberty International Airport (EWR) and Dulles International Airport (IAD) will discontinue in 2022.

While the COVID-19 pandemic has presented significant challenges to the management of our network, we believe we are well positioned to take advantage of the recovery as a result of our broad current footprint and focus on leisure travel, where the U.S. airline industry has seen strongest domestic demand during the COVID-19

pandemic. In 2022 and beyond, we plan to continue to strategically deploy our capacity where demand is highest during the recovery in order to increase our capacity metrics.

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, codesharing relationships, and frequent flyer programs and redemption opportunities. Our competitors and potential competitors include legacy network carriers, LCCs, ULCCs and new entrant airlines. We typically compete in markets served by traditional network airlines, LCCs, the other U.S. ULCCs and regional airlines.

Our principal competitors on domestic routes are American Airlines, Delta Air Lines, United Airlines, and Southwest Airlines (which classifies itself as an LCC), which airlines are commonly referred to as the “Big Four” carriers, and Alaska Airlines and Hawaiian Airlines, which together with JetBlue Airways, which classifies itself as an LCC, are commonly referred to as the “Middle Three” carriers. We also compete with the other U.S. ULCCs, Allegiant Travel Company and Spirit Airlines. There are also parties who have started new airlines, including Avelo Airlines and Breeze Airways. With respect to the Big Four and Middle Three carriers, our principal competitive advantage is our low-cost structure, low base fares and our focus on the leisure traveler. We believe our low-cost structure allows us to price our fares at levels where we can be profitable while the Big Four and Middle Three airlines cannot. We believe the association of our brand with a high level of operational performance differentiates us from the other U.S. ULCCs and enables us to generate greater customer loyalty.

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. Price competition occurs on a route-by-route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer 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 of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets.

Distribution

We primarily sell our product through direct distribution channels, including via our website at www.flyfrontier.com, our mobile app and our call center with our website and mobile app serving as the primary platforms for ticket sales. Approximately 71%, 76%, and 73% of our total tickets sold for the years ended December 31, 2021, 2020, and 2019, respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our low-cost distribution channels.

We also offer the option to purchase tickets through third parties, such as travel agents who access us through Global Distribution Systems (“GDSs”), e.g., Amadeus, Galileo, Sabre and Worldspan, and select online travel agents (“OTAs”), e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity. Third-party channels represented approximately 29%, 24%, and 27% of sales for the years ended December 31, 2021, 2020, and 2019, respectively. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate that we pay a commission. We also have agreements with all the leading GDSs. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without separately contacting our reservations facility.

Marketing and Brand

Our principal marketing message to our customers is our *Low Fares Done Right* strategy. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low and we regularly offer promotional base fares of \$29 or less.

Our principal marketing tools are our proprietary email distribution list consisting of over 17 million email addresses, our *Frontier Miles* frequent flyer program and our *Discount Den* subscription service, as well as advertisements in online, radio and other channels. Our objective is to use our low prices, superior customer service, price-based promotions and creativity to produce viral marketing programs that are cost effective.

Each of our aircraft features one of our widely-recognized animals on its tail and is named after such animal. We utilize these animals in several of our online marketing campaigns and on the novelty cards we distribute to children onboard. In 2019, we introduced an initiative to highlighting endangered species on our signature animal tails.

Our brand includes a focus on our commitment to sustainability and environmental responsibility, including our position as “America’s Greenest Airline” as measured by fuel efficiency. Our fleet continues to be the most fuel-efficient of all major U.S. carriers when measured by ASMs per fuel gallon consumed, generating over 100 ASMs per gallon during the year ended December 31, 2021, representing our commitment to continued fuel efficiency as we grow. In addition, our headquarters is located in a LEED Certified building, which was designed to achieve energy savings, water efficiency and lower CO₂ emissions.

We spent approximately 5.3%, 6.2% and 5.2% of total revenues on marketing, brand and distribution during the years ended December 31, 2021, 2020 and 2019, respectively.

Loyalty and Membership Programs

Our *Frontier Miles* frequent flyer program includes a number of attractive customer benefits, including family pooling benefits and elite status levels (Elite50K and Elite100K). The *Frontier Miles* World Elite MasterCard is the primary vehicle whereby customers earn mileage credits and our frequent flyer program is geared specifically towards supporting adoption and continued use of the credit card. The credit card includes the ability to earn bonus mileage credits on Frontier and restaurant purchases. In addition, every card member who spends over a certain threshold on the card in any calendar year receives a Frontier voucher.

Frontier Miles offers award travel on every flight without blackout dates. All award tickets are subject to redemption fees, which are waived for all Frontier Elite Members and certain other bookings in advance of travel dates. There are three types of travel awards: Value Award Tickets require the lowest mileage credits, Standard Award Tickets are more widely available at double the mileage credit requirement and the highest mileage credit requirement Last Seat Availability Award Tickets are exclusively available to Frontier Elite Members. The program also calculates a year-end status level, and mileage credits never expire as long as a customer earns mileage credits at least every six months.

The *Discount Den* is an annual subscription-based service that allows members exclusive access to the lowest fares on offer and first access to seats when our selling schedule is extended. Members pay an annual fee to join the *Discount Den*.

Customers

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. In addition, we believe our product is particularly attractive to families, featuring popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our Kids Fly Free program and a staff that is committed to our goal of providing excellent customer service. Overall, our business model is designed to deliver what we believe our customers want: low fares and a high-quality flight experience. While we are not focused on stimulating business travel, we believe our low fares do attract a significant number of small business travelers who may be more sensitive to travel costs.

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 are highly simplified relative to more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we can retain the benefits of a fleet composed 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 retired the last of the A319 aircraft from our fleet during the year ended December 31, 2021, increasing the proportion of the larger and more fuel efficient A320neo family aircraft to 66% of our total fleet as of December 31, 2021. The A320neo family aircraft that we continue to place in service are expected to continue delivering approximately 15% improved fuel efficiency compared to the prior generation of A320ceo family aircraft. In addition, while our entire fleet features new and lightweight seats, which eliminate excess weight and reduce fuel consumption per seat, the seat density on the A320neo family aircraft is higher than the prior generation of A320ceo family aircraft. With the transition to the higher density aircraft, we increased our average seats per departure to 193 for the year ended December 31, 2021. The use of the A320neo family aircraft and our seating configuration, weight-saving tactics and baggage process have all contributed to our ability to continue to be the most fuel-efficient of all major U.S. carriers of significant size when measured by ASMs per fuel gallon consumed.

As of December 31, 2021, we had a fleet of 110 Airbus single-aisle aircraft, consisting of 16 A320ceos, 73 A320neos and 21 A321ceos. We won first place for North America's Youngest Aircraft Fleet Award for 2022 by ch-aviation, with an average aircraft age of approximately four years as of December 31, 2021. As of December 31, 2021, all 110 aircraft in our fleet were financed under operating leases, and the operating leases for four, six, four, eight and twenty aircraft in our fleet were scheduled to terminate during 2022, 2023, 2024, 2025 and 2026, respectively. In certain circumstances, such operating leases may be extended. We intend to replace retired aircraft with A320neo family aircraft.

As of December 31, 2021, we had a firm purchase commitment with Airbus to acquire 234 A320neo family aircraft. Additionally, we had commitments with CFM International and Pratt & Whitney for 21 additional spare aircraft engines by the end of 2029. After the consideration of planned aircraft returns in addition to planned direct leasing arrangements, we expect to operate a fleet of 272 A320 family aircraft by the end of 2029, all powered by new engine technology. The table does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time. Our firm fleet and engine commitments as of December 31, 2021 were comprised of the following aircraft:

Year Ending	A320neo	A321neo	Total Aircraft	Engines
2022	9	5	14	5
2023	—	21	21	2
2024	—	24	24	2
2025	17	13	30	3
2026	19	22	41	3
Thereafter	31	73	104	6
Total	76	158	234	21

During October 2019, we entered into an amendment to the previously existing master purchase agreement that allows us the option to convert 18 A320neo aircraft to A321XLR aircraft. This conversion right is available until December 31, 2022 and is not reflected in the table above as this option has not been exercised.

During July 2021, we signed a letter of intent with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the second half of 2022 and continuing into the first half of 2023. As of December 31, 2021, we have entered into a signed direct lease agreement for seven of the additional aircraft, while the remaining three are covered under a non-binding letter of intent. None of these ten aircraft that will be acquired through direct leases are reflected in the table above given these are not committed purchase agreements.

In November 2021, we entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement, which are expected to be delivered starting in 2023 and continuing through 2029, all of which are reflected in the table above.

Aircraft Fuel

Aircraft fuel is one of our largest expenses, representing 26%, 21% and 29% of our total operating costs for the years ended December 31, 2021, 2020 and 2019, respectively. For the year ended December 31, 2021, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors. Our historical fuel consumption and costs were as follows:

	Year Ended December 31,		
	2021	2020	2019
Gallons consumed (millions)	266	162	289
Average price per gallon	\$ 2.17	\$ 2.08	\$ 2.22

Average price per gallon includes related fuel fees and taxes as well as effective fuel-hedging gains and losses.

We have historically maintained an active hedging program designed to reduce our exposure to sudden, sharp increases in fuel prices. We regularly review our fuel hedging program and, accordingly, the specific hedging instruments we use, the amount of our future hedges and the time period covered by our hedge portfolio vary from time to time depending on our view of market conditions and other factors. Among the hedging instruments we have used in the past and may use in the future include swaps and collar contracts on jet fuel, fixed forward prices (“FFPs”), which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods, and call options. As of December 31, 2021 and 2020, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges therefore had no impact within our consolidated statements of operations for the year ended December 31, 2021. Our results for the year ended December 31, 2020 and 2019 include \$82 million and \$17 million in losses associated with fuel hedges, respectively. The losses for the year ended December 31, 2020 were primarily as a result of the precipitous decline in jet fuel prices caused by the COVID-19 pandemic, which created a significant liability position at the settlement of our collar trades. These losses included \$52 million relating to the de-designation of fuel hedges resulting from the COVID-19 pandemic on the fuel quantities where consumption was not deemed probable and resulting mark to market impacts.

Maintenance and Repairs

We have an FAA mandated and approved maintenance program, which is administered by our technical operations department. Our maintenance technicians undergo extensive initial and recurrent training. 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. We categorize our line maintenance into four classes of stations, with each class categorized by the scope and complexity of work performed. The majority of and the most extensive line maintenance we and our specialist partners perform is conducted in Denver, Chicago, Cleveland, Orlando, Atlanta, Las Vegas and Philadelphia.

Major 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 24 months. Engine overhauls and engine performance restoration events are quite extensive and can take several months. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events. In addition, prior to aircraft being returned to lessors, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. Due to our relatively small fleet size and projected fleet growth, we believe contracting with third-party specialists for all of our heavy maintenance, engine restoration and major part repair, is more economical than conducting these activities ourselves. We have entered into a long-term flight hour agreement for our engine overhaul services and an hour-by-hour basis agreement for component services. We also contract with third-party specialists for our heavy airframe maintenance. These contracts cover the majority of our aircraft component inventory acquisition, replacement and repairs, thereby eliminating the need to carry expensive spare parts inventory.

We currently have a firm obligation to purchase 234 aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See Part I, Item IA. Risk Factors — “Our maintenance costs will increase over the near term, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet.”

Human Capital Resources

Employees and Labor Relations

As of December 31, 2021, we had 5,502 total employees, consisting of 1,709 pilots, 2,881 flight attendants, 121 aircraft technicians, 42 aircraft appearance agents, 39 flight dispatchers, 22 material specialists, 16 maintenance controllers and 672 employees in administrative roles.

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 renewal requirements including recurrent training and recent flying experience. 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.

We focus on hiring highly productive employees and, where feasible, designing systems and processes around automation and the utilization of third-party specialists in order to maintain our low-cost base. With respect to pilots, given the pilot shortage being experienced by parts of the industry, particularly regional airlines, one of our operational priorities is to maintain a robust pipeline of qualified pilot candidates. We intend to maintain our pipeline through the continuation of the recruiting and selection arrangements that we have entered into with several regional airlines that are not affiliated with any of the legacy network airlines. Under these mutual recruiting and selection arrangements, we jointly recruit, interview and select candidates to become Frontier pilots after successfully meeting defined training and flight experience requirements with one of the feeder regional airlines. We have found these arrangements to be beneficial to us because we are able to identify an attractive flow of pilot candidates and to be beneficial to the feeder regional airline because it is better able to recruit entry level pilots if it is able to offer those candidates an opportunity to graduate to a mainline airline, such as Frontier. In addition, under these arrangements, once we have selected a regional airline’s pilot for our career development program, the regional airline will not provide such pilot with an opportunity to participate in any similar programs with any other airline. Each of these arrangements is terminable at will by either party upon 60 days’ notice. In addition, we believe

we are an attractive employer for pilots as a result of our strong growth, which provides our pilots with career progression opportunities and enables them to achieve substantial pay increases under the collective bargaining agreement. For example, as a result of our continuing fleet expansion, First Officers hired since late-2013 have been eligible for upgrade to Captain within 24 to 48 months of joining us. As of December 31, 2021, our median pilot and flight attendant seniority was approximately five and four years, respectively.

As of December 31, 2021, approximately 88% of our employees were represented by labor unions under collective-bargaining agreements. The table below sets forth our employee groups and status of the collective bargaining agreements with each as of December 31, 2021:

Employee Group	Representative	Amendable Date	Percentage of Workforce
			December 31, 2021
Pilots	Air Line Pilots Association (ALPA)	January 2024	31%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024	52%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	March 2024	2%
Aircraft Appearance	IBT	October 2023	1%
Dispatchers	Transport Workers Union (TWU)	December 2021 ⁽¹⁾	1%
Material Specialists	IBT	March 2022	<1%
Maintenance Control	IBT	October 2023	<1%

(1) In December 2021, our collective bargaining agreements with our dispatchers, represented by TWU, became amendable. Negotiations are set to begin in March 2022.

The United States Railway Labor Act (the “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 (the “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 (“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 the U.S. Congress, the labor organization may strike and the airline may resort to “self-help,” including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers. The U.S. Congress and the President have the authority to prevent “self-help” by enacting legislation that, among other things, imposes a settlement on the parties.

During the fourth quarter of 2016, we ratified a new five-year collective bargaining agreement with the dispatchers. In March 2017, the material specialists contract was ratified to include a new amendable date of March 2022. In October 2018, new five-year collective bargaining agreements were reached with the aircraft appearance agents and maintenance controllers, and in March 2019 a new five-year collective bargaining agreement was reached with the aircraft technicians.

In March 2016 and July 2015, our collective bargaining agreements with our pilots, represented by the Air Line Pilots Association (“ALPA”), and our flight attendants, represented by AFA, respectively, became amendable. In December 2018, we and the pilots, represented by ALPA, reached a tentative agreement, which was subsequently approved by the pilots and became effective in January 2019. The agreement has a term of five years and includes a significant increase in the annual compensation of our pilots as well as a one-time ratification incentive payment to our pilots of \$75 million plus applicable payroll taxes. We entered into NMB mediation with the union representing

our flight attendants, AFA-CWA, in July 2017 and in March 2019 we reached a tentative agreement, which was ratified in May 2019.

Diversity, Equity and Inclusion

We are committed to providing equal employment opportunities for all persons and prohibiting discrimination in all aspects of our operation. We believe that fostering an inclusive and diverse culture will add value and lead to a more highly engaged workforce, allowing us to deliver better business results. We have established Business Resource Groups — employee-led, voluntary organizations of people with similar interests, experiences, or demographic characteristics, including the Women’s Leadership Network, the Veterans’ Resource Group and the Green Leadership Group. We also partner with organizations such as the Latino Pilots Association, National Gay Pilot’s Association, Organization of Black Aviation Professionals, Women in Aviation and Rotary to Airline Group to help foster opportunities and careers in aviation. We honor and celebrate our differences throughout the year by recognizing meaningful achievements and shared stories through our company newsletters during Black History Month, Women’s History Month, Pride Month and Breast Cancer Awareness Month.

We are focused on creating an equitable workforce, considering diverse slates of candidates for all positions. The table below illustrates our employee diversity based on self-identification across all employees as of December 31, 2021:

Male	Female	Minority
54%	46%	32%

Compensation and Benefits

Our compensation and benefits are designed to support the financial, mental, and physical well-being of our employees and their families. We evaluate our benefit programs each year in terms of value of benefit offerings and out-of-pocket costs to ensure that they are competitive with the benefit offerings of other companies with whom we compete for talent. We continuously evaluate our benefit offerings through these market studies as well as annual employee surveys. In 2021 we implemented the Rally wellness program to incentivize employees to invest in their health, earn points and participate in various health and wellness competitions. Our compensation philosophy is continuously adjusted to better meet the needs of the marketplace and, in 2020, we improved our vacation offering for non-union employees.

COVID-19 Response

In response to the COVID-19 pandemic, we have increased our focus on further strengthening our health and safety initiatives. We follow all federal, state and local protocols to help protect the health of our workforce and our customers. In March 2020, we implemented a COVID-19 pay protection policy to ensure employees took necessary time away from work to recover from COVID-19, provided an onsite vaccination clinic, and also provided free COVID-19 tests to many workgroups across our organization. We continue to require that facial coverings must be worn by all customers and team members throughout every flight.

In 2020 we introduced a fogging disinfectant to our already stringent aircraft cleaning and sanitation protocols, which provides a safe, certified disinfecting solution proven to be effective against viruses, including COVID-19. The fogging disinfectant is applied to virtually every surface in the passenger cabin. Planes are wiped down every night with additional disinfectant. During flights, main cabin air is a mix of fresh air drawn from outside the aircraft and air that has been passed through an air filtration system that features HEPA filters capable of capturing respiratory virus particles at more than 99.9% efficiency, similar to those used in hospital environments, with air exchange up to every three minutes.

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.

The U.S. Transportation Security Administration (the "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.

Insurance

We maintain insurance policies we believe are of the types customary in the airline industry and as required by the DOT, lessors and other financing parties. Although we currently believe our insurance coverage is adequate, we cannot assure you 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 federal law and DOT policy, we must be owned and controlled by U.S. citizens. The restrictions imposed by federal law and DOT policy currently require that at least 75% of our voting stock must be owned and controlled, directly and indirectly, by persons or entities who are U.S. citizens, as defined in in 49 U.S.C. § 40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, at least 51% of our total outstanding stock must be owned and controlled by U.S. citizens and no more than 49% of our stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into "open skies" air transport agreements with the U.S. which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. We believe we are currently in compliance with these ownership provisions.

Seasonality and Other Factors

The air transportation business and our route network are subject to seasonal fluctuations. Demand for air travel tends to be higher in the second and third quarters as there is an increase in vacation travel, compared to the first and fourth quarters of the year.

Government Regulation

Aviation Regulation

The DOT and FAA have regulatory authority over air transportation in the United States. The DOT has authority to issue certificates of public convenience and necessity, exemptions and other economic authority required for airlines to provide domestic and foreign air transportation. International routes and international codesharing arrangements are regulated by the DOT and by the governments of the foreign countries involved. A U.S. airline's ability to operate flights to and from international destinations is subject to the air transport agreements

between the United States and the foreign country and the carrier's ability to obtain the necessary authority from the DOT and the applicable foreign government.

The U.S. government has negotiated "open skies" agreements with many countries, which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. With certain other countries, however, the United States has a restricted air transportation agreement. Our international flights to Mexico are governed by a liberalized bilateral air transport agreement which the DOT has determined has all of the attributes of an "open skies" agreement. Our flights to the Dominican Republic, Jamaica and Canada are governed by bilateral air transport agreements between the United States and such countries. Changes in U.S. aviation policies could result in the alteration or termination of the corresponding air transport agreement, diminish the value of our international route authorities or otherwise affect our operations to/from these countries.

The FAA is responsible for regulating and overseeing matters relating to the safety of air carrier flight operations, including the control of navigable air space, the qualification of flight personnel, flight training practices, compliance with FAA airline operating certificate requirements, aircraft certification and maintenance requirements and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. We currently hold an FAA air carrier certificate.

International Regulation

All international air service is subject to certain U.S. federal requirements and approvals, as well as the regulatory requirements of the foreign countries involved. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary authority from the DOT, and/or approvals from the FAA, as well as any applicable foreign government entity. In addition, we are 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 Customs and Border Protection ("CBP"), immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. The CBP is charged with international trade, collecting import duties, and enforcing U.S. regulations with respect to trade, customs and immigration. 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. 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.

In addition, foreign regulatory agencies located in jurisdictions we serve can impose requirements on various aspects of our business, including safety, marketing, ticket sales, staffing, and tax. We will continue to comply with all contagious disease requirements issued by the United States and foreign governments, but we cannot forecast what additional requirements may be imposed in the future.

Airport Access

In the United States, the FAA currently regulates the allocation of landing and takeoff authority, slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms which limit takeoffs and landings at three U.S. airports (Ronald Reagan Washington National Airport (DCA), and New York's LaGuardia Airport (LGA) and JFK International Airport (JFK)), two of which we serve (DCA and LGA). In addition, John Wayne Airport (SNA) in Orange County, California and Long Beach Airport (LGB) in Long Beach, California, have a locally imposed slot system. Our operations at these airports generally require the allocation of slots or analogous regulatory authorizations. We currently have sufficient slots or operating authorizations to operate our existing flights, but there is no assurance that we will be able to do so in the future because, among other reasons, such allocations are subject to changes in governmental regulations and policies. Our ability to retain slots or operating authorizations is subject to "use-or-lose" provisions of the governing regulations, and our ability to expand service at slot-controlled airports similarly is limited. The DOT also regulates slot transactions between airlines.

Consumer Protection Regulation

The DOT also has jurisdiction over certain economic issues affecting air transportation and consumer protection matters, including unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT also has authority to review certain joint venture agreements, marketing agreements, codesharing agreements (where an airline places its designator code on a flight operated by another airline) and wet-leasing agreements (where one airline provides aircraft and crew to another airline) between carriers and regulates other economic matters such as slot transactions.

In July 2021, the DOT issued a Notice of Proposed Rulemaking (“NRPM”) requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. As of December 31, 2021, a final rule has not been issued.

In November 2021, the DOT reopened the comment period on an NPRM regarding short-term improvements to lavatory accessibility, including new proposed requirements for onboard wheelchairs. As of December 31, 2021, a final rule has not been issued.

The Biden administration issued an executive order mandating that masks be worn on commercial aircraft. This order was extended in December 2021 to at least March 2022. We will continue to follow all relevant guidelines and guidance to protect our guests and staff, but we cannot forecast what additional safety requirements may be imposed in the future or the extent of any pre-travel testing requirements that may be under consideration in the United States and that may be in place, or renewed, in any foreign jurisdiction we serve, including the effect of such requirements on passenger demand or the costs or revenue impact that would be associated with complying with such requirements.

Security Regulation

The TSA and the U.S. Customs and Border Protection, each a division of the U.S. Department of Homeland Security, are responsible for certain civil aviation security matters, including passenger and baggage screening at U.S. airports, and international passenger prescreening prior to entry into or departure from the U.S. International flights are subject to customs, border, immigration and similar requirements of equivalent foreign governmental agencies. We believe we are currently in compliance with all directives issued by such agencies.

Environmental Regulation

We are subject to various federal, state, foreign and local laws and regulations relating to the protection of the environment and affecting matters such as air emissions (including greenhouse gas (“GHG”) emissions), noise emissions, discharges to surface and subsurface waters, safe drinking water, and the use, management, release, discharge and disposal of, and exposure to, materials and chemicals.

In particular, in June 2015, the U.S. Environmental Protection Agency (the “EPA”) issued revised underground storage tank regulations that could affect airport fuel hydrant systems and reissued the Multi-Sector General Permit for Stormwater Discharges from Industrial Activities. Among other revisions, the reissued permit incorporates the EPA’s previously issued Airport Deicing Effluent Limitation Guidelines and New Source Performance Standards. In addition, California adopted a revised State Industrial General Permit for Stormwater Discharges on April 1, 2014, which became effective July 1, 2015. This permit places additional reporting and monitoring requirements on permittees and requires implementation of mandatory best management practices. Cost estimates to comply with the above permitting requirements have not been defined, but we, along with other airlines, would share a portion of these costs at applicable airports. In addition to the EPA and state regulations, several U.S. airport authorities are actively engaged in efforts to limit discharges of de-icing fluid to the environment, often by requiring airlines to

participate in the building or reconfiguring of airport de-icing facilities. Such efforts are likely to impose additional costs and restrictions on airlines using those airports.

We are also subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

GHG Emissions

Concern about climate change and greenhouse gases may result in additional regulation or taxation of aircraft emissions in the United States and abroad. In particular, in June 2015, the EPA announced a proposed endangerment finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. If the EPA makes a final, positive endangerment finding, the EPA is obligated under the Clean Air Act to set GHG emissions standards for aircraft. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional cap-and-trade programs. On March 6, 2017, the International Civil Aviation Organization (the "ICAO") adopted new carbon dioxide certification standards for new aircraft beginning in 2020. The new CO₂ standards will apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In-production aircraft that do not meet the standard by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In January 2021, the EPA finalized GHG emission standards for new aircraft engines designed to implement the ICAO standards on the same timeframe contemplated by ICAO. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden administration has announced plans to review these final standards along with others issued by the prior administration. The outcome of the legal challenge and administrative review cannot be predicted at this time.

In the event that such legislation or regulation is enacted in the United States or in the event similar legislation or regulation is enacted in jurisdictions where we operate or where we may operate in the future, it could result in significant costs for us and the airline industry. In addition to direct costs, such regulation may have a greater effect on the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system.

In addition, we are subject to the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), an international, market-based emissions reduction program adopted by ICAO in 2016. CORSIA is intended to achieve carbon-neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in CO₂ emissions, relative to a predetermined baseline, of a significant majority of international flights through the purchase of carbon offsets or the use of low-carbon fuels. For each year from 2021 through 2029, CORSIA requires each airline to compensate for the rate of growth of the CO₂ emissions of the aviation sector as a whole as determined by ICAO. Starting in 2030, CORSIA will require airlines to compensate for growth in CO₂ emissions using a formula determined by ICAO that will combine the growth in aviation sector emissions and the growth in the individual airline's emissions, with the proportion of the latter rising from at least 20% over the period 2030 through 2032 to at least 70% over the period 2033 through 2035.

ICAO originally defined the baseline as the average emissions from covered flights in 2019 and 2020. However, due to the impact of the COVID-19 pandemic on air travel, in June 2020 ICAO determined to remove 2020 from the baseline for the first few years of CORSIA implementation (2021-2023). Accordingly, we do not expect to be required to purchase offset credits over that period, unless the recovery in demand for international travel is unexpectedly strong and exceeds that of 2019 in those years.

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because of the difficulty in estimating the return of demand for international air travel in the recovery from the COVID-19

pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO₂. In addition, as described above, we will not directly control our CORSIA compliance costs because our compliance obligations through 2029 are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth starting in 2030.

U.S. commitments announced during the Biden administration's April 2021 Leaders Summit on Climate include working with other countries on a vision toward reducing the aviation sector's emissions in a manner consistent with the Biden administration's 2050 net-zero emissions goal, continued participation in CORSIA and development of sustainable aviation fuels. On September 9, 2021, the Biden administration launched the Sustainable Aviation Fuel Grand Challenge to scale up the production of sustainable aviation fuel, aiming to reduce GHG emissions from aviation by 20% by 2030 and to replace all traditional aviation fuel with sustainable aviation fuel by 2050. Whether these goals will be achieved and the potential impacts on our business cannot be predicted at this time.

Noise

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, subject to FAA review under the Airport Noise and Capacity Act ("ANCA") of 1990. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during take-off and initial climb and limiting the overall number of flights at an airport. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if locally imposed regulations become more restrictive or widespread.

Other Regulations

Airlines are also subject to various other federal, state, local and foreign laws and regulations. For example, the U.S. Department of Justice has jurisdiction over certain airline competition matters. Labor relations in the airline industry are generally governed by the RLA. The privacy and security of passenger and employee data is regulated by various domestic and foreign laws and regulations.

Future Regulations

The U.S. government 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.

Impact of Regulatory Requirements on Our Business

Regulatory requirements, including but not limited to those discussed above, affect operations and increase operating costs for the airline industry and future regulatory developments may continue to do the same in the future. For additional information, please see Part I, Item 1A. Risk Factors — "We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition," "We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure," "We are subject to extensive regulation by the FAA, the DOT, TSA, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition," and "Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on our business."

Available Information

Our website is located at www.flyfrontier.com. We have made and expect in the future to make public disclosures to investors and the general public by means of the investor relations section of our website. In order to receive notifications regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts (see <https://ir.flyfrontier.com/ir-resources/email-alerts>). The information on our website is not part of, and is not incorporated by reference in, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making an investment decision related to our common stock. The risks and uncertainties described below may not be the only ones we face, and many of such risks have been and will be exacerbated by the COVID-19 pandemic. If any of these risks should occur, our business, results of operations, financial condition or growth prospects could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Industry

The COVID-19 pandemic and measures to reduce its spread have had, and are expected to continue to have, a material adverse impact on our business, results of operations and financial condition.

COVID-19 has spread to almost every country in the world, including the United States. The World Health Organization has declared COVID-19 a pandemic. The outbreak of COVID-19 and the implementation of measures to reduce its spread have adversely impacted our business and continue to adversely impact our business in a number of ways. Multiple governments in countries we serve, principally the United States, have responded to the virus with air travel restrictions, closures or recommendations against air travel and the implementation of mandatory quarantine periods after travel, and certain countries we serve have required airlines to limit or completely stop operations. In response to the COVID-19 pandemic, we have significantly reduced capacity from our original plan and will continue to evaluate the need for further flight schedule adjustments. Although we have seen significant recovery of demand through the year ended December 31, 2021 as compared to the year ended December 31, 2020, we are unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Delta and Omicron variants, nor the efficacy and adherence rates of vaccines and other therapeutics and the resulting measures that may be introduced by governments or other parties and what impact those measures may have on the demand for air travel. We are closely monitoring the impact of the Delta and Omicron variants and expect any impact to be short term in nature given the availability of vaccines and the likely increase in vaccination rates in response to these variants.

In response to the impacts of the COVID-19 pandemic, beginning in March 2020, we have taken measures to address the significant cash outflows resulting from the sharp decline in demand and we continue to evaluate options should the lack of demand for air travel continue beyond the near term. During 2020 and through December 31, 2021, we also reduced our flight schedule to match demand levels and implemented various other initiatives to reduce costs and manage liquidity including, but not limited to:

- reducing planned headcount increases;
- reducing employee related costs, including:
 - salary reductions and/or deferrals for our officers and board members;
 - suspension of merit salary increases for 2020; and
 - voluntary paid and unpaid leave of absence programs for employees not covered under labor arrangements, as well as certain employees covered under such arrangements, including pilots and flight attendants, that range from one month to six months;
- deferring aircraft deliveries;
- reducing or suspending discretionary expenses;
- reaching agreements with major vendors, which are primarily related to many of our aircraft and engine leases, as well as airports, for deferral of payments;
- delaying non-essential maintenance projects;
- reducing non-essential capital projects;
- securing current funding and future liquidity from the CARES Act, as well as other financing sources; and
- amending certain debt covenant metrics to align with current and expected demand.

On March 27, 2020, the CARES Act was signed into law. On April 30, 2020 we entered into a Payroll Support Program Agreement (the “PSP Agreement”) with the Treasury to receive funding through the Payroll Support Program (the “PSP”) over the second and third quarters of 2020. On September 28, 2020, we entered into a Loan and Guarantee Agreement (the “Treasury Loan Agreement”) with the Treasury for a secured term loan facility (the “Treasury Loan”); on January 15, 2021, we entered into an agreement with the Treasury for additional funding under the Payroll Support Extension Agreement (the “PSP2 Agreement”); and on April 29, 2021, we entered into an agreement with the Treasury for additional funding under the Payroll Support Program 3 Agreement (the “PSP3 Agreement”). The funding we received is subject to significant restrictions and limitations. See “—We have agreed to certain restrictions on our business by accepting financing under the CARES Act.”

Additionally, we also outsource certain critical business activities to third parties, and we depend on a limited number of suppliers for our aircraft and engines. As a result, we have increased our reliance on the successful implementation and execution of the business continuity planning of such third-party service providers in the current environment. If one or more of such third parties experience operational failures as a result of the impacts of the COVID-19 pandemic, or claim that they cannot perform due to a force majeure event, it may have a material adverse impact on our business, results of operations and financial condition.

The extent of the impact of the COVID-19 pandemic on our business, results of operations and financial condition will depend on future developments, including the currently unknowable duration of the COVID-19 pandemic; the efficacy and adherence rates of COVID-19 vaccines; impact of existing and future governmental regulations, travel advisories, testing regimes, and restrictions that are imposed in response to the COVID-19 pandemic; additional reductions to our flight capacity, or a voluntary temporary cessation of all flights, that we implement in response to the COVID-19 pandemic; and the impact of the COVID-19 pandemic on consumer behavior, such as a reduction in the demand for air travel, especially in our destination cities. The potential economic impact brought on by the COVID-19 pandemic is difficult to assess or predict, and it has already caused, and is likely to result in further, significant disruptions of global economies and financial markets, which may reduce our ability to access capital on favorable terms or at all, and increase the cost of capital. In addition, a recession, depression or other sustained adverse economic event, including, but not limited to, an inflationary economic environment, would materially adversely impact our business and the value of our common stock. The COVID-19 pandemic makes it more challenging for management to estimate future performance of our business, particularly over the near to medium term. A further significant decline in demand for our flights could have a materially adverse impact on our business, results of operations and financial condition.

We are also dependent upon successful COVID-19 vaccines, including an efficient distribution, sufficient supply and significant uptake by the general public, in order to normalize economic conditions, the airline industry and our business operations and to realize our growth plans and business strategy. We cannot predict if or when we will be able to resume full normal operations. The failure of a vaccine, including to the extent it is not effective against the future variants of the virus including the recent Delta and Omicron variants, significant unplanned adverse reactions to the vaccine, politicization of the vaccine or general public distrust of the vaccine could have an adverse effect on our business, results of operations and financial condition. Legally required vaccine mandates have been imposed and have resulted in multiple unresolved court challenges, some of which remain ongoing. We cannot predict what policies we may elect to or be required to implement in the future, or the effect thereof on our business, including whether the imposition of a mandatory vaccination requirement could cause us to lose, or experience difficulties hiring, qualified personnel.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or government mandated travel restrictions and regulations, could adversely impact our business, results of operations and financial condition.

The COVID-19 pandemic may also exacerbate other risks described in this “Risk Factors” section, including, but not limited to, our competitiveness, demand for our services, shifting consumer preferences and our substantial amount of outstanding indebtedness.

We have agreed to certain restrictions on our business by accepting financing under the CARES Act.

In connection with our participation in the PSP, PSP2, PSP3 and the Treasury Loan, we have been and will continue to be subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange and on payment of dividends until February 2, 2023;
- requirements to maintain certain levels of scheduled services through March 31, 2022 (including to destinations where there may currently be significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of our employees (other than our executive officers or independent contractors, or as otherwise permitted under the terms of the PSP, PSP2 and PSP3) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon termination, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee wages, salaries and benefits; and
- additional reporting and recordkeeping requirements.

These restrictions and requirements could materially adversely impact our business, results of operations and financial condition by, among other things, requiring us to change certain of our business practices and to maintain or increase cost levels to maintain scheduled service and employment with little or no offsetting revenue, affecting retention of key personnel and limiting our ability to effectively compete with others in our industry who may not be receiving funding and may not be subject to similar limitations.

We cannot predict whether the assistance from the Treasury will be adequate to continue to pay our employees for the duration of the COVID-19 pandemic or whether additional assistance will be required or available in the future. There can be no assurance that loans or other assistance will be available through the CARES Act or any other legislation, or whether we will be eligible to receive any additional assistance, if needed.

The airline industry is exceedingly competitive, and we compete against legacy network airlines, low-cost carriers and other ultra low-cost carriers; if we are not able to compete successfully in our markets, our business, results of operations and financial condition may be materially adversely affected.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with legacy network carriers, LCCs and ULCCs. Competition on most of the routes we presently serve is significant, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face little or no competition. In almost all instances, our competitors are larger than us and possess significantly greater financial and other resources than we do.

The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase revenue per available seat mile. The prevalence of discount fares can be particularly acute when a competitor has excess capacity to sell. Given the high levels of excess capacity among U.S. airlines generally as a result of the COVID-19 pandemic, we expect to face significant discounted fare competition as the U.S. market continues to recover. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services such as baggage and advance seat selection which previously were offered as a component of base fares. This unbundling and other cost-reducing measures could enable competitor airlines to reduce fares on routes that we serve.

In addition, airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. For instance, in 2017 there was widespread capacity growth across the United States, including in many of the markets in which we operate. In particular, during 2017, both Southwest Airlines and United Airlines increased their capacity in Denver. The domestic airline industry has often been the source of fare wars undertaken to grow market share or for other reasons, including, for example, actions by American Airlines in 2015 and United Airlines in 2017 to match fares offered in many of their markets by ULCCs, with resulting material adverse effects on the revenues of the airlines involved. The increased capacity across the United States in 2017 exacerbated the competitive pricing environment, particularly beginning in the second quarter of 2017, and this activity continued throughout 2018 and the first half of 2019. Given the decreased demand resulting from the COVID-19 pandemic, we expect significant competition, including price competition, at least in the short term and as the U.S. market recovers. If we continue to experience increased competition our business, results of operations and financial condition could be materially adversely affected.

We also expect that new work patterns and the growth of remote work will lead to increasing numbers of employees choosing to live remotely from their office location, which could significantly alter the historical demand levels on the routes we serve. While we believe our low fares and low costs will enable us to grow our network in new markets profitably to take advantage of new demand patterns as they arise, there can be no assurance that we will be successful in doing so or that we will be able to successfully compete with other U.S. airlines on such routes. If we fail to establish ourselves in such new markets our business, results of operations and financial condition could be materially adversely affected.

Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies. Additionally, several new market entrants, including Avelo Airlines and Breeze Airways, have commenced, or announced their intent to commence operations, which could present further competition should they develop ULCC strategies. For example, certain legacy network airlines have further segmented the cabins of their aircraft in order to enable them to offer a tier of reduced base fares designed to be competitive with those offered by us and other ULCCs. We expect the legacy airlines to continue to match LCC and ULCC pricing on portions of their network. A competitor adopting a ULCC strategy may have greater financial resources and access to lower cost sources of capital than we do, which could enable them to execute a ULCC strategy with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model, our business, results of operations and financial condition could be materially adversely affected.

There has been significant consolidation within the airline industry, including, for example, the combinations of American Airlines and US Airways, Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines, Southwest Airlines and AirTran Airways, Alaska Airlines and Virgin America, and our pending merger with Spirit Airlines. In the future, there may be additional consolidation in the airline industry. Business combinations could significantly alter industry conditions and competition within the airline industry and could enable our competitors to reduce their fares.

The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to non-fare services required to achieve and sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition.

Our business has been, and may in the future be, materially adversely affected by the price and availability of aircraft fuel. Unexpected pricing of aircraft fuel or a shortage or disruption in the supply of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition.

The cost of aircraft fuel is highly volatile and in recent years has generally been one of our largest individual operating expenses, accounting for 26%, 21% and 29% of our operating expenses for the years ended December 31,

2021, 2020 and 2019, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) would result in increased levels of expense, and we may not be able to increase ticket prices sufficiently to cover such increased fuel costs, particularly when fuel prices rise quickly, as occurred in 2021 and early 2022. We also sell a significant number of tickets to passengers well in advance of travel and, as a result, fares sold for future travel may not reflect such increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand. Conversely, prolonged low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. In addition, prolonged low fuel prices could also reduce the benefit we expect to receive from the new technology, more fuel-efficient A320neo family aircraft, we operate and have on order. See also “Risks Related to Our Business—We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book.” Aircraft fuel expense per gallon increased 4%, to \$2.17, in the year ended December 31, 2021 compared to the year ended December 31, 2020, due to significant increases in fuel consumption and in fuel prices, partly offset by losses on fuel hedges during 2020 that were not present in 2021. Any future fluctuations in aircraft fuel prices or sustained high or low fuel prices could have a material adverse effect on our business, results of operations and financial condition.

Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events, natural disasters, terrorism, wars, political disruption or instability involving oil-producing countries, changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes, cyberattacks or other events affecting refinery production, transportation, taxes, marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil-based fuel derivatives and aircraft fuel in particular could result in increased fuel prices and could have a material adverse effect on our business, results of operations and financial condition.

As of December 31, 2021 and 2020, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges therefore had no impact within our consolidated statements of operations for the year ended December 31, 2021. Our results for the years ended December 31, 2020 and 2019 included \$82 million and \$17 million in losses associated with fuel hedges, respectively. The losses for the year ended December 31, 2020 were primarily a result of the precipitous decline in aircraft fuel prices caused by the COVID-19 pandemic, which created a significant liability position at the settlement of our collar trades. These losses included \$52 million relating to the de-designation of fuel hedges resulting from the COVID-19 pandemic on the quantities where consumption was not deemed probable and resulting mark to market impacts. During 2020 our hedges consisted of call options and collar structures, although we have in the past, and may in the future, use other instruments such as swaps on aircraft fuel or highly correlated commodities and fixed forward price contracts, which allow us to lock in the price of aircraft fuel for specified quantities and at specified locations in future periods. We cannot assure you our fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Our fuel hedge contracts may contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices in the future. Additionally, our ability to realize the benefit of declining fuel prices may be delayed by the impact of any fuel hedges in place, and we may record significant losses on fuel hedges during periods of declining prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition.

Restrictions on, or increased taxes applicable to, charges for non-fare products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

For the years ended December 31, 2021, 2020 and 2019, we generated non-fare passenger revenues of \$1,194 million, \$659 million and \$1,240 million, respectively. Our non-fare passenger revenue consists primarily of revenue generated from air travel-related services such as baggage fees, service fees, seat selection fees and other passenger-related revenue and is a component of our passenger revenue within the consolidated statements of operations. The DOT has rules governing many facets of the airline-consumer relationship including, for instance, consumer notice requirements, handling of consumer complaints, price advertising, lengthy tarmac delays, oversales and denied boarding process/compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, consumer disclosures and the transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. The DOT has conducted audits of our business and routine post-audit investigations of our business are ongoing. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. For instance, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules; \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests have been focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We are fully cooperating with the DOT request and the review of this matter is still in process.

The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. The FAA Reauthorization Act of 2018 provided for several new requirements and rulemakings related to airlines including, but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty-period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of policies concerning passenger sexual misconduct, (xvii) development of an Employee Assault Prevention and Response Plan related to the customer service agents, (xviii) increased penalties available related to harm to passengers with disabilities or damage to wheelchairs or other mobility aids and (xix) minimum dimensions for passenger seats. The DOT also published a notice of proposed rulemaking in January 2020 regarding the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. The DOT also recently published final rules regarding traveling by air with service animals, defining unfair or deceptive practices, clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting

airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation, and raising the liability limit for mishandled baggage in domestic air transportation. The U.S. Congress and the DOT have examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non-fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, federal agency and other government scrutiny may also change industry practice or the public's willingness to pay for non-fare ancillary services. See also "—We are subject to extensive regulation by the FAA, the DOT, TSA, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition."

The demand for airline services is highly sensitive to changes in economic conditions, and another recession or similar economic downturn in the United States or globally would further weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition, particularly since a substantial portion of our customers travel for leisure or other non-essential purposes.

The demand for travel services is affected by U.S. and global economic conditions. Unfavorable economic conditions, such as those resulting from an inflationary economic environment and/or reactions to the COVID-19 pandemic, have historically impaired airline economics. For most cost-conscious leisure travelers, travel is a discretionary expense, and though we believe ULCCs are best suited to attract travelers during periods of unfavorable economic conditions as a result of such carriers' low base fares, travelers have often elected to replace air travel at such times with various other forms of ground transportation or have opted not to travel at all. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Travelers have also reduced spending by purchasing fewer non-fare services, which can result in a decrease in average revenue per passenger. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel, the airline business is particularly sensitive to changes in U.S. and global economic conditions. A reduction in the demand for air travel due to unfavorable economic conditions also limits our ability to raise fares to counteract increased fuel, labor and other costs. If U.S. or global economic conditions are unfavorable or uncertain for an extended period of time, it could have a material adverse effect on our business, results of operations and financial condition. In particular, the ongoing COVID-19 pandemic and associated decline in economic activity and increase in unemployment levels have had, and may continue to have, a severe and prolonged effect on the global economy generally and, in turn, may continue to depress demand for air travel into the foreseeable future. Due to the uncertainty surrounding the duration and severity of the COVID-19 pandemic, we can provide no assurance as to when and at what pace demand for air travel will return to pre-pandemic levels, if at all.

We face competition from air travel substitutes.

In addition to airline competition from legacy network airlines, LCCs and other ULCCs, we also face competition from air travel substitutes, partially as a result of the COVID-19 pandemic. On our domestic routes, particularly those with shorter stage lengths, we face competition from other transportation alternatives, such as buses, trains or automobiles. In addition, technology advancements may limit the demand for air travel. For example, video teleconferencing, virtual and augmented reality and other methods of electronic communication may reduce the need for in-person communication. Any inability to stimulate demand for air travel with our low base fares or to adjust rapidly in the event that the basis of competition in our markets changes could have a material adverse effect on our business, results of operations and financial condition.

Threatened or actual terrorist attacks or security concerns, particularly involving airlines, could have a material adverse effect on our business, results of operations and financial condition.

Past terrorist attacks or attempted attacks, particularly those against airlines, have caused substantial revenue losses and increased security costs, and any actual or threatened terrorist attack or security breach, even if not

directly against an airline, could have a material adverse effect on our business, results of operations and financial condition. For instance, enhanced passenger screening, increased regulation governing carry-on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to consumers in the form of higher prices. Terrorist attacks made directly on an airline, particularly in the U.S., or the fear of such attacks or other hostilities, including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats, would have a negative impact on the airline industry and could have a material adverse effect on our business, results of operations and financial condition.

Airlines are often affected by factors beyond their control, including: air traffic congestion at airports; air traffic control inefficiencies; government shutdowns; major construction or improvements at airports; aircraft and engine defects; FAA grounding of aircraft; adverse weather conditions; increased security measures; new travel-related taxes; or the outbreak of disease, any of which could have a material adverse effect on our business, results of operations and financial condition.

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or improvements at airports at which we operate, increased security measures, new travel-related identification requirements, taxes and fees, adverse weather conditions, natural disasters and the outbreak of disease. Flight delays caused by these factors may frustrate passengers and may increase costs and decrease revenues, which in turn could adversely affect profitability. The federal government controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The federal government also controls airport security. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U.S. air travel. U.S. and foreign air-traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. In addition, federal government slowdowns or shutdowns may further impact the availability of federal resources, such as air traffic controllers and security personnel, necessary to provide air traffic control and airport security, which may cause delays or cancellations of flights or may impact our ability to take delivery of aircraft or expand our route network or airport footprint. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA could result in changes to aircraft routings and flight paths that could lead to increased noise complaints and other lawsuits, resulting in increased costs. The U.S. Congress could enact legislation that could impose a wide range of consumer protection requirements, which could increase our costs of doing business.

In addition, airlines may also experience disruptions to their operations as a result of the aircraft and engines they operate, such as manufacturing defects, spare part shortages and other factors beyond their control. For example, regulators ordered the grounding of the entire worldwide Boeing 737 MAX fleet in March 2019. While such order did not have a direct impact on our fleet, which is comprised entirely of Airbus A320 family aircraft, any similar or other disruption to our operations could have a material adverse effect on our business, results of operations and financial condition.

Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, blizzards, snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our high utilization and point-to-point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines re-accommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. Similarly, outbreaks of contagious diseases, such as COVID-19, Ebola, measles, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu, pertussis (whooping cough) and Zika virus, have in the past and may in the future result in significant decreases in passenger traffic and the imposition of government restrictions in service, resulting in a

material adverse impact on the airline industry. New identification requirements, such as the implementation of rules under the REAL ID Act of 2005, and increased travel taxes, such as those provided in the Travel Promotion Act, enacted in March 2010, which charges visitors from certain countries a \$10 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect our business, results of operations and financial condition.

Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments that are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition.

We emphasize compliance with all applicable laws and regulations and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third-party specialists and partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third-party specialists or partners will adhere to our code of ethics, other policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe, or have reason to believe, that our employees, third-party specialists or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs, which in turn may have a material adverse effect on our reputation, business, results of operations and financial condition.

Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our business, results of operations and financial condition.

If any of our aircraft were to be involved in a significant accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to material liability or loss. If we are unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, our business, results of operations and financial condition could be materially adversely affected.

We currently obtain third-party war risk (terrorism) insurance as part of our commercial aviation hull and liability policy and additional third-party war risk (terrorism) insurance through a separate policy with a different private insurance company. Our current third-party war risk (terrorism) insurance from commercial underwriters excludes nuclear, radiological and certain other events. If we are unable to obtain adequate war risk insurance or if an event not covered by the insurance we maintain were to take place, our business, results of operations and financial condition could be materially adversely affected.

A decline in, or temporary suspension of, the funding or operations of the U.S. federal government or its agencies may adversely affect our future operating results or negatively impact the timing and implementation of our growth prospects.

The success of our operations and our future growth is dependent on a number of federal agencies, specifically the FAA, the DOT and TSA. In the event of a slowdown or shutdown of the federal government, such as those experienced in October 2013 and December 2018 through January 2019, certain functions of these and other federal agencies may be significantly diminished or completely suspended for an indefinite period of time, the conclusion of which is outside of our control. During such periods, it may not be possible for us to obtain the operational approvals

and certifications required for events that are critical to the successful execution of our operational strategy, such as the delivery of new aircraft or the implementation of new routes. Additionally, there may be an impact on critical airport operations, particularly security, air traffic control and other functions that could cause airport delays and flight cancellations and negatively impact consumer demand for air travel.

Furthermore, once a period of slowdown or government shutdown has concluded, there will likely be an operational backlog within the federal agencies that may extend the length of time that such events continue to negatively impact our business, results of operations and financial condition beyond the end of such period.

The deployment of new 5G C-band service by wireless communications service providers could have a material adverse effect on our operations, which in turn could negatively impact our business, results of operations and financial condition.

On January 17, 2022, various executives of U.S. passenger airlines and cargo carriers, and airline industry associations, warned the U.S. federal government of the potential adverse impact the imminent deployment of AT&T and Verizon's new 5G C-band service would have on U.S. aviation operations. According to aviation leaders, the deployment of the new 5G C-band service could cause, among other consequences, operational and security issues, interference with critical aircraft instruments and adverse impact to low-visibility operations. Any of these consequences could potentially cause flight cancellations, diversions and delays, or could result in damage to our aircraft and other equipment and a diminished margin of safety in airline operations. The DOT and the FAA are currently working with AT&T and Verizon to create appropriate safeguards in the deployment of their new 5G C-band service, including a potential delay in its overall deployment, the installation of buffer zones around airports and other measures to be announced. Any requirements or restrictions imposed on airlines by the DOT, the FAA or other government agencies are uncertain, but could have an adverse effect on our operations. Any sustained impact to our operations could adversely affect our business, results of operations and financial condition.

Risks Related to the Merger

The pendency of the proposed Merger may cause disruption in our business.

On February 5, 2022, we entered into the Merger Agreement with Spirit and Merger Sub, pursuant to which and subject to the terms and conditions therein, Merger Sub will merge with and into Spirit, with Spirit continuing as the surviving entity.

The Merger Agreement restricts us from taking specified actions without Spirit's consent until the Merger is completed or the Merger Agreement is terminated, including amending our organizational documents, issuing shares of our common stock, divesting certain assets (including certain intellectual property rights), declaring or paying dividends, making certain significant acquisitions or investments, entering into any new lines of business, or incurring certain indebtedness. These restrictions and others more fully described in the Merger Agreement (the full text of which has been filed with the SEC) may affect our ability to execute our business strategies and attain our financial and other goals and may impact our business, results of operations and financial condition.

The pendency of the proposed Merger could cause disruptions to our business or business relationships, which could have an adverse impact on our results of operations. Parties with which we have business relationships, including customers, unions, employees, suppliers, third-party service providers and third-party distribution channels, may be uncertain as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties or seek to alter their present business relationships with us. Parties with whom we otherwise may have sought to establish business relationships may seek alternative relationships with third parties.

The pursuit of the Merger and the preparation for our integration with Spirit's business is expected to place a significant burden on our management and internal resources. The diversion of management's attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could adversely affect our business, results of operations and financial condition.

While the Merger is pending, we intend to continue to grow our business which will entail the continued hiring of additional employees, including pilots and other skilled workers, presently in short supply in the airline industry. Any disruption or perceived uncertainty may make it more difficult for us to meet our employee retention and hiring goals which could materially impact our business, results of operations and financial condition.

We have incurred and will continue to incur significant costs, expenses and fees for professional services and other transaction costs in connection with the Merger. We may also incur unanticipated costs in connection with our integration with Frontier's business. The substantial majority of these costs will be non-recurring expenses relating to the Merger, and many of these costs are payable regardless of whether or not the Merger is consummated. We also could be subject to litigation related to the proposed Merger, which could prevent or delay the consummation of the Merger and result in significant costs and expenses.

Failure to complete the Merger in a timely manner or at all could negatively impact the market price of our common stock, as well as our future business and our results of operations and financial condition.

The Merger cannot be completed until conditions to closing are satisfied or (if permissible under applicable law) waived. The Merger is subject to numerous closing conditions, including among other things, (i) approval of the transactions by Spirit's stockholders, (ii) receipt of applicable regulatory approvals, including approvals from the FCC, FAA and DOT and the expiration or early termination of the statutory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other required regulatory approvals; (iii) the absence of any law or order prohibiting the consummation of the transactions; (iv) the effectiveness of the registration statement to be filed by us and Spirit with the SEC pursuant to the Merger Agreement; (v) the authorization and approval for listing on Nasdaq of the shares of our common stock to be issued to holders of Spirit's common stock in the Merger; and (vi) the absence of any material adverse effect (as defined in the Merger Agreement) on either us or Spirit.

The process of satisfying such conditions, including seeking the necessary regulatory approvals, could delay the completion of the Merger for a significant period of time or prevent it from occurring. Further, there can be no assurance that the conditions to the closing of the Merger will be satisfied or waived or that the Merger will be completed.

If the Merger is not completed in a timely manner or at all, our ongoing business may be adversely affected as follows:

- we may experience negative reactions from the financial markets, and our stock price could decline to the extent that the current market price reflects an assumption that the Merger will be completed;
- we may experience negative reactions from employees, customers, suppliers or other third parties;
- we may be subject to litigation, which could result in significant costs and expenses;
- management's focus may have been diverted from day-to-day business operations and pursuing other opportunities that could have been beneficial to us; and
- our costs of pursuing the Merger may be higher than anticipated.

If the Merger is not consummated, there can be no assurance that these risks will not materialize and will not materially adversely affect our stock price, business, results of operations and financial condition.

In order to complete the Merger, we and Spirit must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, completion of the Merger may be jeopardized or the anticipated benefits of the Merger could be reduced.

Although we and Spirit have agreed to use reasonable best efforts to make certain governmental filings and obtain the required governmental approvals, including from the FCC, the FAA and the DOT, subject to certain limitations such as the expiration or earlier termination of relevant waiting periods under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, there can be no assurance that the relevant waiting periods will expire or be terminated or that the relevant approvals will be obtained. As a condition to approving the Merger, these

governmental authorities may impose conditions, terms, obligations or restrictions or require divestitures or place restrictions on the conduct of our business after completion of the Merger. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying or preventing completion of the Merger or imposing additional material costs on or materially limiting the revenues of the combined company following the Merger, or otherwise adversely affecting, including to a material extent, our business, results of operations and financial condition after completion of the Merger. If we are required to divest assets or businesses, there can be no assurance that we will be able to negotiate such divestitures expeditiously or on favorable terms or that the governmental authorities will approve the terms of such divestitures. We can provide no assurance that these conditions, terms, obligations or restrictions will not result in the abandonment of the Merger.

Although we expect that the Merger will result in synergies and other benefits to us, we may not realize those benefits because of difficulties related to integration, the achievement of such synergies, and other challenges.

We and Spirit have operated and, until completion of the Merger, will continue to operate, independently, and there can be no assurances that our businesses can be combined in a manner that allows for the achievement of substantial benefits. Historically, the integration of separate airlines has often proven to be more time consuming, to cost more and to require more resources than initially estimated. We must devote significant management attention and financial and other resources to integrating our business practices, cultures and operations. If we are not able to successfully integrate our business with Spirit's, the anticipated benefits, including synergies, of the Merger may not be realized fully or may take longer than expected to be realized. Specifically, the following issues, among others, must be addressed in combining our operations with Spirit's in order to realize the anticipated benefits of the Merger:

- combining our business with Spirit's in a manner that permits us to achieve the synergies anticipated to result from the Merger, the failure of which would result in the anticipated benefits of the Merger not being realized in the time frame currently anticipated or at all;
- maintaining existing agreements with unions, employees, suppliers, third-party service providers and third-party distribution channels, and avoiding delays in entering into new agreements with prospective employees, suppliers, third-party service providers and third-party distribution channels;
- the challenge of integrating complex systems and technologies, including designing and implementing an integrated customer reservations system, operating procedures, regulatory compliance programs, aircraft fleets, networks, and other assets in a manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- determining whether and how to address possible differences in corporate cultures and management philosophies;
- diversion of the attention of management and other key employees;
- integrating the businesses' administrative and information technology infrastructure;
- the challenge of integrating workforces and attracting and retaining key personnel while maintaining focus on providing consistent, high quality customer service and running an efficient operation;
- managing the expanded operations of a significantly larger and more complex company;
- branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers; and
- resolving potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Merger.

Even if the operations of our business and Spirit's business are integrated successfully, the full benefits of the Merger may not be realized, including, among others, the synergies that are expected. These benefits may not be achieved within the anticipated time frame or at all. Additional unanticipated costs, which could be material, may also be incurred in the integration of our business and Frontier's business. Further, it is possible that there could be loss of key Frontier or Spirit employees, loss of customers, disruption of either or both of our or Spirit's ongoing businesses or unexpected issues, higher than expected costs and an overall post-completion process that takes longer than originally anticipated.

We plan to submit to the FAA a transition plan for merging the day-to-day operations of Frontier and Spirit under a single operating certificate. The issuance of a single operating certificate will occur when the FAA agrees that we have achieved a level of integration that can be safely managed under one certificate. The actual time required and cost incurred to receive this approval cannot be predicted. Any delay in the grant of such approval or increase in costs beyond those presently expected could have a material adverse effect on the completion date of our integration plan and receipt of the benefits expected from that plan. See also “—We face challenges in integrating our computer, communications and other technology systems.” All of these factors could materially adversely affect our business, results of operations and financial condition.

We face challenges in integrating our computer, communications and other technology systems.

Among the principal risks of integrating our and Spirit’s businesses and operations are the risks relating to integrating various computer, communications and other technology systems, including designing and implementing an integrated customer reservations system, that will be necessary to operate Frontier and Spirit as a single airline and to achieve cost synergies by eliminating redundancies in the businesses. The integration of these systems in a number of prior airline mergers has taken longer, been more disruptive and cost more than originally forecasted. The implementation process to integrate these various systems will involve a number of risks that could adversely impact our business, results of operations and financial condition. The related implementation will be a complex and time-consuming project involving substantial expenditures for implementation consultants, system hardware, software and implementation activities, as well as the transformation of business and financial processes.

As with any large project, there will be many factors that may materially affect the schedule, cost and execution of the integration of our computer, communications and other technology systems. These factors include, among others: problems during the design, implementation and testing phases; systems delays and/or malfunctions; the risk that suppliers and contractors will not perform as required under their contracts; the diversion of management attention from daily operations to the project; reworks due to unanticipated changes in business processes; challenges in simultaneously activating new systems throughout our global network; difficulty in training employees in the operations of new systems; the risk of security breach or disruption; and other unexpected events beyond our control. We cannot assure you that our security measures, change control procedures or disaster recovery plans will be adequate to prevent disruptions or delays. Disruptions in or changes to these systems could result in a disruption to our business and our operations and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

The combined company is expected to incur substantial expenses related to the Merger and the integration of Frontier and Spirit.

The combined company is expected to incur substantial expenses in connection with the Merger and the integration of Frontier and Spirit. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, revenue management, reservations, maintenance, flight operations, marketing and benefits. While we and Spirit have assumed that a certain level of expenses would be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings. These integration expenses likely will result in the combined company taking significant charges against earnings following the completion of the Merger, and the amount and timing of such charges are uncertain at present.

Uncertainties associated with the Merger may cause a loss of management personnel and other key employees which could adversely affect the future business and operations of the combined company.

We and Spirit are dependent on the experience and industry knowledge of our respective officers and other key employees to execute our respective business plans. The combined company’s success after the Merger will depend in part upon the ability of our and Spirit’s to retain key management personnel and other key employees. Current

and prospective employees of Frontier and Spirit may experience uncertainty about their roles within the combined company following the Merger, which may have an adverse effect on the ability of each of us and Spirit to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Frontier and Spirit to the same extent that Frontier and Spirit have previously been able to attract or retain their own employees.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the Merger.

Following the Merger, the size of the business of the combined company will increase significantly beyond the current size of either our or Spirit's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Merger.

Following the closing of the Merger, we will be bound by all of the obligations and liabilities of both companies.

Following the closing, we will become bound by all of the obligations and liabilities of Frontier and Spirit. Neither we nor Spirit can predict the financial condition of Frontier or Spirit at the time of that combination or our ability to satisfy the obligations and liabilities of the combined company.

The need to integrate the Frontier and Spirit workforces following the Merger and negotiate new joint labor agreements presents the potential for delay in achieving expected synergies, increased labor costs or labor disputes that could adversely affect the combined company's operations.

The successful integration of us and Spirit and achievement of the anticipated benefits of the combination depend significantly on integrating our and Spirit's employee groups and on maintaining productive employee relations. Failure to do so presents the potential for delays in achieving expected synergies of integration, increased labor costs and labor disputes that could adversely affect the combined company's operations.

We and Spirit are both highly unionized companies. The process for integrating labor groups in an airline merger is governed by a combination of the RLA, the McCaskill-Bond Act, and where applicable, the existing provisions of each company's collective bargaining agreements and union policy. Pending operational integration, it is generally necessary to maintain a "fence" between employee groups, during which time the combined company will keep the employee groups separate and apply the terms of the existing collective bargaining agreements unless other terms have been negotiated.

Under the RLA, the NMB has exclusive authority to resolve representation disputes arising out of airline mergers. The disputes that the NMB has authority to resolve include (i) whether the merger has created a "single carrier" for representation purposes; (ii) designation of the appropriate "craft or class"—the RLA term for "bargaining unit"—for bargaining at the combined company on a system wide basis, an issue which typically arises from minor inconsistencies over which positions are included within a particular craft or class at the two companies; and (iii) designation of the representative of each craft or class at the combined company.

In order to fully integrate the pre-merger represented employee groups, the combined company must negotiate a joint collective bargaining agreement covering each combined group. These negotiations can begin immediately where the same union represents employees of both companies within the craft or class in question, but otherwise will likely begin after a single post-merger representative has been certified by the NMB.

Prior to the completion of the Merger, there is a risk of litigation or arbitration by unions or individual employees that could delay or halt the Merger or result in monetary damages on the basis that the Merger either violates a provision of an existing collective bargaining agreement or an obligation under the RLA or other

applicable law. The unions or individual employees might also pursue judicial or arbitral claims arising out of changes implemented as a result of the Merger. There is also a possibility that employees or unions could engage in job actions such as slow-downs, work-to-rule campaigns, sick-outs or other actions designed to disrupt our and Spirit's normal operations, whether in opposition to the Merger or in an attempt to pressure the companies in collective bargaining negotiations. Although the RLA makes such actions unlawful until the parties have been lawfully released to self-help, and we and Spirit can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined.

Risks Related to Our Business

If we fail to implement our business strategy successfully, our business, results of operations and financial condition could be materially adversely affected.

Our growth strategy includes significantly expanding our fleet and expanding the number of markets we serve. We select target markets and routes where we believe we can achieve profitability within a reasonable timeframe, and we only continue operating on routes where we believe we can achieve and maintain our desired level of profitability. When developing our route network, we focus on gaining market share on routes that have been underserved or that are served primarily by higher cost airlines, where we believe we have a competitive cost advantage. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to:

- sustain our relatively low unit operating costs;
- continue to realize attractive revenue performance;
- achieve and maintain profitability;
- maintain a high level of aircraft utilization; and
- access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy.

In addition, in order to successfully implement our growth strategy, which includes the planned growth of our fleet size and a firm commitment to purchase 234 A320neo family aircraft by the end of 2029, we will require access to a large number of gates and other services at airports we currently serve or may seek to serve. We believe there are currently significant restraints on gates and related ground facilities at many of the most heavily utilized airports in the United States, in addition to the fact that three major domestic airports (JFK and LaGuardia in New York and Reagan National in Washington, D.C.) require government-controlled take-off or landing "slots" to operate at those airports. As a result, if we are unable to obtain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in those markets, our aircraft utilization rate could decrease and we could suffer a material adverse effect on our business, results of operations and financial condition.

Our growth is also dependent upon our ability to maintain a safe and secure operation, including enhanced safety procedures as a result of the COVID-19 pandemic, and will require additional personnel, equipment and facilities as we continue to induct new aircraft and execute our growth plan. In addition, we will require additional third-party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, secure the required equipment and facilities in a cost-effective and timely manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. Furthermore, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and/or offer special promotions following our entry into a new market. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets.

Some of our target growth markets outside of the United States include countries with less developed economies that may be vulnerable to unstable economic and political conditions, such as significant fluctuations in

gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets we serve, and the resulting instability, may adversely affect our ability to implement our growth strategy.

Our low-cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs.

Our low-cost structure is one of our primary competitive advantages. However, we have limited control over some of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and operating cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, which could result in increased labor costs. See “— Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.” Further, in an inflationary environment which is also exhibiting worker shortages, such as the current U.S. economic environment, depending on airline industry and other economic conditions, we may be unable to manage through the resulting increases in our operating costs. We cannot predict how long the current inflationary period will last or the extent to which high inflation may occur in the U.S. economy in the future. As such, we cannot guarantee we will be able to maintain our relatively low costs. If our costs increase and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to grow or maintain our unit revenues or maintain our non-fare revenues.

A key component of our *Low Fares Done Right* strategy is attracting customers with low fares and garnering repeat business by delivering a high-quality, family-friendly customer experience with a more upscale look and feel than traditionally experienced on ULCCs in the United States. We intend to continue to differentiate our brand and product in order to expand our loyal customer base and grow or maintain our unit revenues and maintain our non-fare revenues. The rising cost of aircraft and engine maintenance may impair our ability to offer low-cost fares, resulting in reduced revenues. Differentiating our brand and product has required, and will continue to require, significant investment, and we cannot assure you that the initiatives we have implemented will continue to be successful or that the initiatives we intend to implement will be successful. If we are unable to maintain or further differentiate our brand and product from the other U.S. ULCCs, our market share could decline, which could have a material adverse effect on our business, results of operations and financial condition. We may also not be successful in leveraging our brand and product to stimulate new demand with low base fares or gain market share from the legacy airlines, particularly if the significant excess capacity caused by the COVID-19 pandemic persists.

In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, non-fare products and services. However, we cannot assure you that passengers will continue to perceive value in the non-fare products and services we currently offer and regulatory initiatives could adversely affect non-fare revenue opportunities. Failure to maintain our non-fare revenues could have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our non-fare revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel.

Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.

Our business is labor intensive, with labor costs representing approximately 28%, 33% and 24% of our total operating costs for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, approximately 88% of our workforce was represented by labor unions. We have ratified labor agreements with several of the labor unions representing our employees including with the union representing our pilots in January 2019 and with the union representing our flight attendants in May 2019. See “Business—Human Capital Resources”. We cannot assure you that our labor costs going forward will remain competitive or that any new

agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages.

Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, collective bargaining agreements generally contain “amendable dates” rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage, and usually lengthy, series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

From June to November 2018, we experienced disruptions to our flight operations during our labor negotiations with the union representing our pilots, ALPA, which materially impacted our business and results of operations for the period. Upon reaching a tentative agreement with ALPA in December 2018, our flight operations returned to normal. However, we are unable to determine the extent to which this period of prolonged disruption may have harmed our reputation or the length of time it may take for our business to recover from such harm, if ever. In addition, the agreement, which became effective in January 2019, included a significant increase in the annual compensation of our pilots, as well as a one-time ratification incentive payment to our pilots of \$75 million, plus payroll-related taxes. We cannot provide assurance that we will not experience another operational disruption resulting from any future negotiations or disagreements with our pilots or with any of our other union-represented employee groups. In addition, we cannot provide any estimate with regard to the amount or probability of future compensation increases, ratification incentives or other costs that may come as a result of future negotiations with our pilots or our other union-represented groups. Future operational disruptions or other costs related to labor negotiations, including reputational harm that may come as a result of such disruptions, if any, may have a material adverse impact on our business, results of operations and financial condition.

In addition, the terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency, superior profitability or other factors, to bear higher costs than we can. One or more of our competitors may also significantly reduce their labor costs, thereby providing them with a competitive advantage over us. Our labor costs may also increase in connection with our growth and we could also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize. The occurrence of any such event may have a material adverse impact on our business, results of operations and financial condition.

Our inability to expand or operate reliably or efficiently out of airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent on markets served from airports that are significant to our business, including Denver, Orlando, Las Vegas, Philadelphia and Miami. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these and other airports, including, but not limited to:

- increases in airport rates and charges;
- limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;
- termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;
- increases in airport capacity that could facilitate increased competition;
- international travel regulations such as customs and immigration;
- increases in taxes;
- changes in the law that affect the services that can be offered by airlines, in general and in particular markets or at particular airports;
- restrictions on competitive practices;
- the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including security standards and requirements; and

- the adoption of more restrictive locally imposed noise regulations or curfews.

Our existing lease at Denver International Airport was extended and expires in December 2022 with one additional one-year extension option. We cannot assure you that renewal of the lease will occur on acceptable terms or at all, or that the new lease will not include additional or increased fees. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

Any damage to our reputation or brand image could adversely affect our business or financial results.

Maintaining a good reputation globally is critical to our business. Our reputation or brand image could be adversely impacted by, among other things, any failure to maintain high ethical, social and environmental sustainability practices for all of our operations and activities; our impact on the environment; any inability to maintain our position as “America’s Greenest Airline” including, for example, if another major U.S. airline experiences more average fuel savings than us based on ASMs per fuel gallon consumed or if consumers perceive us to be less “green” than other airlines based on different factors or metrics or by attributing the sustainability practices of our vendors, suppliers and other third parties to us; public pressure from investors or policy groups to change our policies, such as movements to institute a “living wage;” customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs; customer perceptions of our use of social media; or customer perceptions of statements made by us, our employees and executives, agents or other third parties. In addition, we operate in a highly visible industry that has significant exposure to social media. Negative publicity, including as a result of misconduct by our customers, vendors or employees, can spread rapidly through social media. Should we not respond in a timely and appropriate manner to address negative publicity, our brand and reputation may be significantly harmed. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial results, as well as require additional resources to rebuild our reputation.

Moreover, the outbreak and spread of COVID-19 has adversely impacted consumer perceptions of the health and safety of travel, and airline travel in particular, and these negative perceptions, whether or not based in fact, could continue even after the pandemic subsides. Actual or perceived risk of infection on our flights has had, and may continue to have, a material adverse effect on the public’s perception of us, which has harmed, and may continue to harm, our reputation and business. We have taken various measures to reassure our team members and the traveling public of the safety of air travel, such as requiring that facial coverings must be worn by all customers and team members throughout every flight and introducing a fogging disinfectant to our already stringent aircraft cleaning and sanitation protocols. We expect that we will continue to incur COVID-19-related costs as we sanitize aircraft, implement additional hygiene-related protocols and take other actions to limit the threat of infection among our employees and passengers. However, we cannot assure you that these or any other actions we might take in response to the COVID-19 pandemic will be sufficient to restore the confidence of consumers in the safety of air travel.

Our reputation and business could be adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel.

We are exposed to potential significant losses and adverse publicity in the event that any of our aircraft or personnel is involved in an emergency, accident, terrorist incident or other similar public incident, which could expose us to significant reputational harm and potential legal liability. In addition, we could face significant costs or lost revenues related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. We cannot assure you that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise, and any such event could cause a substantial increase in our insurance premiums. In addition, any future emergency, accident or similar incident involving our aircraft or personnel, even if fully covered by insurance or even if it does not involve our airline, may create an adverse public perception about our airline or that the equipment we fly is less safe or reliable than other transportation alternatives, or, in the case of our aircraft, could cause us to perform time-consuming and costly

inspections on our aircraft or engines, any of which could have a material adverse effect on our business, results of operations and financial condition.

Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition.

Our business strategy includes the differentiation of our brand and product from the other U.S. airlines, including other ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems, in addition to complaints related to our COVID-19-related refund policy. We and other airlines have also received complaints regarding the treatment and handling of passengers' noncompliance with airline policies, including policies implemented in response to the COVID-19 pandemic. Passenger complaints, together with reports of lost baggage, delayed and cancelled flights, and other service issues, are reported to the public by the DOT. The DOT may choose to investigate such customer complaints and this could result in fines. For instance, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules; \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests have been focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We are fully cooperating with the DOT request and the review of this matter is still in process. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation.

We rely on maintaining a high daily aircraft utilization rate to implement our low-cost structure, which makes us especially vulnerable to flight delays, flight cancellations, aircraft unavailability or unplanned reductions in demand such as has been caused by the COVID-19 pandemic.

We have maintained a high daily aircraft utilization rate prior to the COVID-19 pandemic and expect our utilization rate to increase as the U.S. market continues to recover from the pandemic. Our average daily aircraft utilization was 9.8 hours, 8.0 hours and 12.2 hours for the years ended December 31, 2021, 2020 and 2019, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Part of our business strategy is to maximize revenue per aircraft through high daily aircraft utilization, which is achieved, in part, by quick turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations caused by various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, labor availability, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions. A significant portion of our operations are concentrated in markets such as Denver, the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays, particularly in the winter months. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance may materially reduce our average fleet utilization and require that we re-accommodate passengers or seek short-term substitute capacity at increased costs. Further, an unplanned reduction in demand such as has been caused by the COVID-19 pandemic reduces the utilization of our fleet and results in a related increase in unit costs, which may be material. Due to the relatively small size of our fleet, our point-to-point network and high daily aircraft utilization rate, the unexpected unavailability of one or more

aircraft and resulting reduced capacity or even a modest decrease in demand could have a material adverse effect on our business, results of operations and financial condition.

We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise, including those relating to emissions to the air, discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. We are or may be subject to new or proposed laws and regulations that may have a direct effect (or indirect effect through our third-party specialists or airport facilities at which we operate) on our operations. In addition, U.S. airport authorities are exploring ways to limit de-icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition.

Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

In addition, the ICAO and jurisdictions around the world have adopted noise regulations that require all aircraft to comply with noise-level standards, and governmental authorities in several U.S. and foreign cities are considering or have already implemented aircraft noise reduction programs, including the imposition of overnight curfews and limitations on daytime take-offs and landings. Compliance with existing and future environmental laws and regulations, including emissions limitations and more restrictive or widespread noise regulations, that may be applicable to us could require significant expenditures, increase our cost base and have a material adverse effect on our business, results of operations and financial condition, and violations thereof can lead to significant fines and penalties, among other sanctions.

We routinely participate with other airlines in fuel consortia and fuel committees at our airports. The related agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia could also have an adverse impact on our business, results of operations and financial condition.

We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and GHG emissions, including CO₂ emissions. In particular, ICAO has adopted rules to implement CORSIA, which will require us to address the growth in CO₂ emissions of a significant majority of our international flights. For more information on CORSIA, see “Business—Government Regulation—Environmental Regulation”.

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because it is difficult to estimate the return of demand for international air travel as the recovery from the COVID-19 pandemic continues. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower-carbon aircraft fuels that could allow us to reduce our emissions of CO₂. In addition, we will not directly control our CORSIA compliance costs through 2029 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2030. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or

otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

In the event that CORSIA does not come into force as expected, we and other airlines could become subject to an unpredictable and inconsistent array of national or regional emissions restrictions, creating a patchwork of complex regulatory requirements that could affect global competitors differently without offering meaningful aviation environmental improvements. Concerns over climate change are likely to result in continued attempts by municipal, state, regional and federal agencies to adopt requirements or change business environments related to aviation that, if successful, may result in increased costs to the airline industry and us. In addition, several countries and U.S. states have adopted, or are considering adopting, programs, including new taxes, to regulate domestic GHG emissions. Finally, certain airports have adopted, and others could in the future adopt, GHG emission or climate-related goals that could impact our operations or require us to make changes or investments in our infrastructure.

In addition, in January 2021, the EPA finalized GHG emission standards for new aircraft engines designed to implement the ICAO standards on the same timeframe contemplated by the ICAO. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden administration has announced plans to review these final standards along with others issued by the prior administration. On November 15, 2021, EPA announced that it will not rewrite the existing airplane GHG emissions standards but will press for ambitious new airplane GHG emission standards at international negotiations organized by ICAO in 2022. The outcome of the legal challenge and the development of new airplane GHG emissions standards cannot be predicted at this time. U.S. commitments announced during President Biden's April 2021 Leaders Summit on Climate include working with other countries on a vision toward reducing the aviation sector's emissions in a manner consistent with the Biden administration's 2050 net-zero emissions goal, continued participation in CORSIA and development of sustainable aviation fuels. On September 9, 2021, the Biden administration launched the Sustainable Aviation Fuel Grand Challenge to scale up the production of sustainable aviation fuel, aiming to reduce GHG emissions from aviation by 20% by 2030 and to replace all traditional aviation fuel with sustainable aviation fuel by 2050. Whether these goals will be achieved and the potential effects on the our business cannot be predicted at this time.

All such climate change-related regulatory activity and developments may adversely affect our business and financial results by requiring us to reduce our emissions, make capital investments to purchase specific types of equipment or technologies, purchase carbon offset credits, or otherwise incur additional costs related to our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high-speed rail in markets now served by short-haul flights could provide passengers with lower-carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low-carbon alternatives, which may increase our financing cost.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the cancelling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change.

We are highly dependent upon our cash balances and operating cash flows.

As of December 31, 2021, we had \$918 million of total available liquidity in cash and cash equivalents. We will continue to be dependent on our operating cash flows (if any) and cash balances to fund our operations, provide

capital reserves and to make scheduled payments on our aircraft-related fixed obligations, including substantial PDPs related to the aircraft we have on order. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations in order to mitigate the impact of the COVID-19 pandemic on our financial position and operations.

During the fourth quarter of 2020, we amended our PDP Financing Facility to provide for a deferral of the fixed charge coverage ratio requirement (the “FCCR Test”) until the first quarter of 2022. If the FCCR Test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the PDP Financing Facility that are subject to financing (the “LTV Test”) and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the PDP Financing Facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. If the LTV Test was required to be performed, we do not expect that there would be any material required pre-payment of the PDP Financing Facility or posting of additional collateral. Additionally, we have also obtained a waiver of relief for the covenant provisions through the second quarter of 2022 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic.

As of December 31, 2021, we were not subject to any credit card holdbacks, although if we fail to maintain certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them, which would result in a reduction of unrestricted cash that could be material. In addition, while we recently have been able to arrange aircraft lease financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft leases, and could in the future be required, to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. In those circumstances, a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into operating leases for newly-acquired aircraft that do not require reserves. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating leases and fixed obligations. Our inability to meet our obligations as they become due could have a material adverse effect on our business, results of operations and financial condition.

Our ability to obtain financing or access capital markets may be limited.

We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus, CFM International, an affiliate of General Electric Company, and Pratt & Whitney. As of December 31, 2021, we had a firm obligation to purchase 234 A320neo family aircraft by the end of 2029, none of which had a committed operating lease. We intend to evaluate financing options for the aircraft on order. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book.

As of December 31, 2021, we had existing aircraft purchase commitments through 2029, all of which are for Airbus A320neo family aircraft. Of the 234 A320neo family aircraft we have committed to purchase by 2029, nine will be equipped with the LEAP engine manufactured by CFM International, an affiliate of General Electric Company, 134 will be equipped with Pratt & Whitney Geared Turbo Fan (“GTF”) engines, and we are still considering engine options for the remaining 91 aircraft on our order book relating to the recent amendment that was

entered into with Airbus. The A320neo family includes next-generation engine technology as well as aerodynamic refinements, large curved sharklets, weight savings, a new aircraft cabin with larger hand luggage spaces and an improved air purification system. While the A320neo family represents the latest step in the modernization of the A320 family of aircraft, the aircraft only entered commercial service in January 2016, and we are one of the first airlines to utilize the A320neo and LEAP engine. As a result, we are subject to those risks commonly associated with the initial introduction of a new aircraft and engine type, including with respect to the A320neo's actual, sustained fuel efficiency and other projected cost savings, which may not be realized, as well as the reliability and maintenance costs associated with a new aircraft and engine type. In addition, it could take several years to determine whether the reliability and maintenance costs associated with a new aircraft and engine would have a significant impact on our operations. If we are unable to realize the potential competitive advantages we expect to achieve through the implementation of the A320neo aircraft and LEAP or GTF engines into our fleet or if we experience unexpected costs or delays in our operations as a result of such implementation, our business, results of operations and financial condition could be materially adversely affected. Furthermore, as technological evolution occurs in our industry, through the use of composites and other innovations, we may be competitively disadvantaged because we have existing extensive fleet commitments that would prohibit us from adopting new technologies on an expedited basis.

In addition, while our operation of a single family of aircraft provides us with several operational and cost advantages, any FAA directive or other mandatory order relating to our aircraft or engines, including the grounding of any of our aircraft for any reason, could potentially apply to all or substantially all of our fleet, which could materially disrupt our operations and negatively affect our business, results of operations and financial condition.

Our maintenance costs will increase over the near term, we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future.

As of December 31, 2021, the operating leases for four, six, four, eight and twenty aircraft in our fleet were scheduled to terminate during 2022, 2023, 2024, 2025 and 2026, respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so-called "return conditions" costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required maintenance on a given aircraft or engine.

In addition, as of December 31, 2021, we had a firm obligation to purchase 234 A320neo family aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a "maintenance holiday") because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are first required. Following these new initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service.

Outside of scheduled maintenance, we incur from time to time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of months.

Furthermore, the terms of some of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our

consolidated balance sheet. In addition, the terms of any lease agreements that we enter into in the future could also require maintenance reserves in excess of our current requirements. We expect scheduled and unscheduled aircraft maintenance expenses to increase over the next several years. Any significant increase in maintenance and repair expenses could have a material adverse effect on our business, results of operations and financial condition. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Aircraft Leases—Maintenance Reserves and Aircraft Return Costs”.

We have a significant amount of aircraft-related fixed obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of December 31, 2021, all 110 aircraft in our fleet were financed under operating leases. For the years ended December 31, 2021, 2020 and 2019, we incurred aircraft rent of \$530 million, \$396 million and \$368 million, respectively, and incurred maintenance costs of \$119 million, \$83 million and \$86 million, during the respective periods. For the years ended December 31, 2021 and 2020, aircraft rent included a \$31 million unfavorable impact and a corresponding \$31 million favorable impact, respectively, caused by deferral arrangements with our lessors due to the COVID-19 pandemic. As of December 31, 2021, we have paid back the entire amount of our aircraft and engine rent deferrals, which were recognized as aircraft rent within the consolidated statements of operations as the payments were made. As of December 31, 2021 and 2020, we had future operating lease obligations of approximately \$2,435 million and \$2,264 million, respectively, and future principal debt obligations of \$423 million and \$357 million, respectively. Part of these debt obligations included our \$150 million Treasury Loan as of each period end; and \$66 million and \$33 million in PSP Promissory Notes entered into under the CARES Act as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021, 2020 and 2019, we made cash payments for interest related to debt of \$9 million, \$7 million and \$10 million, respectively. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus as well as CFM International and Pratt & Whitney for delivery over the next several years.

Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, any significant weakening or improvement in the U.S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft-related fixed obligations and our obligations under our other debt arrangements could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flow from operations be used for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to make required PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments;
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and
- cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases.

A failure to pay our operating lease, debt, fixed costs and other obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and

lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which could have a material adverse effect on our business, results of operations and financial condition.

We rely on third-party specialists and other commercial partners to perform functions integral to our operations.

We have historically entered into agreements with third-party specialists to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, as well as administrative and support services. In response to the COVID-19 pandemic, we have increased our reliance on such third parties. As the U.S. market continues to recover from the pandemic, we are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates. In addition, certain third-party vendors may have difficulty hiring or retaining sufficient talent to meet their obligations to us due to the impact of the COVID-19 pandemic including, among other things, employee response to any potential vaccine mandates.

Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third-party specialists are often beyond our control, and any failure by our third-party specialists to perform up to our expectations may have an adverse impact on our business, reputation with customers, our brand and our operations. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

We rely on third-party distribution channels to distribute a portion of our airline tickets.

We rely on third-party distribution channels, including those provided by or through GDSs, conventional travel agents and OTAs to distribute a portion of our airline tickets, and we expect in the future to rely on these channels to collect a portion of our non-fare revenues. These distribution channels are more expensive and at present have less functionality in respect of non-fare revenues than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets and may not provide the functionality we require to maximize non-fare revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs, including the acquisition by Expedia of both Orbitz and Travelocity, and the acquisition by Amadeus of Navitaire (the reservations system that we use). This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive or obsolete.

We rely heavily on technology and automated systems to operate our business, and any failure of these technologies or systems or any failure on our part to implement any new technologies or systems could materially adversely affect our business.

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, now a unit of Amadeus, flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. The Navitaire

reservations system, which is hosted and maintained under a long-term contract by a third-party specialist, is critical to our ability to issue, track and accept tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to GDSs, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline's operations, and such a malfunction has in the past, and could in the future, occur on our system, or in connection with any system upgrade or migration in the future. We also rely on third-party specialists to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations.

Any failure of the technologies and systems we use could materially adversely affect our business. In particular, if our reservation system fails or experiences interruptions, and we are unable to book seats for a period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed. In addition, replacement technologies and systems for any service we currently utilize that experiences failures or interruptions may not be readily available on a timely basis, at competitive rates or at all. Furthermore, our current technologies and systems are heavily integrated with our day-to-day operations and any transition to a new technology or system could be complex and time-consuming. In the event that one or more of our primary technology or systems vendors fails to perform, and a replacement system is not available or if we fail to implement a replacement system in a timely and efficient manner, our business could be materially adversely affected.

Unauthorized use, unauthorized incursions or user exploitation of our information technology infrastructure could compromise the personally identifiable information of our passengers, prospective passengers or personnel, and other sensitive information and expose us to liability, damage our reputation and have a material adverse effect on our business, results of operations and financial condition.

In the processing of our customer transactions and as part of our ordinary business operations, we and certain of our third-party specialists collect, process, transmit and store a large volume of personally identifiable information of our passengers, prospective passengers or personnel, including email addresses, home addresses, financial data such as credit and debit card information and other sensitive information. The security of the systems and network where we and our third-party specialists store this data is a critical element of our business, and these systems and our network may be vulnerable to cyberattacks and other security issues, including threats potentially involving criminal hackers, hacktivists, state-sponsored actors, corporate espionage, employee malfeasance and human or technological error. Threats to cybersecurity have increased with the sophistication of malicious actors, and we must manage those evolving risks. We have been the target of cybersecurity attacks in the past and expect that we will continue to be in the future. Recently, several high-profile companies have experienced significant data breaches and ransom attacks, which have caused those companies to suffer substantial financial and reputational harm. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities.

A significant cybersecurity incident could result in a range of potentially material negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to and remediating an incident may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Additionally, any material failure by us or our third-party specialists to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. While we have taken precautions to avoid an unauthorized incursion of our computer systems, we cannot assure you that our precautions are either adequate or implemented

properly to prevent and detect a data breach or other cybersecurity incident and its adverse financial and reputational consequences to our business.

We are also subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of or access to the personally identifiable information of our passengers, prospective passengers or personnel could result in governmental investigation, civil liability or regulatory penalties under laws protecting the privacy of personal information, any or all of which could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition. In addition, a number of our commercial partners, including credit card companies, have imposed data security standards on us, and these standards continue to evolve. We will continue our efforts to meet our privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs.

We depend on a sole-source supplier for our aircraft and two suppliers for our engines.

A critical cost-saving element of our business strategy is to operate a single-family aircraft fleet; however, our dependence on the Airbus A320 family aircraft for all of our aircraft and on CFM International and Pratt & Whitney for our engines makes us vulnerable to any design defects, mechanical problems or other technical or regulatory issues associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether involving our aircraft or that of another airline, we may choose, or be required, to suspend or restrict the use of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. Separately, if any of Airbus, CFM International or Pratt & Whitney becomes unable to perform its contractual obligations and we must lease or purchase aircraft or engines from another supplier, we would incur substantial transition costs, including expenses related to acquiring new aircraft, engines, spare parts, maintenance facilities and training activities, and we would lose the cost benefits from our current single-fleet composition, any of which could have a material adverse effect on our business, results of operations and financial condition. These risks may be exacerbated by the long-term nature of our fleet and order book and the unproven new engine technology to be utilized by the aircraft in our order book. See also “—We may be subject to competitive risks due to the long-term nature of our fleet order book and the unproven new engine technology utilized by the aircraft in our order book.”

Although we have significantly reconfigured our network since 2013, our business remains dependent on the Denver market and increases in competition or congestion or a reduction in demand for air travel in this market would harm our business.

We are highly dependent on the Denver market where we maintain a large presence, with 29% of our flights during the year ended December 31, 2021 having Denver International Airport as either their origin or destination. We primarily operate out of Concourse A at Denver International Airport under an operating lease which expires in December 2022 with one additional one-year extension option. We have experienced an increase in flight delays and cancellations at this airport due to airport congestion, which has adversely affected our operating performance and results of operations. We have also experienced increased competition since 2017 from carriers adding flights to and from Denver. Also, flight operations in Denver can face extreme weather challenges in the winter which, at times, has resulted in severe disruptions in our operation and the occurrence of material costs as a consequence of such disruptions. Our business could be further harmed by an increase in the amount of direct competition we face in the Denver market or by continued or increased congestion, delays or cancellations. Our business would also be harmed by any circumstances causing a reduction in demand for air transportation in the Denver area, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of

Denver, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers.

We are subject to extensive regulation by the FAA, the DOT, TSA, U.S. Customs and Border Protection and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the U.S. Congress has passed laws and the FAA, the DOT and TSA have issued regulations, orders, rulings and guidance relating to the operation, safety and security of airlines and consumer protections that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. For example, the DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of lengthy tarmac delays, consumer notice and disclosure requirements, consumer complaints, price and airline advertising, oversales and involuntary denied boarding process and compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage and the transportation of passengers with disabilities. Among these is the series of Enhanced Airline Passenger Protection rules issued by the DOT. In addition, the FAA Reauthorization Act of 2018, signed into law on October 5, 2018, provided for several new requirements and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic, and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of policies concerning passenger sexual misconduct, (xvii) development of an Employee Assault Prevention and Response Plan related to the customer service agents, (xviii) increased penalties available related to harm to passengers with disabilities or damage to wheelchairs or mobility aids, and (xix) minimum dimensions for passenger seats. Furthermore, in 2019, the FAA published an advance notice of proposed rulemaking regarding flight attendant duty-period limitations and rest requirements. The DOT also published a notice of proposed rulemaking in January 2020 regarding the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. The DOT also recently published final rules regarding traveling by air with service animals, defining unfair or deceptive practices, clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation and raising the liability limit for mishandled baggage in domestic air transportation. In addition, the FAA issued its final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, the U.S.

Congress enacted a law and the FAA issued regulations requiring U.S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U.S. airlines must obtain. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action. FAR Part 117 and the minimum pilot hour requirements may also reduce our ability to meet flight crew staffing requirements. We cannot assure you that compliance with these and other laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition.

In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, some of which is funded by a security fee imposed on passengers and collected by airlines. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements.

Our ability to operate as an airline is dependent on our obtaining and maintaining authorizations issued to us by the DOT and the FAA. The FAA from time to time issues directives and other mandatory orders relating to, among other things, operating aircraft, the grounding of aircraft, maintenance and inspection of aircraft, installation of new safety-related items, and removal and replacement of aircraft parts that have failed or may fail in the future. These requirements can be issued with little or no notice, can impact our ability to efficiently or fully utilize our aircraft, and could result in the temporary grounding of aircraft types altogether, such as the March 2019 grounding of the Boeing 737 MAX fleet. A decision by the FAA to ground, or require time-consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business, results of operations and financial condition. Federal law requires that air carriers operating scheduled service be continuously “fit, willing and able” to provide the services for which they are licensed. Our “fitness” is monitored by the DOT, which considers managerial competence, operations, finances and compliance record. In addition, under federal law, we must be a U.S. citizen (as determined under applicable law). Please see “Business—Foreign Ownership”. While the DOT has seldom revoked a carrier’s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations. For instance, in 2017 we were fined \$0.4 million for certain infractions relating to oversales, rules related to passengers with disabilities and customer service plan rules, \$40,000 for certain infractions relating to oversales disclosure and notice requirements, the domestic baggage liability limit rule and customer service plan rules; and \$1.5 million relating to lengthy tarmac delays, which was offset by a \$0.9 million credit for compensation provided to passengers on the affected flights and other delayed flights. In addition, on March 12, 2021, the DOT advised us that it was in receipt of information indicating that we had failed to comply with certain DOT consumer protection requirements relating to our consumer refund and credit practices and requested that we provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests have been focused on our refund practices on Frontier-initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. We are fully cooperating with the DOT request and the review of this matter is still in process.

International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change, as the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the U.S. and foreign governments and our ability to obtain the necessary authority from the U.S. and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals, airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “Business—Government Regulation”.

Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on, our business.

Changes in, and uncertainty with respect to, legislation, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. Specific legislative and regulatory proposals that could have a material impact on us in the future include, but are not limited to, infrastructure renewal programs; changes to operating and maintenance requirements and immigration and security policy and requirements; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to consumer protection laws; public company reporting requirements; environmental regulation; and antitrust enforcement. Any such changes may make it more difficult and/or more expensive for us to obtain new aircraft or engines and parts to maintain existing aircraft or engines or make it less profitable or prevent us from flying to or from some of the destinations we currently serve. To the extent that any such changes have a negative impact on us or the airline industry in general, including as a result of related uncertainty, these changes may materially impact our cash flows, business, results of operation and financial condition.

New U.S. tax legislation may adversely affect our financial condition, results of operations and cash flows.

The U.S. government may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, the imposition of minimum taxes or surtaxes on certain types of income, significant changes to the taxation of income derived from international operations and an addition of further limitations on the deductibility of business interest. While certain draft legislation was publicly released in 2021, the likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur. If such changes are enacted or implemented, we are currently unable to predict the ultimate impact on our business and therefore there can be no assurance that our business will not be adversely affected.

If we are unable to attract and retain qualified personnel at reasonable costs or fail to maintain our company culture, our business could be harmed.

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other U.S. airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry has from time to time experienced a shortage of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U.S. airline industry is being affected by a pilot shortage. As is common with most of our competitors, we have faced considerable turnover of our employees. As a result of the foregoing, there can be no assurance that we will be able to attract or retain qualified personnel and we may be required to increase wages and/or benefits in order to do so. In addition, we may lose personnel due to the impact of the COVID-19 pandemic including, among other things, employee response to the related health and safety initiatives or to a return to office. Legally required vaccine mandates have been imposed and have resulted in multiple unresolved court challenges, some of which remain ongoing. We cannot predict what policies we may elect to or be required, to implement in the future, or the effect thereof on our business, including whether the imposition of a mandatory vaccination requirement could cause us to lose, or experience difficulties hiring, qualified personnel. Further, we may lose executives as a result of compensation restrictions imposed under the CARES Act. Such restrictions may present retention challenges in the case of executives presented with alternative, non-airline opportunities or with opportunities from airlines that are not subject to such restrictions because they never entered into such Treasury loans or have repaid their Treasury loans prior to us. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could

otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under the Internal Revenue Code of 1986, as amended (the “Code”), for U.S. federal income tax purposes, a corporation is generally allowed a deduction for net operating losses (“NOLs”) carried over from prior taxable years. As of December 31, 2021 we had approximately \$30 million of federal NOLs available to reduce future federal taxable income. Under current tax law, our federal NOL carryforwards do not expire, but the deductibility of such NOL carryforwards is limited to 80% of our taxable income for taxable years beginning on or after January 1, 2021. We also had approximately \$10 million of NOL carryforwards to reduce future state taxable income as of December 31, 2021, which will expire, if not utilized, from two years to having no expiration depending on the state the NOL is attributed to, and \$7 million of foreign net operating losses, which expire in nine years. As a result of our assessment over the future realizability of these NOLs as of December 31, 2021, we recorded a \$7 million valuation allowance related to our foreign NOL and a \$1 million valuation allowance related to our state NOLs as these are more likely than not to not be realized given the short expiry periods in foreign and certain state jurisdictions.

Realization of these NOL carryforwards depends on our future taxable income and there is a risk that, due to the COVID-19 pandemic and other economic factors, our existing NOL carryforwards could expire before we can generate sufficient taxable income to use them. If our NOL carryforwards expire unused (to the extent subject to expiration) and are unavailable to offset future taxable income, this could materially adversely affect our results of operations and financial condition.

In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by significant stockholders or groups of stockholders over a three-year period, the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change taxable income or income tax liabilities may be limited. As a result, our ability to use our NOL carryforwards and other tax attributes to offset future U.S. federal taxable income or income tax liabilities may become subject to limitations, which could result in increased future tax liability to us. Similar rules and limitations may apply under state and foreign tax laws.

We may experience ownership changes in the future because of, among other things, shifts in our stock ownership, many of which are outside of our control. If we were to experience an ownership change for purposes of Section 382 of the Code, it is possible that our NOL carryforwards could expire before we would be able to use them to offset future income tax obligations.

Any tariffs imposed on commercial aircraft and related parts imported from outside the United States may have a material adverse effect on our fleet, business, results of operations and financial condition.

Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for them. In early October 2019, the World Trade Organization ruled that the United States could impose \$7.5 billion in retaliatory tariffs in response to illegal European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including a 10% tariff on new commercial aircraft. In February 2020, the United States announced an increase to this tariff from 10% to 15%. These tariffs apply to aircraft that we are already contractually obligated to purchase. In June 2021, the United States and the European Union announced an agreement to suspend the imposition of the foregoing tariffs on commercial aircraft and related parts for five years. Any reimposition of these tariffs could substantially increase the cost of, among other things, imported new Airbus aircraft and parts required to service our Airbus fleet which, in turn, could have a material adverse effect on our business, results of operations and financial condition.

Our business could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team, particularly Barry L. Biffle, our President and Chief Executive Officer, and James G. Dempsey, our Executive Vice President and Chief Financial Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without an adequate replacement, or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-man life insurance on our management team.

We rely on our private equity sponsor.

Our majority stockholder is presently an investment fund managed by Indigo, an affiliate of Indigo Partners, a private equity fund with significant expertise in the ultra low-cost airline business. This expertise has been available to us through the representatives Indigo has on our board of directors and through a Professional Services Agreement that was put in place in connection with the 2013 acquisition from Republic Airways Holdings, Inc. and pursuant to which we are charged a fee by Indigo Partners of approximately \$375,000 per quarter, plus expenses. Several members of our board of directors are also affiliated with Indigo Partners and we pay each of them an annual fee as compensation. Our engagement of Indigo Partners pursuant to the Professional Services Agreement will continue until the date that Indigo Partners and its affiliates own less than approximately 19.8 million shares of our common stock. Indigo Partners may nonetheless elect to reduce its ownership in our company or reduce its involvement on our board of directors, which could reduce or eliminate the benefits we have historically achieved through our relationship with Indigo Partners, such as management expertise, industry knowledge and volume purchasing. See “—Risks Related to Owning Our Common Stock—Indigo’s current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders.”

Our quarterly results of operations fluctuate due to a number of factors, including seasonality.

We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including actions by our competitors, price changes in aircraft fuel and the timing and amount of maintenance expenses, as well as the impacts of the COVID-19 pandemic. As a result of these and other factors, quarter-to-quarter comparisons of our results of operations and month-to-month comparisons of our key operating statistics may not be reliable indicators of our future performance. In addition, seasonality may cause our quarterly and monthly results to fluctuate since passengers tend to fly more during the summer months and less in the winter months, apart from the holiday season. We cannot assure you that we will find profitable markets in which to operate during the winter season. Such periods of low demand for air travel during the winter months could have a material adverse effect on our business, results of operations and financial condition.

Our lack of membership in a marketing alliance or codeshare arrangements (other than with Volaris) could harm our business and competitive position.

Many airlines, including the domestic legacy network airlines (American Airlines, Delta Air Lines and United Airlines), have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as Oneworld, SkyTeam, and Star Alliance, generally provide for codesharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. In addition, certain of these alliances involve highly integrated antitrust immunized joint ventures. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline’s segment of flights connecting with alliance partners. We currently do not have any marketing alliances or codeshare arrangements with U.S. or foreign airlines, other than the codeshare arrangement we entered into with Volaris in 2018. Our lack of membership in any other marketing alliances and codeshare arrangements puts us at a competitive disadvantage to traditional network carriers who are able to attract

passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our business, results of operations and financial condition.

Risks Related to Owning Our Common Stock

The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- announcements concerning our competitors, the airline industry or the economy in general;
- developments with respect to the COVID-19 pandemic, and government restrictions and mandates related thereto;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or the aircraft type we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- changes in the price of aircraft fuel;
- announcements concerning the availability of the type of aircraft we use;
- general and industry-specific economic conditions;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;
- sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholders;
- trading strategies related to changes in fuel or oil prices; and
- general market, political and other economic conditions.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock.

In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources and have a material adverse effect on our business, results of operations and financial condition.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us regularly, demand for our stock could decrease, which may cause the trading price of our common stock and the trading volume of our common stock to decline.

The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, or the exercise of the PSP warrants, PSP2 warrants, PSP3 warrants or Treasury Loan warrants issued to the Treasury, could depress the trading price of our common stock.

We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into, or exercisable for, our common stock to finance our operations or fund acquisitions, or for other purposes. In

connection with our participation in the PSP, PSP2 and PSP3, we issued warrants to the Treasury which are exercisable for up to an aggregate of 759,850 shares of our common stock.

In connection with the \$150 million borrowing from the Treasury Loan, we issued warrants to the Treasury which are exercisable for up to 2,358,090 shares of our common stock. Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the price of our common stock could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock may significantly decline. In addition, our issuance of additional shares of common stock will dilute the ownership interests of our existing common stockholders.

The value of our common stock may be materially adversely affected by additional issuances of common stock or preferred stock by us or sales by our principal stockholder.

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had 217,065,096 shares of common stock outstanding as of December 31, 2021. All of the shares of common stock sold in our initial public offering are freely tradable without restrictions or further registration under the Securities Act. An investment fund managed by Indigo, the holder of approximately 178.8 million shares of our common stock as of December 31, 2021, is entitled to rights with respect to registration of all such shares under the Securities Act pursuant to a registration rights agreement. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable or convertible into our common stock, could adversely affect the prevailing price of our common stock.

Indigo's current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders.

As of the date of this report, an investment fund managed by Indigo beneficially owns approximately 82.4% of our outstanding common stock.

As a result, Indigo will be able to exert a significant degree of influence or actual control over our management and affairs and over matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets and other significant business or corporate transactions.

Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. As a result, Indigo will have the ability to control all such matters affecting us, including:

- the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies;
- our acquisition or disposition of assets;
- our financing activities, including the issuance of additional equity securities;
- any determinations with respect to mergers, acquisitions and other business combinations;
- corporate opportunities that may be suitable for us and Indigo;
- the payment of dividends on our common stock; and
- the number of shares available for issuance under our stock plans for our existing and prospective employees.

This concentrated control will limit the ability of other stockholders to influence corporate matters and, as a result, we may take actions that our other stockholders do not view as beneficial. Indigo's voting control may also discourage or block transactions involving a change of control of the Company, including transactions in which you, as a stockholder, might otherwise receive a premium for your shares over the then-current market price. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could cause the market price of our common stock to decline or prevent our stockholders from realizing a premium over the market price for their common stock. Moreover, Indigo is not prohibited from selling a controlling interest in us to a third party and may do so without your approval and without providing for a purchase of your shares of common stock. Accordingly, your shares of common stock may be worth less than they would be if Indigo did not maintain voting control over us.

In addition, the interests of Indigo could conflict with the interests of other stockholders. As of December 31, 2021, investment funds managed by Indigo Partners hold approximately 18% of the total outstanding common stock shares of Volaris, and two of our directors, William A. Franke and Brian H. Franke, are members of the board of directors of Volaris, with Brian H. Franke serving as chair since April 2020. We entered into a codeshare arrangement with Volaris in January 2018. As of December 31, 2021, we did not compete directly with Volaris on any of our routes. However, there can be no assurances that we will not compete directly with Volaris in the future. Furthermore, neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See "—Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities."

Our anti-takeover provisions may delay or prevent a change of control, which could adversely affect the price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult to remove our board of directors and management and may discourage or delay "change of control" transactions, which could adversely affect the price of our common stock. These provisions include, among others:

- our board of directors is divided into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting;
- no cumulative voting in the election of directors, which prevents the minority stockholders from electing director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, actions to be taken by our stockholders may only be affected at an annual or special meeting of our stockholders and not by written consent;
- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, special meetings of our stockholders may be called only by the Chairman of the Board or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders, other than Indigo for so long as it and its affiliates hold a majority of the voting rights of our common stock, must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company;
- from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 2/3% stockholder vote is required for the amendment, repeal or modification of certain provisions of our certificate of incorporation and bylaws; and

- our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

Certain anti-takeover provisions under Delaware law also apply to us. While we have elected not to be subject to the provisions of Section 203 of the Delaware General Corporation Law (“DGCL”) in our amended and restated certificate of incorporation, such certificate of incorporation provides that in the event Indigo Partners and its affiliates cease to beneficially own at least 15% of the then-outstanding shares of our voting common stock, we will automatically become subject to Section 203 of the DGCL to the extent applicable. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its voting stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction.

Our amended and restated certificate of incorporation and amended and restated bylaws provide for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act of 1933.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against us or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act of 1933, as amended (the “Securities Act”), and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in our shares of capital stock will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act of 1934, as amended (the “Exchange Act”), or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. If a court were to find the choice of forum provision that is contained in our amended and restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, results of operations, and financial condition. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits

brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former directors, officers, other employees, agents, or stockholders, which may discourage such claims against us or any of our current or former directors, officers, other employees, agents, or stockholders and result in increased costs for investors to bring a claim.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us and Indigo. Under these provisions, neither Indigo, its portfolio companies, funds or other affiliates, nor any of their agents, stockholders, members, partners, officers, directors and employees will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. For instance, a director of our company who also serves as a stockholder, member, partner, officer, director or employee of Indigo or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisitions or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, results of operations or financial condition, if attractive corporate opportunities are allocated by Indigo to itself or its portfolio companies, funds or other affiliates instead of to us. In addition, our amended and restated certificate of incorporation provides that we shall indemnify each the aforementioned parties in the event of any claims for breach of fiduciary or other duties brought in connection with such other opportunities. The terms of our amended and restated certificate of incorporation are more fully described in the Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto.

Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting ownership and voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict ownership, voting and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we must be owned and controlled by U.S. citizens, that no more than 25.0% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined 49 U.S.C. § 40102(a)(15), that no more than 49.0% of our stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into "open skies" air transport agreements with the U.S., that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. Our amended and restated certificate of incorporation and amended and restated bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the "foreign stock record," would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We believe we are currently in compliance with these ownership restrictions.

See “Business—Foreign Ownership” and the Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto.

We are a “controlled company” within the meaning of the Nasdaq Stock Market rules, and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements.

As of the date of this report, Indigo controls approximately 82.4% of our outstanding common stock. As a result, we are a “controlled company” within the meaning of the Nasdaq Stock Market rules and exempt from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of “independent directors,” as defined under the rules of the Nasdaq Stock Market, and that we have a compensation committee and a nominating and corporate governance committee that are composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, which is permitted to be phased-in as follows: (1) one independent committee member at the time of our initial public offering; (2) a majority of independent committee members within 90 days of our initial public offering; and (3) all independent committee members within one year of our initial public offering. Similarly, once we are no longer a “controlled company,” we must comply with the independent board committee requirements as they relate to the compensation committee and the nominating and corporate governance committee, on the same phase-in schedule as set forth above, with the trigger date being the date we are no longer a “controlled company” as opposed to our initial public offering date. Additionally, we will have 12 months from the date we cease to be a “controlled company” to have a majority of independent directors on our board of directors.

If we utilize the “controlled company” exemption, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Stock Market. Our status as a controlled company could make our common stock less attractive to some investors or otherwise adversely affect its trading price.

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of indebtedness, at the holding company level from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries, including the CARES Act, impose restrictions on our subsidiaries’ ability to pay dividend distributions or other transfers to us. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

As of the date of this filing, we are prohibited from making repurchases of our common stock and paying dividends on our common stock by operation of restrictions imposed by the CARES Act and the PSP Extension Law. Following the end of those restrictions, we cannot guarantee that we will repurchase shares of our common stock or pay dividends on our common stock, or that our capital deployment program will enhance long-term stockholder value. Our capital deployment program could increase the volatility of the price of our common stock and diminish our cash reserves.

In connection with our receipt of payroll support under the PSP, PSP2 and PSP3 and acceptance of the Treasury Loan Agreement, we agreed not to repurchase shares of our common stock or pay out dividends on common stock until February 2, 2023. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements, restrictions contained in

current or future financing instruments, business prospects and such other factors as our board of directors deems relevant.

General Risk Factors

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members or executive officers.

As a public company, we incur significant legal, accounting and other expenses that we did not previously incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act, related rules implemented or to be implemented by the SEC and the listing rules of the Nasdaq Stock Market. In recent years, the expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as our executive officers and may divert management's attention. Furthermore, if we are unable to satisfy our obligations as a public company, our common stock could be delisted, which could restrict our access to capital, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation.

We will be required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, result in significant expenses to remediate any internal control deficiencies and have a material adverse effect on our business, results of operations and financial condition.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and beginning with our Annual Report on Form 10-K for the year ending December 31, 2022, our management will be required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. The rules governing management's assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We are currently in the process of reviewing, documenting and testing our internal control over financial reporting. We may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in implementing any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the Nasdaq Stock Market, regulatory investigations, civil or criminal sanctions and litigation, any of which could have a material adverse effect on our business, results of operations and financial condition.

We may become involved in litigation that could have a material adverse effect on our business, results of operations and financial condition.

We have in the past been, are currently, and may in the future become, involved in private actions, class actions, investigations and various other legal proceedings, including from employees, commercial partners, customers, competitors and government agencies, among others. Such claims could involve discrimination (for example, based

on gender, age, race or religious affiliation), sexual harassment, privacy, patent, commercial, product liability, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings.

Further, from time to time, our employees may bring lawsuits against us regarding discrimination, sexual harassment, labor, ERISA, disability claims and employment and other claims. For example, we currently face gender discrimination claims brought by certain of our employees. In recent years, companies have experienced a general increase in the number of discrimination and harassment claims. Coupled with the expansion of social media platforms that allow individuals with access to a broad audience, these claims have had a significant negative impact on some businesses.

Also, in recent years, there has been significant litigation in the United States and abroad involving patents and other intellectual property rights. We have in the past faced, and may face in the future, claims by third parties that we infringe upon their intellectual property rights.

Any claims asserted against us or our management, regardless of merit or eventual outcome, could be harmful to our reputation and brand and have an adverse impact on our relationships with our customers, commercial partners and other third parties and could lead to additional related claims. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Aircraft

As of December 31, 2021, we operated a fleet of 110 aircraft as detailed in the following table:

Aircraft Type	Seats	Average Age (Yrs)	Number of Aircraft	Number Owned	Number Leased
A320ceo	180 or 186	8	16	—	16
A320neo	186	3	73	—	73
A321	230	5	21	—	21
		4	110	—	110

During July 2021, we signed a letter of intent with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the second half of 2022 and continuing into the first half of 2023. As of December 31, 2021, we have entered into a signed direct lease agreement for seven of the additional aircraft, while the remaining three are covered under a non-binding letter of intent.

In November 2021, we entered into an amendment with Airbus to purchase an additional 91 A321neo aircraft, which are expected to be delivered starting in 2023 and continuing through 2029.

Ground Facilities

Our facility leases are primarily for space at approximately 120 airports that are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of

the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2021, the remaining lease terms vary from one month to eleven years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded on the consolidated balance sheets as right-of-use assets and lease liabilities.

During the year ended December 31, 2021, 29% of our flights had Denver International Airport as either their origin or destination. We primarily operate out of Concourse A at Denver International Airport under an operating lease that expires in December 2022 with one additional one-year extension option. We typically use 11 gates within Concourse A, with preferential access to nine specified gates and common use access to the remaining gates. Our operating lease also includes a 154,900 square foot hangar, which includes office space and is where we provide certain maintenance on our aircraft. Other airports through which we conduct significant operations include Orlando International Airport (MCO), McCarran International Airport (LAS), Philadelphia International Airport (PHL), Miami International Airport (MIA), and Hartsfield-Jackson Atlanta International Airport (ATL).

Our principal executive offices and headquarters are located in owned premises at 4545 Airport Way, Denver, Colorado 80239, consisting of approximately 90,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we have been and will continue to be subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained. We believe the ultimate outcome of such lawsuits, proceedings and reviews is not reasonably likely, individually or in the aggregate, to have a material adverse effect on our business, results of operations and financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed and traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "ULCC."

Holders

As of February 18, 2021, there were two holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

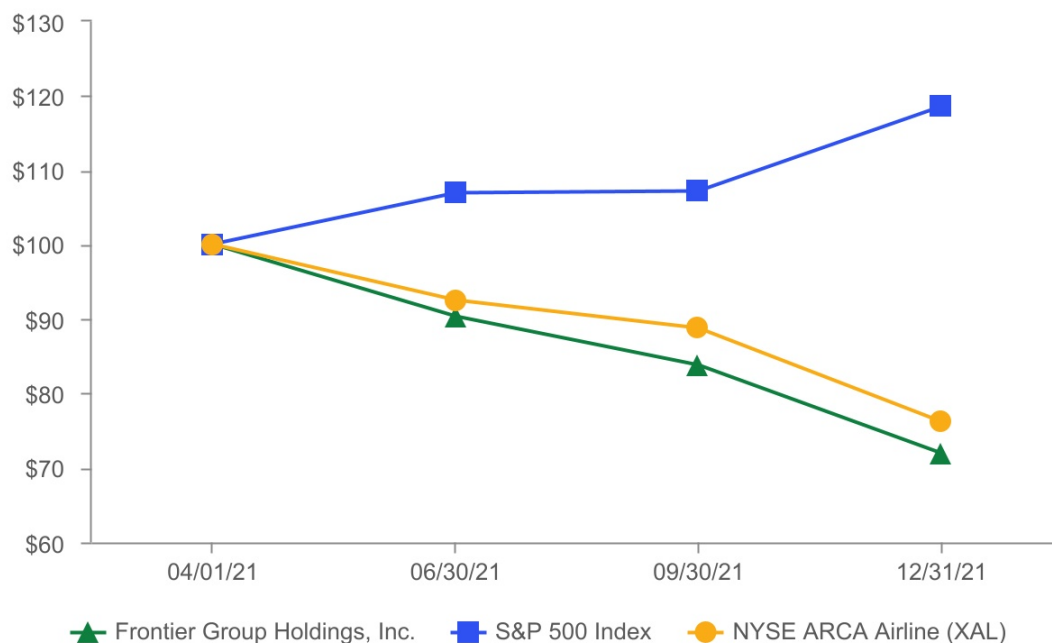
In connection with our receipt of financial assistance under the PSP, PSP2, and PSP3 and acceptance of the Treasury Loan Agreement, we agreed not to make dividend payments in respect of our common stock until February 2, 2023. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

See the section titled “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information regarding securities authorized for issuance.

Stock Performance Graph

The following graph compares the cumulative total returns during the period from April 1, 2021 to December 31, 2021 of our common stock to the NYSE ARCA Airline Index and the Standard & Poor’s 500 Index. The comparison assumes \$100 was invested on April 1, 2021 in each of our common stock and the indices and assumes that all dividends were reinvested.



Cumulative Total Returns

Recent Sales of Unregistered Securities

None, except as previously reported.

Use of Proceeds

On March 31, 2021, our registration statement on Form S-1 (File No. 333-254004), as amended, was declared effective by the Securities and Exchange Commission in connection with our initial public offering (“IPO”). There has been no material change in the expected use of the net proceeds from our IPO as described in our Prospectus filed April 2, 2021.

Issuer Purchases of Equity Securities

We do not have a share repurchase program and no shares were repurchased during the fourth quarter of 2021. Under the CARES Act, we are restricted from conducting certain share repurchases through one year following the repayment of the Treasury loan.

ITEM 6. (RESERVED)

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Our discussion and analysis of fiscal year 2021 compared to fiscal year 2020 is included herein. Unless expressly stated otherwise, for discussion and analysis of fiscal year 2019 items and year-to-year comparisons between 2020 and 2019, please refer to in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Prospectus filed with the SEC April 2, 2021.

Overview

Frontier Airlines is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand.

We are managed as a single business unit that primarily provides air transportation for passengers. Management has concluded there is only one reportable segment.

Impact of the COVID-19 Pandemic

Beginning in March 2020, the rapid spread of coronavirus (“COVID-19”), along with government-mandated restrictions on travel, required stay-in-place orders, and other social distancing measures, resulted in a drastic decline in near-term air travel demand in the United States, and caused reductions in revenues and income levels as compared to corresponding pre-pandemic periods. The decline in demand for air travel has had a material adverse effect on our business and results of operations for the years ended December 31, 2021 and 2020. Although we have seen significant recovery of demand through the year ended December 31, 2021 as compared to the corresponding prior year period, we are unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Delta and Omicron variants, nor the efficacy and adherence rates of vaccines and other therapeutics and the resulting measures that may be introduced by governments or other parties and what impact those measures may have on the demand for air travel.

Beginning in December 2020, the U.S. Food and Drug Administration issued emergency use authorizations for various vaccines for COVID-19. Widespread distribution of the vaccines led to increased confidence in travel, particularly in the domestic leisure market on which our business is focused. While we have experienced a meaningful increase in passenger volumes as well as bookings since the vaccines became widely available, demand recovery slowed during the second half of the third quarter and into the fourth quarter of 2021 due to the rise in cases from the Delta and Omicron variants. We continue to closely monitor the COVID-19 pandemic and the need to adjust capacity and deploy other operational and cost-control measures as necessary to preserve short-term liquidity needs and ensure long-term viability of our business and our strategies. Any anticipated adjustments to capacity and other cost-savings initiatives implemented by us may vary from actual demand and capacity needs. We continue to focus on positioning the airline to be an industry leader in the recovery from the COVID-19 pandemic, and as of December 31, 2021 we have returned all of our aircraft and employees into service across all of our stations.

COVID-19 Relief Funding

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) became law on March 27, 2020 and includes various provisions to protect the U.S. airline industry, its employees, and many other stakeholders. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing the

airline industry with up to \$25 billion for a Payroll Support Program (“PSP”) to be used for employee wages, salaries, and benefits and up to \$25 billion in loans. On April 30, 2020, we reached an agreement with the U.S. Department of the Treasury (the “Treasury”) under which we received \$211 million of installment funding comprised of a \$178 million grant (the “PSP Grant”) for payroll support for the period from April 2020 through September 2020, and a \$33 million unsecured 10-year, low-interest loan (the “PSP Promissory Note”), all of which was received as of December 31, 2020. In conjunction with the PSP Promissory Note, we issued to the Treasury warrants to purchase up to 522,576 shares of our common stock at an exercise price of \$6.36 per share.

On January 15, 2021, as a result of the Consolidated Appropriations Act, 2021 (the “PSP Extension Law”), which extended the PSP provisions of the CARES Act, we entered into an agreement with the Treasury for installment funding under a second Payroll Support Program (“PSP2”), under which we received \$161 million, comprised of a \$143 million grant (the “PSP2 Grant”) for the continuation of payroll support through March 31, 2021, and an \$18 million unsecured 10-year, low-interest loan (the “PSP2 Promissory Note”), all of which has been received as of December 31, 2021. In conjunction with the PSP2 Promissory Note, we issued to the Treasury warrants to purchase up to 157,313 shares of our common stock at an exercise price of \$11.65 per share.

The American Rescue Plan Act (“ARP”), enacted on March 11, 2021, provided for additional assistance to passenger air carriers that received financial relief under PSP2. On April 29, 2021, we entered into an agreement with the Treasury for installment funding under a third Payroll Support Program (“PSP3”), under which we received \$150 million, comprised of a \$135 million grant (the “PSP3 Grant”) for the continuation of payroll support through September 30, 2021, and a \$15 million unsecured 10-year, low-interest loan (the “PSP3 Promissory Note” and, together with the PSP Promissory Note and the PSP2 Promissory Note, the “PSP Promissory Notes”), all of which has been received as of December 31, 2021. In conjunction with the PSP3 Promissory Note, we issued to the Treasury warrants to purchase up to 79,961 shares of our common stock at an exercise price of \$18.85 per share.

On September 28, 2020, we entered into a loan agreement with the Treasury for a term loan facility of up to \$574 million pursuant to the secured loan program established under the CARES Act (the “Treasury Loan”). In conjunction with the Treasury Loan, we issued to the Treasury warrants to purchase up to 2,358,090 shares of our common stock at an exercise price of \$6.36 per share. As of December 31, 2021 and December 31, 2020, we had borrowed \$150 million under the Treasury Loan for which the right to draw any further funds lapsed in May 2021.

On February 2, 2022, we repaid the Treasury Loan which included the \$150 million principal balance along with accrued interest of \$1 million. The repayment terminated the loan agreement with the Treasury and unencumbered our co-branded credit card program and related brand assets that secured the loan. Certain limitations, including restrictions on stock repurchases and the payment of dividends, will continue to apply for one year after repayment, as described below.

In connection with our participation in the PSP, PSP2, PSP3 and the Treasury Loan, we have been and will continue to be subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange or payment of dividends until February 2, 2023;
- requirements to maintain certain levels of scheduled services through March 31, 2022 (including to destinations where there may currently be significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of our employees (other than our executive officers or independent contractors, or as otherwise permitted under the terms of the PSP, PSP2 and PSP3) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee wages, salaries and benefits; and
- additional reporting and recordkeeping requirements.

The CARES Act also provided for an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes that we qualified for beginning on April 1, 2020. In December 2020, the CARES Employee Retention Credit program was extended and enhanced through June 30, 2021. Further, in March 2021, the ARP further extended the availability of the CARES Employee Retention Credit through December 31, 2021. The ARP increased the credit from 50% to 70% of qualified wages, increased the maximum wages per employee from \$10,000 for the entire period to \$10,000 per quarter, and expanded the gross receipts test for eligible employers from a 50% to an 80% decline in gross receipts as compared to the same calendar quarter in 2019. If the gross receipts test is met in any quarter, wages earned in the following quarter automatically qualify for the credit and as a result of the increase in revenues after the first quarter of 2021, we did not qualify for any additional CARES Employee Retention Credits. During the year ended December 31, 2021 and 2020, we recognized \$17 million and \$16 million, respectively, related to the CARES Employee Retention Credit within CARES Act credits in our consolidated statements of operations and other current assets on our consolidated balance sheets.

Initial Public Offering

On March 31, 2021, our registration statement on Form S-1 relating to our initial public offering (“IPO”) was declared effective by the SEC, and our common stock began trading on the NASDAQ Global Select Market on April 1, 2021 under the symbol “ULCC”. We completed our IPO on April 6, 2021 at an offering price of \$19.00 per share. We issued and sold 15 million shares of common stock and our selling stockholders sold 15 million shares of common stock in the IPO. The underwriters were granted an over-allotment option to purchase up to 4.5 million additional shares of common stock from the selling shareholders, at the IPO price of \$19.00 per share, less the underwriting discount, for 30 days from the date of the prospectus, which was exercised in full in April 2021. We did not receive any of the proceeds from the sale of shares by our selling stockholders. In April 2021, we received net proceeds of \$266 million after deducting underwriting discounts and commissions of \$14 million and offering costs of \$5 million, which consisted of direct incremental legal, accounting, consulting and other fees relating to the IPO, and exclusive of any income tax benefits from the transaction.

Trends and Uncertainties Affecting Our Business

We believe our operating and business performance is driven by various factors that typically affect airlines and their markets, including trends which affect the broader travel industry, as well as trends which affect the specific markets and customer base that we target. The following key factors may affect our future performance:

Competition. The airline industry is highly competitive. The principal competitive factors in the airline industry are the fare and total price, flight schedules, number of routes served from a city, frequent flyer programs, product and passenger amenities, customer service, fleet type and reputation. The airline industry is particularly susceptible to price discounting as once a flight is scheduled airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer 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 of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets. In addition, some of the legacy network carriers match low-cost carrier and ultra low-cost carrier pricing on portions of their network. We believe that fare discounts have and will continue to stimulate demand for Frontier due to our *Low Fares Done Right* strategy.

Our *Low Fares Done Right* strategy is underpinned by our low-cost structure, and has significantly reduced our cost base by increasing aircraft utilization (prior to the COVID-19 pandemic), transitioning to larger and more fuel-efficient aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, replacing our call center, enhancing our website and mobile app, boosting employee productivity and contracting with leading specialists to provide us with select operating and other services.

Our cost structure has generally allowed us to achieve strong results from operations relative to the rest of the industry during periods of competitive pricing and price discounts and has helped our ability to manage through the COVID-19 pandemic. While we have already completed the substantial majority of strategic initiatives to reduce our unit operating costs, we believe that we are well positioned to maintain our low unit operating costs relative to our competitors through on-going strategic initiatives, including continuing our cost optimization efforts and further realizing economies of scale. To the extent that we are unable to maintain our low-cost structure, our ability to compete effectively may be impaired, even if demand does return to pre-pandemic levels. In addition, if our competitors engage in fare wars or similar behavior, our financial performance could be adversely impacted.

We continue to monitor the impact of the pandemic on our operations and financial condition, and to implement and adapt mitigation strategies while working to preserve our cash and protect our long-term sustainability. For more detailed information on the impact of COVID-19, please refer to "Notes to Consolidated Financial Statements—2. Impact of COVID-19."

Aircraft Fuel. Fuel expense represents one of the single largest operating expense for most airlines, including ours. Aircraft fuel prices and availability are subject to market fluctuations, refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. The future cost and availability of aircraft fuel cannot be predicted with any degree of certainty.

We have historically hedged our exposure to aircraft fuel prices using call options and collar structures, although we have in the past and may in the future utilize other instruments such as swaps on aircraft fuel or highly correlated commodities and fixed forward price instruments, which allow us to lock in the price of aircraft fuel for specific quantities and at specified locations in future periods.

Although the use of collar structures and swap agreements can reduce the overall cost of hedging, these instruments carry more risk than call options in that we could end up in a liability position when the collar structure or swap agreement settles. Our fuel hedging policy considers many factors, including our assessment of market conditions for fuel, competitor hedging activity, our access to the capital necessary to purchase coverage and support margin requirements, the pricing of hedges and other derivative products in the market and applicable regulatory policies. As of December 31, 2021, we had no fuel cash flow hedges for future fuel consumption.

Volatility. The air transportation business is volatile and highly affected by economic cycles and trends. Global pandemics and related health scares, consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changes in governmental regulations on taxes and fees, weather and other factors have resulted in significant fluctuations in revenue and results of operations in the past.

Seasonality. Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business and our route network are subject to seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. While we have, over recent years, reduced our concentration in Denver to decrease the impact of seasonality in our business, 29% of our flights during the year ended December 31, 2021 had Denver International Airport as either their origin or destination.

Labor. The airline industry is heavily unionized. The wages, benefits and work rules of unionized airline industry employees are determined by collective bargaining agreements ("CBAs"). Relations between air carriers and labor unions in the United States are governed by the United States Railway Labor Act ("RLA"). Under the RLA, CBAs generally contain "amendable dates" rather than expiration dates and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board ("NMB"). This process continues until either the parties have reached agreement on a new CBA or the parties have been released to "self-help" by the NMB. In most circumstances, the RLA prohibits strikes. However, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

We have seven union-represented employee groups comprising approximately 88% of our employees as of December 31, 2021. Our pilots are represented by the Air Line Pilots Association (“ALPA”); our flight attendants are represented by the Association of Flight Attendants (“AFA-CWA”); our aircraft technicians, aircraft appearance agents, material specialists and maintenance control employees are all represented by the International Brotherhood of Teamsters (“IBT”); and our dispatchers are represented by the Transport Workers Union, (“TWU”).

During September 2020, and in anticipation of the lapse of the provisions set forth in the PSP under the CARES Act as described below, we reached agreement with the labor unions for our pilots and flight attendants to provide for voluntary paid leave of absence programs. Under the arrangements, the pilots and flight attendants were granted paid leave of absence periods of either one, three or six-month time frames. In exchange for accepting a voluntary leave of absence, the pilots and flight attendants received minimum monthly pay and continued to accrue certain benefits with no requirement to work. As employees covered under such paid voluntary programs were still considered active employees, the costs of such programs were recognized as period expenses.

Maintenance Materials and Repairs and Maintenance Reserve Obligations. The amount of total maintenance costs and related depreciation of heavy maintenance expense is subject to variables such as estimated usage, government regulations, the size, age and makeup of the fleet in future periods, and the level of unscheduled maintenance events and their actual costs. Accordingly, we cannot reliably quantify future maintenance-related expenses for any significant period of time.

As of December 31, 2021, the average age of our aircraft was approximately four years and all of the aircraft in our fleet are financed with operating leases, the last of which is scheduled to expire by the end of 2033. As of December 31, 2021, we had a firm obligation to purchase 234 aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. When these more significant maintenance activities occur, this will result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to generate revenue.

We account for heavy maintenance events under the deferral method. Accordingly, heavy maintenance is depreciated over the shorter of either the remaining lease term or the period until the next estimated heavy maintenance event. As a result, maintenance events occurring closer to the end of the lease term will generally have shorter depreciation periods than those occurring earlier in the lease term. This will create higher depreciation expense specific to any aircraft related to heavy maintenance during the final years of the lease as compared to earlier periods.

The terms of certain of our aircraft lease agreements require us to post deposits for future maintenance, also known as maintenance reserves, to the lessor in advance of and as collateral for the performance of heavy maintenance events, resulting in us recording significant prepaid deposits on our consolidated balance sheet. As a result, for leases requiring maintenance reserves, the cash costs of scheduled heavy maintenance events are paid in advance of the recognition of the maintenance event in our results of operations. Please see “—Critical Accounting Policies and Estimates—Aircraft maintenance including maintenance reserves and leased aircraft return costs.”

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States (“GAAP”). In doing so, we make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, as well as related disclosure of contingent assets and liabilities. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting estimates, which we discuss below. For a detailed discussion of our significant accounting policies, please refer to “Notes to Consolidated Financial Statements — 1. Summary of Significant Accounting Policies.”

Frequent Flyer Program

Our *Frontier Miles* frequent flyer program provides frequent flyer travel awards to program members based on accumulated mileage credits. Mileage credits are accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. As of December 31, 2021 and 2020, our total frequent flyer liability was \$54 million and \$63 million, respectively.

The contract to sell mileage credits under the co-branded credit card partnership has multiple performance obligations. The agreement provides for joint marketing, and we account for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered based on relative stand-alone selling prices. We determined the best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) equivalent ticket value (“ETV”) for the award travel obligation, (3) licensing of brand and access to member lists and (4) advertising and marketing efforts. Any changes in the assumptions outlined above related to our co-branded credit card partnership at agreement inception would impact the allocation of consideration received and the resulting timing of when revenues from the each of the specific performance obligation would be recognized.

We estimate breakage (mileage credits that are expected to expire unutilized) based on statistical models derived from historical redemption patterns. Breakage assumptions, including the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits, the impact of the COVID-19 pandemic, or the estimated fair value of mileage credits expected to be redeemed, could have an impact on revenues in the year in which the change occurs and in future years. Additionally, we estimate ETV, which is used to determine the value per mileage credit, based on the historical prices of the flights redeemed using mileage credits and changes to these assumptions could impact the initial allocation of consideration in our co-branded credit card partnership or the amount of revenue recognized or deferred for miles accumulated as a result of travel.

For the year ended December 31, 2021, holding other factors constant, a 10% change in our estimated frequent flyer breakage rate would have resulted in a change to passenger revenues of approximately \$3 million, or less than 1%.

Revenues from Customer’s Rights to Book Future Travel

As of December 31, 2021, our current air traffic liability was \$273 million, of which \$59 million was related to customer rights to book future travel, which generally expire 12 months after issuance if not redeemed by the passenger. The amounts not expected to be redeemed are recognized as revenue over the historical pattern of rights exercised by customers. During the years ended December 31, 2021, 2020 and 2019, we recognized \$58 million, \$126 million and \$26 million, respectively, in passenger revenue within the consolidated statements of operations, related to expected and actual expiration of customer rights to book future travel.

We estimate amounts not expected to be redeemed (breakage) based on historical redemption patterns of such customer rights, which also considers any historical redemption activity that may not be indicative of future trends

such as COVID-19 or program modifications that may impact future expectations of breakage. Changes in breakage rate assumptions as a result of actual results differing from historical patterns or other factors, including the period over which these rights are expected to be redeemed, could have a material impact on revenues recognized in the year in which the change occurs and in future years.

For the year ended December 31, 2021, holding other factors constant, a 10% change in our estimated breakage related to customer's rights to book future travel, which assumes no change in historical pattern of usage of such rights, would have resulted in a change to passenger revenues of approximately \$9 million, or less than 1%.

Aircraft Leases - Maintenance Reserves and Aircraft Return Costs

Under our aircraft operating lease agreements and United States Federal Aviation Administration ("FAA") regulations, we are obligated to perform all required maintenance activities on our fleet, including component repairs, scheduled air frame checks and major engine restoration events. Certain of our aircraft lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our required performance of heavy maintenance events. Recoverable maintenance reserve payments are reflected as aircraft maintenance deposits on the accompanying consolidated balance sheets.

Additionally, our aircraft lease agreements generally require us to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the airframe and engine's actual return condition. These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition). When such costs become both probable and estimable, they are accrued as a component of supplemental rent through the remaining lease term. Changes to the assumptions utilized in the estimation of these lease return costs are accounted for on a cumulative catch-up basis.

In assessing the future potential lease return costs and the recoverability of our maintenance reserves we consider the future anticipated costs and scope of maintenance events (driven by projected number of flight hours and cycles estimated to be utilized on the aircraft prior to its return), estimated timing of such events including the timing since the last expected major maintenance event, the date the aircraft is due to be returned to the lessor, contractual terms of the lease agreements, current condition of each aircraft, age of the aircraft at lease expiration, projected number of hours and cycles run on the engines at the time of return, and the number of projected cycles run on the airframe at the time of return, among other estimates.

If actual estimates vary materially from those utilized in the assessment of the recoverability of maintenance deposits we may determine that some or all of the maintenance deposit is not recoverable and, therefore, could incur incremental supplemental rent. Conversely, a maintenance deposit previously expensed could be considered reimbursable. If actual estimates vary materially from those utilized in the estimation of lease return costs we could incur more or less supplemental rent expense depending on the direction of the adjustments necessary. There can be no assurance that the projections utilized won't materially change in the future given the inherent difficulty in forecasting future utilization of aircraft over their lease terms, especially in light of the impact COVID-19 has had on forecast compared to actual utilization, however, the estimates utilized are the best available at the time the financial statements were issued.

Income Tax Valuation Allowance

As of December 31, 2021, our total net deferred tax assets were \$646 million, which includes an \$8 million valuation allowance, as well as \$47 million of gross net operating loss carry forwards. These net operating loss carryforwards are comprised of \$30 million of federal net operating losses, \$10 million of state net operating losses and \$7 million of foreign net operating losses. We assess whether it is more likely than not that sufficient taxable income will be generated to realize deferred tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. We consider sources of taxable income from prior period carryback

periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

As part of our assessment of whether a valuation allowance is warranted, we consider all available positive and negative evidence in conjunction with evaluating the source and availability of taxable income to utilize such deferred tax assets. We updated this assessment as of December 31, 2021, noting that in part as a result of the significant impacts caused by the COVID-19 pandemic particularly prior to the wide availability of vaccines, we were in a cumulative three-year loss position. Conversely, prior to the pandemic, we had a consistent history of generating significant earnings and resulting taxable income and had typically utilized significant deferred tax assets such as net operating losses prior to expiration. The main sources of taxable income that supported realization of our deferred tax assets were from the projected reversal of existing temporary differences and our projected future taxable income. There are significant estimates inherent in the reversal of taxable temporary differences such as projecting the timing of such reversals as well as nature and character of the taxable income created as to whether it can be appropriately utilized for the deferred tax assets subject to evaluation. Most of our operations are domestic and the majority of taxable income created from reversal of temporary differences was appropriate to utilize against our federal net operating losses. A significant portion of taxable income used to support the realization of our remaining deferred tax assets was based on projections of our future taxable income. Our projections of future taxable income considered the general business environment, our recent history of profitability outside of the impact of the COVID-19 pandemic, the extended tenure of the COVID-19 recovery which has been longer than originally anticipated, industry wide consensus on air travel outlook and post-December 31, 2021 booking trends. These factors were considered in conjunction with other evidence such as our cumulative three-year loss position. Given the significant impact that the COVID-19 pandemic had on our results for which we continue to recover from post vaccine availability, we don't believe the factors that caused our cumulative three-year loss to be indicative of future performance. Based on the factors outlined above, we concluded that as a result of taxable income generated from reversal of taxable temporary differences and projected future income that the majority of our deferred tax assets were likely to be realized.

Additionally, under current tax law, our federal net operating losses do not expire and most state net operating losses have a carry forward period of ten years or greater. As a result of our assessment, we recorded a valuation allowance on certain state deferred tax assets of \$1 million and a valuation allowance on our foreign deferred tax assets of \$7 million as we concluded this \$8 million of net operating losses will more likely than not be realized primarily due to short expiry periods combined with significant income required to utilize these deferred tax assets. The \$7 million valuation allowance recorded on our foreign net operating losses was fully offset by a corresponding reversal of a U.S. federal deferred tax liability.

If we are unable to achieve our projected operating income targets or actual results are not in line with those utilized in the judgments listed above an adjustment to our conclusion on the recoverability of our future deferred tax assets may occur and, therefore, may result in either the creation of a valuation allowance being recorded against some or all of our net deferred tax assets in future periods or the reversal of the recorded valuation allowance. An increase in our valuation allowance would result in additional income tax expense and a subsequent release of a valuation allowance in future periods, if those deferred tax assets become realizable, would reduce our income tax expense. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required and such valuation allowance could be material.

Results of Operations

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Total operating revenues for the year ended December 31, 2021 totaled \$2,060 million, an increase of 65% compared to the year ended December 31, 2020, as the demand for leisure travel continues to recover from the COVID-19 pandemic. We had 31% more average aircraft in service during the year ended December 31, 2021 as

compared to the year ended December 31, 2020, with a 23% increase in average daily aircraft utilization, which resulted in an increase to capacity of 58% compared to the year ended December 31, 2020.

Total operating expenses during the year ended December 31, 2021 totaled \$2,177 million, including \$295 million of CARES Act credits and \$11 million of early lease termination costs. Fuel expense was 70% higher during the year ended December 31, 2021, as compared to the year ended December 31, 2020, with the \$237 million increase in fuel expense driven by the 64% increase in fuel consumption associated with the 58% increase in our capacity and the 4% increase in fuel rates. The increase in fuel rates was partially offset by the \$82 million in losses associated with fuel hedges during the year ended December 31, 2020. We had no fuel hedges (and no fuel hedge gains or losses) in the year ended December 31, 2021. Our non-fuel expenses increased by 25%, driven primarily by higher capacity and the resulting increase in operations during the year ended December 31, 2021, as compared to the year ended December 31, 2020. Aircraft rent during the year ended December 31, 2021 was also unfavorably impacted by the payback of vendor deferrals granted in 2020, the impact of a larger fleet, increased lease return costs and costs related to early termination of the leases related to our remaining A319 aircraft. These increases in non-fuel expenses were partly offset by a \$102 million increase in benefits from CARES Act credits. CASM (excluding fuel) decreased by 21%, from 7.53¢ for the year ended December 31, 2020 to 5.96¢ for the year ended December 31, 2021, driven largely by the significant growth in capacity coupled with the fixed nature of certain operating costs such as aircraft rent as well as salaries, wages and benefits in part due to the CARES Act restrictions. Adjusted CASM (excluding fuel), which excludes the impact of the CARES Act credits, early lease termination costs for the remaining A319 aircraft and the one-time write-off of deferred registration statement costs due to the uncertainty in the capital markets caused by the COVID-19 pandemic, decreased from 8.63¢ for the year ended December 31, 2020 to 7.02¢ for the year ended December 31, 2021. See the reconciliation to corresponding GAAP measures provided below.

We generated a net loss of \$102 million during the year ended December 31, 2021 and a net loss of \$225 million during the year ended December 31, 2020, as a result of the significant reduction in demand beginning in March 2020 caused by the COVID-19 pandemic. Our results for the year ended December 31, 2021 include CARES Act credits and other charges that reduced our operating expenses by \$284 million, including \$295 million related to funding recognized from the PSP2 and PSP3 Grants and the recognition of CARES Employee Retention Credits offset by \$11 million in costs incurred with the early termination of our A319 leased aircraft. The results for the year ended December 31, 2021 also include \$22 million in other non-operating expenses related to mark to market adjustments associated with the warrants issued as part of the Treasury Loan and PSP Promissory Notes. As a result of our IPO and the resulting reclassification of warrants from liability based awards to equity based awards, as of April 6, 2021, we no longer mark to market the warrants. Our results for the year ended December 31, 2020 include certain items that reduced our operating expenses by \$134 million and include \$193 million related to funding recognized from the PSP Grant and the recognition of CARES Employee Retention Credits partly offset by \$52 million in expenses resulting from the de-designation of certain derivative contracts as a result of the estimated future fuel consumption for gallons subjected to fuel hedges no longer deemed probable due to the decline in demand from the impact of the COVID-19 pandemic and the subsequent mark to market adjustments and \$7 million relating to a one-time write-off of deferred registration statement costs due to the uncertainty in the capital markets caused by the COVID-19 pandemic. The results for the year ended December 31, 2020 also include \$9 million in other non-operating expenses related to mark to market adjustments associated with the warrants issued as part of the Treasury Loan and PSP Promissory Note. Excluding these credits and charges and the related tax benefit of \$65 million and \$49 million for the years ended December 31, 2021 and 2020, respectively, our adjusted net loss was \$299 million for the year ended December 31, 2021, as compared to an adjusted net loss of \$301 million for the year ended December 31, 2020.

As comparisons of our 2021 results to 2020 may reflect disproportionate changes due to the impact of the COVID-19 pandemic, we have also provided analysis of certain revenue and expense line items to 2019 results where helpful to understand trends in our performance.

Operating Revenues

	Year Ended December 31,			Percent Change	
	2021	2020	2019	2021 vs. 2020	2021 vs. 2019
Operating revenues (\$ in millions):					
Passenger	\$ 2,000	\$ 1,207	\$ 2,445	66 %	(18) %
Other	60	43	63	40 %	(5) %
Total operating revenues	\$ 2,060	\$ 1,250	\$ 2,508	65 %	(18) %
Operating statistics:					
Available seat miles (millions)	26,867	16,955	28,120	58 %	(4) %
Revenue passenger miles (millions)	20,380	11,443	24,203	78 %	(16) %
Average stage length (statute miles)	968	999	1,051	(3) %	(8) %
Load factor (%)	75.9%	67.5%	86.1%	8.4 pts	(10.2) pts
Total revenue per available seat mile (RASM) (¢)	7.67	7.37	8.92	4 %	(14) %
Total revenue per passenger (\$)	99.49	111.23	109.91	(11) %	(9) %
Passengers (thousands)	20,709	11,238	22,823	84 %	(9) %

Total operating revenue increased \$810 million, or 65%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, as we experienced increased demand for leisure travel as COVID-19 vaccines were available and widely utilized as compared to the year ended December 31, 2020. Revenue was favorably impacted by the 58% capacity growth, as measured by ASMs, as well as the increase in our load factor from 67.5% during year ended December 31, 2020 to 75.9% for the year ended December 31, 2021. Additionally, our total revenue per passenger was lower during the year ended December 31, 2021 due primarily to the decrease in expected and actual expiration of customer rights to book future travel recognized in 2021 as compared to the corresponding prior year period.

Total operating revenue decreased \$448 million, or 18%, during the year ended December 31, 2021, as compared to year ended December 31, 2019, primarily due to a lower revenue per passenger as well as the decrease in our load factor from 86.1% during the year ended December 31, 2019 to 75.9% for the year ended December 31, 2021, which resulted in RASM decreasing 14%. In addition, revenue was unfavorably impacted by the 4% capacity decline, as measured by ASMs caused by lower utilization per aircraft offset by a 20% increase of aircraft in service.

Operating Expenses

	Year Ended December 31,			Change		Cost per ASM			Change	
	2021	2020	2019	2021 vs 2020	2021 vs 2019	2021	2020	2019	2021 vs 2020	2021 vs 2019
Operating expenses (\$ in millions):(a)										
Aircraft fuel	\$ 575	\$ 338	\$ 640	70 %	(10)%	2.14 ¢	2.00 ¢	2.27 ¢	7 %	(6)%
Salaries, wages and benefits	616	533	529	16 %	16 %	2.29	3.14	1.88	(27)%	22 %
Aircraft rent	530	396	368	34 %	44 %	1.97	2.34	1.31	(16)%	50 %
Station operations	384	257	336	49 %	14 %	1.43	1.52	1.19	(6)%	20 %
Sales and marketing	109	78	130	40 %	(16)%	0.41	0.46	0.46	(11)%	(11)%
Maintenance materials and repairs	119	83	86	43 %	38 %	0.44	0.49	0.31	(10)%	42 %
Depreciation and amortization	38	33	46	15 %	(17)%	0.14	0.19	0.16	(26)%	(13)%
CARES Act credits	(295)	(193)	—	53 %	N/M	(1.10)	(1.14)	—	(4)%	N/M
Other operating expenses	101	90	64	12 %	58 %	0.38	0.53	0.24	(28)%	58 %
Total operating expenses	\$ 2,177	\$ 1,615	\$ 2,199	35 %	(1)%	8.10 ¢	9.53 ¢	7.82 ¢	(15)%	4 %

Operating statistics:

Available seat miles (millions)	26,867	16,955	28,120	58 %	(4)%
Average stage length (statute miles)	968	999	1,051	(3)%	(8)%
Departures	143,476	88,642	138,570	62 %	4 %
CASM (excluding fuel) (¢)	5.96	7.53	5.55	(21)%	7 %
Adjusted CASM (excluding fuel) (¢)	7.02	8.63	5.44	(19)%	29 %
Fuel cost per gallon (\$)	2.17	2.08	2.22	4 %	(2)%
Fuel gallons consumed (thousands)	265,558	162,241	288,510	64 %	(8)%

(a) Cost per ASM figures may not recalculate due to rounding.

Reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest

	Year Ended December 31,					
	2021		2020		2019	
	(\$ in millions)	Per ASM (¢)	(\$ in millions)	Per ASM (¢)	(\$ in millions)	Per ASM (¢)
Non-GAAP financial data (unaudited):^(a)						
CASM		8.10		9.53		7.82
Aircraft fuel	(575)	(2.14)	(338)	(2.00)	(640)	(2.27)
CASM (excluding fuel)		5.96		7.53		5.55
Early lease termination costs ^(b)	(11)	(0.04)	—	—	—	—
Cares Act – grant recognition and employee retention credits ^(c)	295	1.10	193	1.14	—	—
Write-off of deferred registration statement costs due to significant market uncertainty ^(d)	—	—	(7)	(0.04)	—	—
Pilot phantom equity ^(e)	—	—	—	—	(5)	(0.02)
Collective bargaining contract ratification ^(f)	—	—	—	—	(22)	(0.07)
Flight attendant early out program ^(g)	—	—	—	—	(5)	(0.02)
Adjusted CASM (excluding fuel)		7.02		8.63		5.44
Aircraft fuel	575	2.14	338	2.00	640	2.27
Derivative de-designation and mark to market adjustment ^(h)	—	—	(52)	(0.31)	—	—
Adjusted CASM		9.16		10.32		7.71
Net interest expense (income)	27	0.11	7	0.04	(16)	(0.06)
CARES Act – mark to market impact for warrants ⁽ⁱ⁾	(22)	(0.09)	(9)	(0.05)	—	—
Adjusted CASM + net interest		9.18		10.31		7.65
CASM		8.10		9.53		7.82
Net interest expense (income)	27	0.11	7	0.04	(16)	(0.06)
CASM + net interest		8.21		9.57		7.76

(a) Figures may not recalculate due to rounding.

(b) As a result of an early termination and buyout agreement executed in May 2021 with one of our lessors, we were able to accelerate the removal of the remaining four A319 aircraft from our fleet. These aircraft were originally scheduled to return in December 2021 and were instead returned during the second and third quarters of 2021. During the year ended December 31, 2021, we incurred \$10 million in aircraft rent costs and \$1 million in depreciation relating to the acceleration and resulting changes to our lease return obligations.

(c) Represents (i) the recognition of \$278 million of the grant funding received from the Treasury for payroll support during the year ended December 31, 2021 as part of the PSP2 and PSP3 Agreements under the CARES Act along with \$17 million of CARES Employee Retention Credits and (ii) the recognition of \$177 million of net grant funding received from the Treasury for payroll support during the year ended December 31, 2020 as part of the PSP Agreement under the CARES Act, along with \$16 million of CARES Employee Retention Credits.

(d) Represents the write-off of our deferred IPO preparation costs during the first quarter of 2020 due to the impact of the COVID-19 pandemic and the resulting uncertainty on our ability to access the capital markets.

(e) Represents the impact of the change in value and vesting of phantom equity units pursuant to the Pilot Phantom Equity Plan. In accordance with the amended and restated phantom equity agreement, the remaining phantom equity obligation became fixed as of December 31, 2019 and is no longer subject to valuation adjustments.

(f) Represents \$15 million of costs related to a one-time contract ratification incentive, plus \$3 million in payroll-related taxes and certain other compensation and benefits-related accruals earned through March 31, 2019 and committed to by us as part of a tentative agreement with the union representing our flight attendants that was reached in March 2019 for a contract that was ratified and became effective in May 2019, in addition to \$4 million in pilot vacation accrual adjustments as a result of the ratified agreement with the union representing our pilots specifically tied to the implementation of a preferred bidding system.

- (g) Represents expenses associated with an early out program agreed to in 2019 with our flight attendants, payable throughout 2019, 2020 and 2021.
- (h) Due to the significant reduction in demand resulting from the COVID-19 pandemic, our future anticipated consumption of fuel dropped significantly and we therefore de-designated hedge accounting in March 2020 on the derivative positions where the future consumption was not deemed probable, which primarily related to our written put options on our costless collars. The \$52 million charge is the result of the de-designation and the resulting mark to market impact on the quantities where consumption was not deemed probable.
- (i) Represents the mark to market adjustment to the value of the warrants issued as part of the funding provided under the CARES Act. This amount is a component of interest expense. As a result of our IPO and the resulting reclassification of warrants from liability based awards to equity based awards, as of April 6, 2021, we no longer mark to market the warrants.

Aircraft Fuel. Aircraft fuel expense increased by \$237 million, or 70%, during the year ended December 31, 2021, as compared to the corresponding prior year period. The increase was primarily due to the 64% increase in fuel gallons consumed due to the higher capacity and a 4% increase in fuel rates. The increase in fuel rates was partially offset by the \$82 million in losses associated with fuel hedges during the year ended December 31, 2020. We had no fuel hedges (and no fuel hedge gains or losses) in the year ended December 31, 2021.

Aircraft fuel expense decreased by \$65 million, or 10%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019. The decrease was due to a 8% decrease in fuel gallons consumed due to lower load factor and capacity, a 2% decrease in fuel rates and \$17 million in losses associated with fuel hedges during the year ended December 31, 2019. We had no fuel hedges in the year ended December 31, 2021.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$83 million, or 16%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. We did not reduce headcount during either period and have operated in accordance with the provisions of the CARES Act, which began in March 2020 and ended in September 2021. The increase was primarily due to increased crew expenses caused by higher credit hours and rates as a result of increased capacity, as well as higher employee benefit costs for the year ended December 31, 2021, as compared to the year ended December 31, 2020.

Salaries, wages and benefits expense increased by \$87 million, or 16%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019. The increase was primarily due to increased crew expenses caused by higher rates, higher employee benefit costs, stock based compensation and an 11% increase in FTEs for the year ended December 31, 2021, as compared to the year ended December 31, 2019.

Aircraft Rent. Aircraft rent expense increased by \$134 million, or 34%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, primarily due to a \$62 million net unfavorable impact from the \$31 million in vendor deferrals granted in 2020 that were paid and expensed during the year ended December 31, 2021. Further increases were due to the impact of a larger fleet, higher costs associated with anticipated lease returns and the early termination costs of the leases related to our remaining A319 aircraft.

Aircraft rent expense increased by \$162 million, or 44%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019, primarily due to the impact of a larger fleet. In addition, further increases were due to \$31 million in vendor deferrals expensed during 2021 related to 2020 and higher costs associated with anticipated lease returns for tails in 2021 as compared to 2019.

Station Operations. Station operations expense increased by \$127 million, or 49%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, due to a 62% increase in departures and an 84% increase in passengers as demand continues to recover from the COVID-19 pandemic. These increases were partially offset by the fixed nature of certain charges as well as a \$7 million net favorable impact of additional deferral agreements in 2021 related to certain leases with our airport facilities that were negotiated to manage liquidity during recovery of the COVID-19 pandemic.

Station operations expense increased by \$48 million, or 14%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019, due to rate increases and a 4% increase in departures. These increases were partially offset by a \$9 million net favorable impact of payment deferral agreements related to certain

leases with our airport facilities based on negotiations with our vendors to manage liquidity as the effects of the COVID-19 pandemic persisted.

Sales and Marketing. Sales and marketing expense increased by \$31 million, or 40%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, primarily due to higher credit card fees resulting from the 65% increase in revenue and an increase in booking fees due to greater volume as demand continues to recover from the impacts of the COVID-19 pandemic.

Sales and marketing expense decreased by \$21 million, or 16%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019, primarily due to lower credit card fees resulting from the 18% decrease in revenue, reduced sales support and paid media advertising.

The following table presents our distribution channel mix:

Distribution Channel	Year Ended December 31,						Change			
	2021		2020		2019		2021 vs 2020		2021 vs 2019	
Our website, mobile app and other direct channels	71	%	76	%	73	%	(5)	pts	(2)	pts
Third-party channels	29	%	24	%	27	%	5	pts	2	pts

Maintenance Materials and Repairs. Maintenance materials and repair expense increased by \$36 million, or 43%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, due to higher flight hours due to the 31% increase in aircraft in service as compared to the highly constrained capacity during the year ended December 31, 2020, an increase in maintenance checks performed during 2021 and the impact of inflationary pressures.

Maintenance materials and repair expense increased by \$33 million, or 38%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019, due to increased costs in maintaining a larger fleet mainly caused by a 20% increase in average aircraft in service during the year ended December 31, 2021, increases relating to the timing and mix of maintenance events and the impact of inflationary pressures.

Depreciation and Amortization. Depreciation and amortization expense increased by \$5 million, or 15%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020, due to losses on asset disposal and an increase in capitalized maintenance.

Depreciation and amortization expense decreased by \$8 million, or 17%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019, primarily due to a decrease in capitalized maintenance due to return of leased aircraft.

CARES Act Credits. CARES Act credits increased by \$102 million, or 53%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. During the year ended December 31, 2021, we recognized \$278 million in net grant funding received from the Treasury under the PSP2 and PSP3 Agreements and \$17 million in CARES Employee Retention Credits, as compared to \$177 million in net PSP grant funding and \$16 million in CARES Employee Retention Credits recognized during year ended December 31, 2020.

Other Operating Expenses. Other operating expenses increased by \$11 million, or 12%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. The increase was driven primarily by increases in travel expenses relating to crew accommodations as well as higher other general and administrative costs due to increased capacity as demand continues to recover from the COVID-19 pandemic. These increases were partially offset by increased sale-leaseback gains of \$60 million due to higher aircraft deliveries during the year ended December 31, 2021, as compared to \$48 million during the year ended December 31, 2020, as well as the \$7 million write off of our deferred registration costs in 2020.

Other operating expenses increased by \$37 million, or 58%, during the year ended December 31, 2021, as compared to the year ended December 31, 2019. The increase was driven primarily by decreased sale-leaseback gains, as well as higher other general administrative costs. These increases were partially offset by decrease in travel expenses relating to crew accommodations.

Other Income (Expense). Other expenses increased by \$20 million, or 286%, during the year ended December 31, 2021, as compared to the year ended December 31, 2020. The increase was primarily due to \$22 million in interest expense related to the mark to market adjustments of warrants issued in conjunction with the PSP Promissory Notes and the Treasury Loan, as compared to \$9 million in the corresponding prior year, in addition to decreases in interest income resulting from lower interest rates. Further increases in interest expense relate to increased principal balances from CARES Act funding outstanding during the year ended December 31, 2021.

We incurred \$27 million in other expenses during the year ended December 31, 2021, as compared to \$16 million in other income for the year ended December 31, 2019. The change was primarily due to \$22 million in interest expense related to the mark to market adjustments of warrants issued in conjunction with the PSP Promissory Notes and the Treasury Loan, in addition to decreases in interest income resulting from lower principal balances and interest rates as well as a reduction in capitalized interest as compared to the year ended December 31, 2019.

Income Taxes. Our effective tax rate for the year ended December 31, 2021 was a benefit of 29.2%, compared to a benefit of 39.5% for the year ended December 31, 2020. The effective tax rate for the year ended December 31, 2021 is higher than the statutory rate primarily due to the release of the reserves related to uncertain tax positions for which the statute of limitations has expired and excess tax benefits associated with our stock-based compensation arrangements which was partially offset by non-deductible interest from the mark to market adjustments from the warrants issued to the Treasury as part of our participation in the PSP, PSP2, PSP3, and the Treasury Loan. The effective tax rate for the year ended December 31, 2020 was favorably impacted by the CARES Act benefit which allowed the 2020 net operating loss to be carried back to tax years in which a federal 35% tax rate applied, resulting in a 14% permanent rate benefit. In addition, the prior year rate was also favorably impacted by the inclusion of the tax deduction for the payments made to FAPAINvest, LLC, as described further in Note 11, in the notes to our consolidated financial statements.

Reconciliation of Net income (loss) to Adjusted net income, EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR

	Year Ended December 31,					
	2021		2020		2019	
	(in millions)					
Non-GAAP financial data (unaudited):						
Adjusted net income (loss) ^(a)	\$	(299)	\$	(301)	\$	276
EBITDA ^(a)	\$	(79)	\$	(332)	\$	355
EBITDAR ^(b)	\$	451	\$	64	\$	723
Adjusted EBITDA ^(a)	\$	(364)	\$	(466)	\$	387
Adjusted EBITDAR ^(b)	\$	156	\$	(70)	\$	755

(a) Adjusted net income, EBITDA and Adjusted EBITDA are included as supplemental disclosures because we believe they are useful indicators of our operating performance. Derivations of net income and EBITDA are well-recognized performance measurements in the airline industry that are frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

Adjusted net income, EBITDA and Adjusted EBITDA have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted net income, EBITDA and Adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; Adjusted net income, EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; EBITDA, and Adjusted EBITDA do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness or possible cash requirements related to our warrants; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted net income, EBITDA and Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted net income, EBITDA and Adjusted EBITDA should not be considered in isolation from or as a substitute for performance measures calculated in accordance with GAAP. In addition, because derivations of Adjusted net income, EBITDA and Adjusted EBITDA are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of Net income and EBITDA, including Adjusted net income and Adjusted EBITDA, as presented may not be directly comparable to similarly titled measures presented by other companies.

For the foregoing reasons, each of Adjusted net income, EBITDA and Adjusted EBITDA has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

(b) EBITDAR and Adjusted EBITDAR are included as a supplemental disclosure because we believe them to be useful solely as valuation metrics for airlines as their calculations isolate the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by capital lease or by operating lease, each of which is presented differently for accounting purposes), and income taxes, which may vary significantly between periods and for different airlines for reasons unrelated to the underlying value of a particular airline. However, EBITDAR and Adjusted EBITDAR are not determined in accordance with GAAP, are susceptible to varying calculations and not all companies calculate the measure in the same manner. As a result, EBITDAR and Adjusted EBITDAR, as presented, may not be directly comparable to similarly titled measures presented by other companies. In addition, EBITDAR and Adjusted EBITDAR should not be viewed as a measure of overall performance since they exclude aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. Accordingly, you are cautioned not to place undue reliance on this information.

	Year Ended December 31,		
	2021	2020	2019
	(in millions)		
Adjusted net income (loss) reconciliation (unaudited):			
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Non-GAAP Adjustments:			
Early lease termination costs	11	—	—
Cares Act – grant recognition and employee retention credits	(295)	(193)	—
Write-off of deferred registration statement costs due to significant market uncertainty	—	7	—
Derivative de-designation and mark to market adjustment	—	52	—
Pilot phantom equity	—	—	5
Collective bargaining contract ratification	—	—	22
Flight attendant early out program	—	—	5
CARES Act – mark to market impact for warrants	22	9	—
Pre-tax impact	(262)	(125)	32
Tax benefit (expense) related to non-GAAP adjustments	65	49	(7)
Adjusted net income (loss)	\$ (299)	\$ (301)	\$ 276
EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):			
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Plus (minus):			
Interest expense	33	18	11
Capitalized interest	(4)	(6)	(11)
Interest income and other	(2)	(5)	(16)
Income tax expense (benefit)	(42)	(147)	74
Depreciation and amortization	38	33	46
EBITDA	(79)	(332)	355
Plus: Aircraft rent	530	396	368
EBITDAR	\$ 451	\$ 64	\$ 723
EBITDA	\$ (79)	\$ (332)	\$ 355
Plus (minus)^(a):			
Early lease termination costs	10	—	—
Cares Act – grant recognition and employee retention credits	(295)	(193)	—
Write-off of deferred registration statement costs due to significant market uncertainty	—	7	—
Derivative de-designation and mark to market adjustment	—	52	—
Pilot phantom equity	—	—	5
Collective bargaining contract ratification	—	—	22
Flight attendant early out program	—	—	5
Adjusted EBITDA	(364)	(466)	387
Plus: Aircraft rent ^(b)	520	396	368
Adjusted EBITDAR	\$ 156	\$ (70)	\$ 755

(a) See “Reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest” above for discussion on adjusting items.

(b) Represents aircraft rent expense included in Adjusted EBITDA. Excludes aircraft rent expense of \$10 million for the year ended December 31, 2021 for costs incurred due to the early termination of our A319 leased aircraft. See footnote (b) under the caption “Reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest”.

Comparative Operating Statistics

The following table sets forth our operating statistics for the years ended December 31, 2021, 2020 and 2019. These operating statistics are provided because they are commonly used in the airline industry and, as such, allow readers to compare our performance against our results for the prior year periods, as well as against the performance of our peers.

	Year Ended December 31,			Percent Change			
	2021	2020	2019	2021 vs. 2020		2021 vs. 2019	
Operating statistics (unaudited)^(a)							
Available seat miles (ASMs) (millions)	26,867	16,955	28,120	58	%	(4)	%
Departures	143,476	88,642	138,570	62	%	4	%
Average stage length (statute miles)	968	999	1,051	(3)	%	(8)	%
Block hours	381,018	235,974	389,476	61	%	(2)	%
Average aircraft in service	106	81	88	31	%	20	%
Aircraft – end of period	110	104	98	6	%	12	%
Average daily aircraft utilization (hours)	9.8	8.0	12.2	23	%	(20)	%
Passengers (thousands)	20,709	11,238	22,823	84	%	(9)	%
Average seats per departure	193	191	192	1	%	1	%
Revenue passenger miles (RPMs) (millions)	20,380	11,443	24,203	78	%	(16)	%
Load Factor (%)	75.9 %	67.5 %	86.1 %	8.4	pts	(10.2)	pts
Fare revenue per passenger (\$)	38.94	48.78	52.80	(20)	%	(26)	%
Non-fare passenger revenue per passenger (\$)	57.65	58.66	54.33	(2)	%	6	%
Other revenue per passenger (\$)	2.90	3.79	2.78	(23)	%	4	%
Total revenue per passenger (\$)	99.49	111.23	109.91	(11)	%	(9)	%
Total revenue per available seat mile (RASM) (¢)	7.67	7.37	8.92	4	%	(14)	%
Cost per available seat mile (CASM) (¢)	8.10	9.53	7.82	(15)	%	4	%
CASM (excluding fuel) (¢)	5.96	7.53	5.55	(21)	%	7	%
CASM + net interest (¢)	8.21	9.57	7.76	(14)	%	6	%
Adjusted CASM (¢) ^(b)	9.16	10.32	7.71	(11)	%	19	%
Adjusted CASM (excluding fuel) (¢) ^(b)	7.02	8.63	5.44	(19)	%	29	%
Adjusted CASM + net interest (¢) ^(b)	9.18	10.31	7.65	(11)	%	20	%
Fuel cost per gallon (\$)	2.17	2.08	2.22	4	%	(2)	%
Fuel gallons consumed (thousands)	265,558	162,241	288,510	64	%	(8)	%
Employees (FTE)	5,481	4,974	4,935	10	%	11	%

(a) See “Glossary of Airline Terms” for definitions of terms used in this table.

(b) For a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

Liquidity, Capital Resources and Financial Position

As of December 31, 2021, we had \$918 million of total available liquidity made up of cash and cash equivalents, \$127 million of net short-term debt and \$287 million of net long-term debt. The \$414 million of total net debt is comprised of our \$150 million Treasury Loan, \$174 million pre-delivery payment facility (“PDP Financing Facility”), \$66 million PSP Promissory Notes, \$18 million in secured indebtedness for our headquarters building, and a \$15 million pre-purchased miles facility with Barclays, partly offset by \$9 million in deferred debt acquisition costs and other discounts.

We completed our IPO on April 6, 2021, at an offering price of \$19.00 per share. We issued and sold 15 million shares of common stock and our selling stockholders sold 15 million shares of common stock in the IPO. We did not receive any of the proceeds from the sale of shares by our selling stockholders. In April 2021, we received net proceeds of \$266 million after deducting underwriting discounts and commissions of \$14 million and offering costs of \$5 million, which consisted of direct incremental legal, accounting, consulting and other fees relating to the IPO exclusive of any income tax benefits from the transaction.

On December 3, 2013, to give effect to the reorganization of our corporate structure, an agreement was reached to amend and restate a phantom equity agreement with our pilots. Under the terms of this agreement, pilots received phantom equity units which became fully vested in 2016. Each unit constituted the right to receive the cash value of a share of our common stock or, in certain circumstances, a share of common stock in connection with certain events. As of December 31, 2019, the final associated liability agreed to by FAPAInvest, LLC became fixed and the associated liability was \$137 million, of which \$111 million was paid in March 2020 and the remaining \$26 million is to be paid in March 2022 and, as such, is presented within other long-term liabilities and other current liabilities on our consolidated balance sheets as of December 31, 2020 and December 31, 2021, respectively.

On February 5, 2022, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Top Gun Acquisition Corp., a direct wholly owned subsidiary of ours (“Merger Sub”) and Spirit Airlines, Inc. (“Spirit”). The Merger Agreement provides that, among other things, the Merger Sub will be merged with and into Spirit (the “Merger”), with Spirit surviving the Merger and continuing as a wholly owned subsidiary of ours.

We continue to monitor our covenant compliance with various parties, including, but not limited to, our lenders and credit card processors. As of December 31, 2021, we are in compliance with all of our covenants, except we have obtained a waiver of relief for the covenant provisions through the second quarter of 2022 related to one of our credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to existing covenants to reflect the downturn due to the COVID-19 pandemic.

The following table presents the major indicators of our financial condition and liquidity.

	December 31,			
	2021		2020	
	(\$ in millions)			
Cash and cash equivalents	\$	918	\$	378
Total current assets, excluding cash and cash equivalents	\$	119	\$	272
Total current liabilities, excluding current maturities of long-term debt and operating leases	\$	755	\$	486
Current maturities of long-term debt, net	\$	127	\$	101
Long-term debt, net	\$	287	\$	247
Stockholders' equity	\$	530	\$	310
Debt to capital ratio		44 %		53 %
Debt to capital ratio, including operating lease obligations		84 %		89 %

Use of Cash

Our cash requirements, and ability to generate the cash flow, have been and continue to be, adversely impacted by the COVID-19 pandemic. However, we expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to, potential future borrowings on our credit facility and/or potential issuance of debt or equity. Our primary uses of cash are for working capital, aircraft pre-delivery payments, debt repayments, capital expenditures, and maintenance reserve deposits.

Our single largest capital commitment relates to the acquisition of aircraft. As of December 31, 2021, we operated all of our 110 aircraft under operating leases. Pre-delivery payments relating to future deliveries under our agreement with Airbus are required at various times prior to each aircraft's delivery date. As of December 31, 2021, we had \$260 million of pre-delivery payments held by Airbus which has been partially financed by our PDP Financing Facility. As of December 31, 2021 our PDP Financing Facility had \$174 million outstanding which we have the ability to draw up to an aggregate of \$200 million on. As of December 31, 2021, we had a firm obligation to purchase 234 A320neo family aircraft by 2029, none of which had a committed operating lease. We intend to evaluate financing options for the aircraft on order.

Additionally, we are required by some of our aircraft leases to pay maintenance reserves to our respective aircraft lessors in advance of our performance of major maintenance activities; these payments act as collateral for the lessors to ensure aircraft are returned in the agreed upon condition at the end of the lease period. Qualifying payments that are expected to be recovered from lessors are recorded as aircraft maintenance deposits on our consolidated balance sheets. A portion of our cash is, therefore, unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. During the years ended December 31, 2021 and 2020, we made \$20 million and \$15 million, respectively, in maintenance deposit payments to our lessors. As of December 31, 2021, we had \$108 million in recoverable aircraft maintenance deposits on our consolidated balance sheets, of which \$10 million was included in accounts receivable because the eligible maintenance had been performed.

On February 2, 2022, we repaid the Treasury Loan which included the \$150 million principal balance along with accrued interest of \$1 million to settle the liability with the Treasury. By repaying the amounts outstanding under our Treasury Loan facility we consequently unencumbered our co-brand credit card program that collateralized the facility. We believe that our loyalty program, encompassing our co-brand credit card program and *Discount Den* subscription program, together with the Frontier brand could act as collateral for debt financing that could generate substantial liquidity should the need arise.

Additionally, upon completion of the Merger, we will have a cash requirement of \$2.13 per each share of outstanding Spirit common stock. Based on the number of outstanding shares disclosed in Spirit's Annual Report on Form 10-K as filed with the SEC on February 8, 2022, our cash requirement will be approximately \$231 million in the aggregate, payable at the closing of the Merger.

The following table summarizes current and long-term material cash requirements as of December 31, 2021, which we expect to fund primarily with operating cash flows (in millions):

	Material Cash Requirements						
	2022	2023	2024	2025	2026	Thereafter	Total
Long-term debt ⁽¹⁾	\$ 127	\$ 61	\$ 4	\$ 150 ⁽⁴⁾	\$ —	\$ 81	\$ 423
Interest commitments ⁽²⁾	8	6	5	4	2	6	31
Operating lease obligations	456	435	419	396	332	915	2,953
Flight equipment purchase obligations	784	1,215	1,450	1,754	2,345	6,218	13,766
Maintenance deposit obligations ⁽³⁾	3	3	3	3	3	9	24
Total	\$ 1,378	\$ 1,720	\$ 1,881	\$ 2,307	\$ 2,682	\$ 7,229	\$ 17,197

(1) Includes principal only associated with our PDP Financing Facility due through 2024, our floating rate building note through 2023, the Treasury Loan through 2025, our affinity card unsecured debt due through 2029, and the PSP Promissory Notes through 2031. See Note 9, Debt, in the notes to our consolidated financial statements.

(2) Represents interest on long-term debt.

(3) Represents fixed maintenance reserve payments for aircraft including estimated amounts for contractual price escalations.

(4) Represents the Treasury Loan repaid on February 2, 2022.

Cash Flows

The following table presents information regarding our cash flows in the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
	(in millions)	
Net cash provided by (used in) operating activities	\$ 216	\$ (557)
Net cash provided by (used in) investing activities	(67)	11
Net cash provided by financing activities	391	156
Net increase (decrease) in cash, cash equivalents and restricted cash	540	(390)
Cash, cash equivalents and restricted cash at beginning of period	378	768
Cash, cash equivalents and restricted cash at end of period	\$ 918	\$ 378

Operating Activities

During the year ended December 31, 2021, net cash provided by operating activities totaled \$216 million, which was primarily driven by \$338 million inflows from changes in net operating assets and liabilities partly offset by \$102 million net loss resulting from the significant impact the COVID-19 pandemic had on our operations.

The \$338 million of inflows from other net operating assets and liabilities includes:

- \$174 million cash inflow from supplies and other current assets due primarily to the decrease in other current assets, \$158 million of which is related to the receipt of our 2020 federal income tax receivable;
- \$138 million increase in our air traffic liability as a result of increased bookings;
- \$13 million increase in accounts payable and \$84 million increase in other liabilities as our operational related accruals increased during 2021 in line with demand, capacity and overall departure increases.

These cash inflows due to changes in our operating assets and liabilities were partly offset by an increase to our other long-term assets as well as higher maintenance and credit card receivables and increases to our aircraft maintenance deposits.

Our net loss of \$102 million includes the following significant items that were adjusted in arriving at cash provided by operating activities:

- \$60 million of gains recognized on sale-leaseback transactions;
- \$32 million deferred tax benefit partly offset by;
- \$38 million depreciation and amortization;
- \$22 million unrealized loss on the mark to market of our warrant liability with the Treasury;
- \$11 million stock-based compensation expense; and
- \$1 million amortization of swaption cash flow hedges, net of tax.

In response to the COVID-19 pandemic, we were granted rent payment deferrals totaling a net favorable impact of \$31 million and \$2 million which were not included within aircraft rent expense or station operations, respectively, within the consolidated statements of operations for the year ended December 31, 2020. The impact of the deferrals decreased operating cash flows and unfavorably impacted our results of operations by \$22 million for the year ended December 31, 2021. The deferral impact included a \$31 million unfavorable impact to aircraft rent for the year ended December 31, 2021 which was partially offset by additional station deferrals granted during the year ended December 31, 2021 which resulted in a \$9 million favorable impact for the year ended December 31, 2021. As of December 31, 2021, we had paid back all of our aircraft rent deferrals, and had \$11 million in station deferrals yet to be recognized. The remaining deferrals will be recognized throughout future years as such amounts are paid.

Investing Activities

During the year ended December 31, 2021, net cash used in investing activities totaled \$67 million, driven by:

- \$36 million net payments for pre-delivery deposit activity;
- \$27 million cash outflows for capital expenditures; and
- \$4 million cash outflows relating to other investing activity.

Financing Activities

During the year ended December 31, 2021, net cash provided by financing activities was \$391 million, primarily driven by:

- \$266 million aggregate net proceeds from our IPO;
- \$66 million in proceeds from the issuance of long-term debt net of principal repayments due to \$33 million of proceeds from the PSP2 and PSP3 Promissory Notes in addition to net borrowings under our PDP Financing Facility;
- \$59 million in net proceeds received from sale-leaseback transactions; and
- \$3 million in proceeds from the exercise of stock options; partially offset by
- \$3 million of payments for tax withholdings related to vesting of share-based awards.

Commitments and Contractual Obligations

Our contractual purchase commitments as of December 31, 2021 include future aircraft and engine acquisitions. Except to the extent set forth in the applicable notes to our consolidated financial statements, the table below does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time. Due to uncertainty surrounding the timing of delivery of certain aircraft, the amounts in this table represent our

current best estimate; however, the actual delivery schedule may differ from the table below.

Year Ending	A320neo	A321neo	Total Aircraft	Engines
2022	9	5	14	5
2023	—	21	21	2
2024	—	24	24	2
2025	17	13	30	3
2026	19	22	41	3
Thereafter	31	73	104	6
Total	76	158	234	21

During October 2019, we entered into an amendment with Airbus that allows us the option to convert 18 A320neo aircraft to A321XLR aircraft. This conversion right is available until December 31, 2022 and is not reflected in the table above as this option has not been exercised.

During July 2021, we signed a letter of intent with two of our leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the second half of 2022 and continuing into the first half of 2023. As of December 31, 2021, we entered into a signed direct lease agreement for seven of the additional aircraft, while the remaining three are covered under a non-binding letter of intent. None of these ten aircraft that will be acquired through direct leases are reflected in the table above given these are not committed purchase agreements.

In November 2021, we entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement, which are expected to be delivered starting in 2023 and continuing through 2029, all of which are reflected in the table above.

As of December 31, 2021, all 110 aircraft in our fleet were subject to operating leases. These leases expire between 2022 and the end of 2033. Leases for eight of our aircraft could generally be renewed at rates based on fair market value at the end of a lease term for a four-year extension.

Separately, we have various leases with respect to real property as well as various agreements among airlines relating to fuel consortia or fuel farms at airports. Under some of these contracts, we are party to joint and several liability regarding damages. Under others, where we are a member of an LLC or other entity that contracts directly with the airport operator, liabilities are borne through the fuel consortia structure. Our aircraft, services, equipment lease and sale and financing agreements typically contain provisions requiring us, as the lessee, obligor or recipient of services, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or such other equipment. We believe that our insurance would cover most of our exposure to liabilities and related indemnities associated with the commercial real estate leases and aircraft, services, equipment lease and sale and financing agreements described above.

Certain of our aircraft and other financing transactions include provisions that require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions and other agreements, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. entities to withholding taxes.

Certain of these indemnities survive the length of the related financing or lease. We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered and the amount that would be payable

if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

Recently Adopted Accounting Pronouncements

See Note 1, Summary of Significant Accounting Policies, in the notes to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for a discussion of recent accounting pronouncements.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

“A320 family” means, collectively, the Airbus series of single-aisle aircraft, including the A319ceo, A320ceo, A320neo, A321ceo and A321neo aircraft.

“A320neo family” means, collectively, the Airbus series of single-aisle aircraft that feature the new engine option, including the A320neo and A321neo aircraft.

“Adjusted CASM” means operating expenses, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Adjusted CASM including net interest” or “Adjusted CASM + net interest” means the sum of Adjusted CASM and Net interest expense (income) excluding special items divided by ASMs. For a discussion of such special items and a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Adjusted CASM (excluding fuel)” means operating expenses less aircraft fuel expense, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to Adjusted CASM (excluding fuel) and Adjusted CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Air traffic liability” or “ATL” means the value of tickets and other related fees sold in advance of travel.

“Ancillary revenue” means the sum of non-fare passenger revenue and other revenue.

“Available seat miles” or “ASMs” means the number of seats available for passengers multiplied by the number of miles the seats are flown.

“Average aircraft in service” means the average number of aircraft used in flight operations, as calculated on a daily basis.

“Average daily aircraft utilization” means block hours divided by number of days in the period divided by average aircraft.

“Average stage length” means the average number of statute miles flown per flight segment.

“Block hours” means the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

“CASM” or “unit costs” means operating expenses divided by ASMs.

“CBA” means a collective bargaining agreement.

“CASM including net interest” means the sum of CASM and Net interest expense (income) divided by ASMs.

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“Fare revenue” consists of base fares for air travel, including mileage credits redeemed under our frequent flyer program, unused and expired passenger credits, other redeemed or expired travel credits and revenue derived from charter flights.

“Fare revenue per passenger” means fare revenue divided by passengers.

“FTE” means full-time equivalent employee.

“GDS” means a Global Distribution System such as Amadeus, Sabre and Travelport, used by travel agencies and corporations to purchase tickets on participating airlines.

“LCC” means low-cost carrier.

“Load factor” means the percentage of aircraft seat miles actually occupied on a flight (RPMs divided by ASMs).

“Net interest expenses (income)” means interest expense, capitalized interest, interest income and other.

“NMB” means the National Mediation Board.

“Non-fare passenger revenue” consists of fees related to certain ancillary items such as baggage, service fees, seat selection, and other passenger-related revenue that is not included as part of base fares for travel.

“Non-fare passenger revenue per passenger” means non-fare passenger revenue divided by passengers.

“Other revenue” consists primarily of services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *Frontier Miles* affinity credit card program and commissions revenue from the sale of items such as rental cars and hotels.

“Other revenue per passenger” means other revenue divided by passengers.

“Passengers” means the total number of passengers flown on all flight segments.

“Passenger revenue” consists of fare revenue and non-fare passenger revenue.

“PDP” means pre-delivery deposit payments, which are payments required by aircraft manufacturers in advance of delivery of the aircraft.

“RASM” or “unit revenue” means total revenue divided by ASMs.

“Revenue passenger miles” or “RPMs” means the number of miles flown by passengers.

“RLA” means the United States Railway Labor Act.

“Total Revenue per passenger” means the sum of fare revenue, non-fare passenger revenue, and other revenue (collectively, “Total Revenue”) divided by passengers.

“Treasury” means the United States Department of the Treasury

“TSA” means the United States Transportation Security Administration.

“ULCC” means ultra low-cost carrier.

“VFR” means visiting friends and relatives.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, specifically with respect to aircraft fuel, as well as interest and foreign exchange rate risk. The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided 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 and are also impacted by the number of aircraft in use and the number of flights we operate. Aircraft fuel represented approximately 26%, 21% and 29% of total operating expenses for the years ended December 31, 2021, 2020, and 2019, respectively. Unexpected changes in the pricing of aircraft fuel or a shortage or disruption in the supply could have a material adverse effect on our business, results of operations and financial condition. Based on our annual fuel consumption over the last 12 months, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased aircraft fuel expense by approximately \$58 million. Our strategy has been primarily to purchase out-of-the-money call options which are intended to provide protection against a large upward movement in fuel prices, while also allowing us to participate in any material fall in fuel prices. While this has been our strategy, we entered into collars during 2019 that resulted in significant payment in 2020 when the price of fuel fell below the put. As of December 31, 2021 we had no fuel derivative contracts outstanding.

We measure our fuel derivative instruments at fair value, which is determined using standard option valuation models that use observable market inputs including contractual terms, market prices, yield curves, fuel price curves and measures of volatility. Changes in the related commodity derivative instrument cash flows may change by more or less than the fair value based on further fluctuations in futures prices. Outstanding financial derivative instruments expose us to credit loss in the event of non-performance by the counterparties to the agreements.

Interest Rates. We are subject to market risk associated with changing interest rates, due to LIBOR-based interest rates on our PDP Financing Facility, floating rate building note, Treasury Loan and our affinity card advance purchase of mileage credits. For many of our aircraft leases, we may be exposed to interest rate risk for the time period between agreement of terms and commencement of the lease, where portions of the rental payments are adjusted and become fixed based on the seven or nine year swap rate. As part of our risk management program, we enter into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2021, we did not enter into any swaps and therefore, paid no upfront premiums for options. During the year ended December 31, 2020, we paid \$4 million in upfront premiums for the option to enter into and exercise cash settled swaps with a forward starting effective date. As of December 31, 2021, we have no interest rate hedges outstanding. During the year ended December 31, 2021 as applied to our average debt balances, a hypothetical increase of 100 basis points in average annual interest rates on our variable-rate debt would have increased the annual interest expense by \$3 million.

Foreign Exchange. We have *de minimis* foreign currency risks related to our station operating expenses denominated in currencies other than the U.S. dollar, primarily the Mexican peso, Dominican Republic peso and Canadian dollar. Our revenue is U.S. dollar denominated.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Frontier Group Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Frontier Group Holdings, Inc. (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended December 31, 2021 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Leased Aircraft Return Costs

Description of the matter

As described in Notes 1 and 10 to the consolidated financial statements, the Company's aircraft lease agreements often require the Company to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the leased airframe or engine's actual condition. Lease return costs are recognized beginning when it is probable that such costs will be incurred, and they can be estimated. When costs become both probable and estimable, they are accrued as a component of supplemental rent, through the remaining lease term. When determining the need to accrue lease return costs, there are various factors for which management considers such as the contractual terms of the lease agreement, current condition of the aircraft, the age of the aircraft at lease expiration, projected number of hours run on the engine at the time of return, the number of projected cycles run on the airframe at the scheduled time of return and the ability to utilize previously paid maintenance reserves to offset projected costs. As of December 31, 2021, the Company has accrued liabilities of \$49 million for leased aircraft return costs.

Auditing management's estimate of leased aircraft return costs required significant judgment given the complexity involved in determining the timing and cost of future maintenance events, including the estimated utilization of leased airframes and engines.

How we Addressed the Matter in Our Audit

To test the estimate of lease return costs, our audit procedures included, among others, testing the assumptions used and the accuracy and completeness of the underlying data used in the calculations. For example, to test the assumptions related to the timing of future maintenance events, we compared projected event timing to the time interval between recently completed maintenance events and against underlying regulatory requirements. We also confirmed current and projected utilization metrics and projected timing of events with maintenance personnel. We also tested the historical accuracy of management's forecasts of maintenance events by comparing when recent maintenance events occurred to management's initial projections. To test the assumptions related to cost, we compared the projected cost of future maintenance events to historical experience, or the costs required by the contractual agreements based on projected return condition of the airframe or engine at lease return.

Realizability of Deferred Tax Assets

Description of the matter

At December 31, 2021, the Company had deferred tax assets of \$646 million, inclusive of a related valuation allowance, and deferred tax liabilities of \$621 million. As discussed in Notes 1 and 17 to the consolidated financial statements, the Company records a valuation allowance based on the assessment of the realizability of the Company's deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, in management's judgment it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

Auditing management's assessment of recoverability of deferred tax assets involved subjective estimation and complex auditor judgment in weighing the positive and negative evidence to determine whether a valuation allowance for deferred tax assets is needed including the Company's estimate of future taxable income that may be affected by market and economic conditions.

How we Addressed the Matter in Our Audit

To test the realizability of the Company's deferred tax assets, our audit procedures included, among others, evaluating the assumptions used to develop the scheduling of the future reversal of existing taxable temporary differences and evaluating the assumptions used by the Company to develop projections of future taxable income. We compared the projections of future taxable income with the actual results of prior periods, as well as management's consideration of current industry and economic trends. We also compared the projections of future taxable income with other forecasted financial information prepared by the Company. In addition, we involved our tax specialists to evaluate the application of tax law in the performance of these procedures.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Denver, Colorado

February 23, 2022

FRONTIER GROUP HOLDINGS, INC.
Consolidated Balance Sheets
(in millions, except for share and per share data)

	December 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$ 918	\$ 378
Accounts receivable, net	50	28
Supplies, net	29	18
Other current assets	40	226
Total current assets	1,037	650
Property and equipment, net	186	176
Operating lease right-of-use assets	2,426	2,250
Pre-delivery deposits for flight equipment	260	224
Aircraft maintenance deposits	98	82
Intangible assets, net	29	29
Other assets	199	143
Total assets	\$ 4,235	\$ 3,554
Liabilities and stockholders' equity		
Accounts payable	\$ 86	\$ 71
Air traffic liability	273	135
Frequent flyer liability	13	13
Current maturities of long-term debt, net	127	101
Current maturities of operating leases	444	416
Other current liabilities	383	267
Total current liabilities	1,326	1,003
Long-term debt, net	287	247
Long-term operating leases	1,991	1,848
Long-term frequent flyer liability	41	50
Other long-term liabilities	60	96
Total liabilities	3,705	3,244
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, \$0.001 par value per share, with 217,065,096 and 199,438,098 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	381	60
Retained earnings	159	261
Accumulated other comprehensive income (loss)	(10)	(11)
Total stockholders' equity	530	310
Total liabilities and stockholders' equity	\$ 4,235	\$ 3,554

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Operations
(in millions, except for per share data)

	Year Ended December 31,		
	2021	2020	2019
Operating revenues:			
Passenger	\$ 2,000	\$ 1,207	\$ 2,445
Other	60	43	63
Total operating revenues	2,060	1,250	2,508
Operating expenses:			
Aircraft fuel	575	338	640
Salaries, wages and benefits	616	533	529
Aircraft rent	530	396	368
Station operations	384	257	336
Sales and marketing	109	78	130
Maintenance materials and repairs	119	83	86
Depreciation and amortization	38	33	46
CARES Act credits	(295)	(193)	—
Other operating	101	90	64
Total operating expenses	2,177	1,615	2,199
Operating income (loss)	(117)	(365)	309
Other income (expense):			
Interest expense	(33)	(18)	(11)
Capitalized interest	4	6	11
Interest income and other	2	5	16
Total other income (expense)	(27)	(7)	16
Income (loss) before income taxes	(144)	(372)	325
Income tax expense (benefit)	(42)	(147)	74
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Earnings (loss) per share:			
Basic	\$ (0.48)	\$ (1.13)	\$ 1.19
Diluted	\$ (0.48)	\$ (1.13)	\$ 1.19

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Comprehensive Income (Loss)
(in millions)

	Year Ended December 31,		
	2021	2020	2019
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Unrealized gains (losses) and amortization from cash flow hedges net of adjustment for de-designation of fuel hedges, net of deferred tax benefit/(expense) of less than \$(1), \$4, and \$(6) respectively (Note 7)	1	(15)	21
Other comprehensive income (loss)	1	(15)	21
Comprehensive income (loss)	\$ (101)	\$ (240)	\$ 272

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income (loss)	\$ (102)	(235)	251
Deferred income taxes	(32)	(14)	52
Depreciation and amortization	38	33	46
Gains recognized on sale-leaseback transactions	(60)	(48)	(107)
Warrant liability unrealized loss	22	9	—
Stock-based compensation	11	8	8
Amortization of swaption cash flow hedges, net of tax	1	—	—
Cash flows for derivative instruments, net	—	(4)	(1)
Cash flows from operating leases	—	17	—
Changes in operating assets and liabilities:			
Accounts receivable	(14)	61	(6)
Supplies and other current assets	174	(166)	(18)
Aircraft maintenance deposits	(20)	(15)	(18)
Other long-term assets	(37)	(32)	(29)
Accounts payable	13	—	24
Air traffic liability	138	(114)	36
Other liabilities	84	(67)	(67)
Cash provided by (used in) operating activities	216	(557)	171
Cash flows from investing activities:			
Capital expenditures	(27)	(16)	(45)
Re-delivery deposits for flight equipment, net of refunds	(36)	28	(17)
Other	(4)	(1)	—
Cash provided by (used in) investing activities	(67)	11	(62)
Cash flows from financing activities:			
Proceeds from issuance of debt	163	236	170
Principal repayments on debt	(97)	(126)	(139)
Proceeds from sale-leaseback transactions	59	47	92
Proceeds from initial public offering, net of offering costs, underwriting discounts and commissions	266	—	—
Proceeds from the exercise of stock options	3	—	—
Dividends paid	—	—	(159)
Tax withholdings on share-based awards	(3)	(1)	—
Other	—	—	(3)
Cash provided by (used in) financing activities	391	156	(39)
Net increase (decrease) in cash, cash equivalents and restricted cash	540	(390)	70
Cash, cash equivalents and restricted cash, beginning of period	378	768	698
Cash, cash equivalents and restricted cash, end of period	\$ 918	378	768

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity
(in millions, except for share data)

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance at December 31, 2018	199,143,218	\$ —	\$ 52	\$ 245	\$ (17)	\$ 280
Reclassification of sale-leaseback impact into retained earnings (Note 1)	—	—	—	149	—	149
Net income (loss)	—	—	—	251	—	251
Dividend and dividend equivalent rights	—	—	—	(159)	—	(159)
Restricted stock issued	55,632	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	61,940	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(17,936)	—	—	—	—	—
Unrealized gain from cash flow hedges, net of tax	—	—	—	—	21	21
Stock option repurchases	—	—	(3)	—	—	(3)
Stock-based compensation	—	—	3	—	—	3
Balance at December 31, 2019	199,242,854	\$ —	\$ 52	\$ 486	\$ 4	\$ 542
Net income (loss)	—	—	—	(225)	—	(225)
Restricted stock issued	99,408	—	—	—	—	—
Shares issued in connection with vesting of restricted stock units	134,900	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(39,064)	—	—	—	—	—
Unrealized loss from cash flow hedges net of adjustment for dedesignation of fuel hedges, net of tax (Note 7)	—	—	—	—	(15)	(15)
Stock-based compensation	—	—	8	—	—	8
Balance at December 31, 2020	199,438,098	\$ —	\$ 60	\$ 261	\$ (11)	\$ 310
Net income (loss)	—	—	—	(102)	—	(102)
Shares issued in connection with vesting of restricted stock units	645,206	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(200,735)	—	(3)	—	—	(3)
Amortization of swaption cash flow hedges, net of tax	—	—	—	—	1	1
Restricted stock unit repurchases	(20,368)	—	—	—	—	—
Stock option exercises	2,202,895	—	3	—	—	3
Stock-based compensation	—	—	11	—	—	11
Issuance of common stock upon initial public offering, net of offering costs, underwriting discounts and commissions (Note 1)	15,000,000	—	267	—	—	267
CARES Act warrants (Note 2)	—	—	43	—	—	43
Balance at December 31, 2021	217,065,096	\$ —	\$ 381	\$ 159	\$ (10)	\$ 530

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in the United States (“GAAP”) and include the accounts of Frontier Group Holdings, Inc. (“FGHI” or the “Company”) and its wholly-owned direct and indirect subsidiaries, including Frontier Airlines Holdings, Inc. (“FAH”) and Frontier Airlines, Inc. (“Frontier”). All wholly-owned subsidiaries are consolidated, with all intercompany transactions and balances being eliminated.

The Company is headquartered in Denver, Colorado. Frontier is an ultra low-cost, low-fare airline that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 120 airports.

The Company is managed as a single business unit that primarily provides air transportation for passengers. Management has concluded there is only one reportable segment.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Initial Public Offering

On March 31, 2021, the Company’s registration statement on Form S-1 relating to the Company’s initial public offering (“IPO”) was declared effective by the SEC, and the Company’s common stock began trading on the NASDAQ Global Select Market on April 1, 2021 under the symbol “ULCC”. The Company completed its IPO on April 6, 2021 at an offering price of \$19.00 per share, pursuant to the Company’s registration statement. The Company issued and sold 15 million shares of common stock and the Company’s selling stockholders sold 15 million shares of common stock in the IPO. The underwriters were granted an over-allotment option to purchase up to 4.5 million additional shares of common stock from the selling shareholders, at the IPO price of \$19.00 per share, less the underwriting discount, for 30 days from the date of the prospectus, which was exercised in full in April 2021. The Company did not receive any of the proceeds from the sale of shares by the Company’s selling stockholders. In April 2021, the Company received net proceeds of \$266 million after deducting underwriting discounts and commissions of \$14 million and offering costs of \$5 million, which consisted of direct incremental legal, accounting, consulting and other fees relating to the IPO, and exclusive of any income tax benefits from the transaction.

Leases

Effective January 1, 2019 the Company adopted ASU 2016-02, *Leases* (“ASU 2016-02”) using the modified retrospective transition method, with the cumulative-effect adjustment to the opening balance of retained earnings as of the effective date. Under the modified retrospective approach, financial results reported in periods prior to 2019 are unchanged. The Company also elected the package of practical expedients included in the new standard, which among other things, does not require a reassessment of lease classifications. The adoption of ASU 2016-02 had a significant impact on the Company’s consolidated balance sheets due to the recognition of \$2 billion of lease liabilities with corresponding right-of-use assets for operating leases (see Note 10).

Additionally, the Company recognized a \$149 million cumulative effect adjustment, net of tax, to retained earnings. The adjustment to retained earnings was driven by the recognition of unamortized deferred sale-leaseback

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

gains, net of tax. Prior to the adoption of ASU 2016-02, gains on sale-leaseback transactions were generally deferred and recognized in the income statement over the lease term. Under ASU 2016-02, to the extent control of the asset has transferred upon the sale, gains on sale-leaseback transactions are recognized immediately.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash and cash equivalents. Additionally, any items with maturities greater than three months that are readily convertible to known amounts of cash are considered cash and cash equivalents. Investments included in this category primarily consist of money market funds and time deposits.

Restricted Cash

Restricted cash may include certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. The Company holds restricted cash to secure medical claims paid. Restricted cash may also include funds held as collateral for future travel paid with a credit card. These funds may be held by credit card processors directly under contracts that require a holdback of funds equal to a certain percentage of the related air traffic liability. If the Company fails to maintain certain liquidity and other financial covenants, the credit card processors' rights to holdback would apply, which would result in a decrease of unrestricted cash. Restricted cash is carried at cost, which management believes approximates fair value. As of as of December 31, 2021 and 2020, the Company had less than \$1 million of restricted cash.

Accounts Receivable, net

Receivables primarily consist of amounts due from credit card receivables, amounts due from aircraft lessors for maintenance performed, amounts due from select airport locations under revenue share agreements and incentives due from vendors. The Company records an allowance for credit losses for amounts not expected to be collected. The Company estimates the allowance based on aging trends. The allowance for doubtful accounts was \$1 million and \$3 million as of December 31, 2021 and 2020, respectively.

Supplies, net

Supplies consist of expendable aircraft spare parts, aircraft fuel and other supplies and are stated at the lower of cost or net realizable value. Supplies are accounted for on a first-in, first-out basis and are charged to expense as they are used. An allowance for obsolescence on expendable aircraft spare parts is provided over the remaining lease term or the estimated useful life of the related aircraft fleet to reduce the carrying cost of spare parts currently identified as excess to the lower of amortized cost or net realizable value. The allowance for obsolescence was \$12 million and \$8 million as of December 31, 2021 and 2020, respectively.

Property and Equipment, net

Property and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives to their estimated residual values. The Company capitalizes additions, modifications enhancing the operating performance of its assets, and the interest related to payments used to acquire new aircraft and the construction of its facilities. The Company capitalizes interest attributable to pre-delivery payments ("PDPs") as an additional cost of the related asset beginning when activities necessary to get the asset ready for its intended use commence.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Estimated useful lives and residual values for the Company's property and equipment are as follows:

	Estimated Useful Life	Residual Value
Aircraft	25 years	10%
Flight equipment leasehold improvements	Lesser of lease term or economic life	0%
Aircraft rotatable parts	Fleet life	10%
Ground property and equipment	3 – 10 years	0%
Ground equipment leasehold improvements	Lesser of lease term or 10 years	0%
Internal use software	3 – 10 years	0%
Capitalized maintenance	Lesser of lease term or economic life	0%
Buildings	Lesser of 40 years or economic life	10%

The components of depreciation and amortization expense are as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Depreciation	\$ 38	\$ 32	\$ 45
Intangible amortization	—	1	1
Total depreciation and amortization	\$ 38	\$ 33	\$ 46

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products and enhancements to existing products that have reached the application development stage and are deemed feasible. 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. Capitalized computer software, net is included within ground and other equipment, which is a component of property and equipment, net on the accompanying consolidated balance sheets and totaled \$9 million and \$8 million as of December 31, 2021 and 2020, respectively.

Asset Impairment

The Company applies a fair value-based impairment test to the carrying amount of indefinite-lived intangible assets annually, or more frequently if certain events or circumstances indicate impairment. The Company assesses the value of indefinite-lived assets under a qualitative and quantitative approach, as required. Under a qualitative approach, the Company considers various market factors, including applicable key assumptions listed below. These factors are analyzed to determine if events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset's fair value is less than its carrying value. The quantitative approach is used to assess the asset's fair value and the amount of the impairment. If the asset's carrying amount exceeds its fair value calculated using the quantitative approach, an impairment charge is recorded for the difference in fair value and carrying amount. Indefinite-lived intangible assets are comprised of certain landing slot rights and the trademark of the Company.

Factors that could result in future impairment of landing slot rights, holding other assumptions constant, include, but are not limited to: (i) significant reduction in demand for air travel, (ii) competitive activity in the slotted airport, (iii) anticipated changes to the regulatory environment such as diminished slot access and (iv) increased competition at a nearby airport. As part of this evaluation, the Company assesses whether changes in (i) macroeconomic conditions, (ii) industry and market conditions, (iii) cost factors, (iv) overall financial performance and (v) certain events specific to the Company, have occurred which would impact the use and/or fair value of these assets.

Notes to Consolidated Financial Statements (Continued)

As a result of the coronavirus (“COVID-19”) pandemic the Company performed a quantitative assessment on its indefinite lived intangibles during 2020 and determined no impairment charges were necessary. As a result of the continued recovery during 2021 and the substantial headroom between the book values and fair values of its indefinite lived intangibles assets determined as part of the 2020 quantitative assessment, the Company performed a qualitative assessment during 2021, which resulted in no impairments.

The Company records impairment charges on long-lived assets used in operations and finite-lived intangible assets when events and circumstances indicate that the assets may be impaired and 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 including macroeconomic factors impacting future demand, length of service the asset will be used in the Company’s operations and estimated salvage values. There were no events or circumstances identified during 2021 that required the Company to perform a quantitative impairment assessment.

Aircraft Maintenance

The Company accounts for heavy maintenance and major overhauls under the deferral method, whereby the cost of heavy maintenance and major overhauls is deferred and recorded as flight equipment and depreciated over the lesser of the remaining lease term or the period until the next scheduled heavy maintenance event. The Company has separate maintenance cost-per-hour contracts for the repair of certain rotatable parts to support airframe and engine maintenance and repair, as well as heavy maintenance and major overhauls. These agreements require monthly payments based upon utilization, such as flight hours, cycles and age of the aircraft. For the contracts in which risk has been determined to transfer to the service provider, expense is recognized based on the contractual terms of the cost-per-hour arrangement. For those contracts in which risk has not been determined to transfer to the service provider, the Company initially records monthly payments as a deposit and then accounts for the underlying maintenance event when it occurs, in accordance with the Company’s maintenance accounting policy.

Certain of the Company’s aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company’s required performance of major maintenance activities. At lease inception and at each balance sheet date, the Company assesses whether the maintenance reserve payments required by its leases are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are determined to be related to the maintenance of the leased asset are accounted for as maintenance deposits, to the extent they are expected to be recoverable, and are reflected as aircraft maintenance deposits on the Company’s consolidated balance sheets. When it is not probable that the Company will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent within aircraft rent in the Company’s consolidated statements of operations. Maintenance reserve payments that are based on a utilization measure and are not probable of being recovered are considered variable lease payments and are not included within the right-of-use asset and respective lease liability.

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 cost of such maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a cumulative catch-up basis. On a regular basis, the Company assesses the credit worthiness of the Company’s lessors to ensure deposits are collectible. The Company continues to evaluate the creditworthiness of its lessors as a result of the COVID-19 pandemic downturns and specifically whether any credit losses existed for aircraft maintenance deposits and determined no allowance was necessary as of December 31, 2021 and 2020.

Notes to Consolidated Financial Statements (Continued)

Certain of the Company's lease agreements provide that 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 supplemental rent.

Leased Aircraft Return Costs

The Company's aircraft lease agreements generally contain provisions that require the Company to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the airframe and engine's actual return condition. Lease return costs include all costs that would be incurred at the return of the aircraft, including costs incurred to repair the airframe and engines to the condition required by the lease.

Lease return costs could include, but are not limited to, redelivery cost, redelivery crew cost, fuel, final inspections, reconfiguration of the cabin, repairs to the airframe, painting, overhaul of engines, replacement of components and checks. These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition) when it is probable that such amounts will be incurred. When determining probability and estimated cost, there are various other factors which need to be considered such as current condition of the aircraft, the age of the aircraft at lease expiration, number of hours run on the engines, number of cycles run on the airframe, projected number of hours run on the engine at the time of return, the projected number of cycles run on the airframe at the time of return, the extent of repairs needed, if any, upon return, return locations, current configuration of the aircraft, current paint of the aircraft, estimated escalation of cost of repairs and materials at the time of return, current flight hour agreement rates and future flight hour agreement rates. In addition, typically near the lease return date, the lessors may allow maintenance reserves to be applied as return condition consideration or pass on certain return provisions if they do not align with their current plans to remarket the aircraft. As a result of the different factors listed above, management assesses the need to accrue lease return costs throughout the lease as facts and circumstances warrant an assessment. When costs become both probable and estimable, lease return costs are expensed as a component of aircraft rent in the consolidated statements of operations through the remaining lease term.

Derivative Instruments**Fuel Hedging Activities**

Variability in jet fuel prices impacts the Company's results of operations. In order to reduce the risk of exposure to fuel price increases, the Company may enter into derivative contracts such as swaps, call options and collars. Derivative instruments are stated at fair value, net of any collateral postings.

The Company formally designates and accounts for the derivative instruments that meet established accounting criteria under ASC 815, *Derivatives and Hedging*, as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instruments is recorded in accumulated other comprehensive income/loss ("AOCI/L"), a component of stockholders' equity on the consolidated balance sheets. In general, the Company recognizes the associated gains or losses deferred in AOCI/L as a component of aircraft fuel expense within the consolidated statements of operations in the period that the aircraft fuel is consumed. For derivative instruments that are not designated as cash flow hedges, the gain or loss on the instrument is recognized in current period earnings. The Company presents its fuel derivative instruments net on the consolidated balance sheets. Refer to Note 7 for additional information regarding the Company's hedge accounting and derivative instruments.

Notes to Consolidated Financial Statements (Continued)

Aircraft Purchase Hedging Activities

The Company is party to certain interest rate swaption agreements that are accounted for as cash flow hedges, as defined under ASC 815, *Derivatives and Hedging*. Some of the Company's aircraft purchase commitments can expose it to interest rate risk as, depending on the agreement, rental payments are adjusted and become fixed based on the seven or nine year swap rate at the time of delivery. The primary objective for interest rate derivatives is to hedge the portion of the estimated future monthly rental payments related to the associated agreement's variable interest rate, historically London Interbank Offered Rate ("LIBOR"). These swaption agreements provide for a single payment at maturity based upon the change in the applicable swap rate between the execution date and the termination date. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instruments is recorded in AOCI/L. In general, the Company recognizes the associated gains or losses deferred in AOCI/L as a component of aircraft rent expense in the Company's consolidated statements of operations over the life of the lease on a straight-line basis. The Company presents its interest rate swaption derivative instruments net on the consolidated balance sheets. Refer to Note 7 for additional information regarding the Company's hedge accounting and derivative instruments.

Aircraft Fuel

Aircraft fuel expense includes jet fuel and associated into-plane costs, federal and state taxes and the amortized gains, losses and premiums associated with effective fuel hedge contracts within AOCI/L and gains and losses from ineffective or redesignated fuel hedge contracts.

Sales and Marketing

Sales and marketing expense includes credit card processing fees, system booking fees, sponsorship and distribution costs such as the costs of the Company's call center and advertising costs. Advertising and the related production costs are expensed as incurred, and for the years ended December 31, 2021, 2020 and 2019 represented \$7 million, \$4 million and \$10 million, respectively, of sales and marketing expense reported within the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and financial statement reporting bases of assets and liabilities. The Company periodically assesses whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future projected taxable income when assessing the future realization of deferred tax assets. In assessing the sources of income and the need for a valuation allowance, the Company considers all available positive and negative evidence, which includes a recent history of cumulative losses. As of December 31, 2021, the Company has recorded an \$8 million valuation allowance against its foreign and certain state net operating loss deferred tax assets. No valuation allowances were recorded during the years ended December 31, 2020 or 2019. Refer to Note 17 for additional information regarding the Company's valuation allowance recorded during the year ended December 31, 2021.

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 over the period during which an employee is required to provide service in exchange for an award, with forfeitures accounted for as they occur. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes valuation

Notes to Consolidated Financial Statements (Continued)

model. Restricted stock awards and units are valued at the fair value of the shares on the date of grant. The exercise price of all stock awards is determined by the Company's board of directors based, in part, on the ending stock price on the grant date. Prior to the Company's IPO, there were significant judgments and estimates inherent in these valuations which included assumptions regarding the Company's future operating performance, the time to complete potential liquidity events and the determinations of the appropriate valuation methods to be applied. Refer to Note 11 for additional disclosures regarding details of the Company's stock-based compensation plans.

Gains on Sale-Leaseback Transactions

The Company enters into sale-leaseback transactions for its aircraft and aircraft engine assets, whereby the Company sells one or more aircraft or aircraft engine assets to a third-party and simultaneously enters into an operating lease for a right to use such assets for a fixed period of time. Gains on sale-leaseback transactions are recognized in the period in which title to the asset transfers to the buyer-lessor and the lease commences, as a component of other operating expenses within the consolidated statements of operations. Gains on sale-leaseback transactions are calculated as the excess of the sale price of the asset over its carrying value. The carrying value of the assets sold will generally include the price paid for the asset, net of the amount of cash or the fair value of non-cash credits and incentives received from equipment and component manufacturers, the costs associated with delivery of the asset including any taxes or tariffs, financing costs capitalized in connection with the construction of the asset, capitalized maintenance and other improvements, and accumulated depreciation. Gains on sale-leaseback transactions may also be adjusted if it is determined that the terms of the sale transaction or the lease agreement are at a price other than fair value.

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 represented approximately 26%, 21% and 29% of total operating expenses for the years ended December 31, 2021, 2020 and 2019, respectively. Gulf Coast Jet indexed fuel is the Company's basis for the majority of aircraft fuel purchases. 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 the supply chain of jet fuel, dramatic escalations in the cost 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 air transportation business is volatile and highly affected by economic cycles and trends. Global pandemics and related health scares, consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changes in governmental regulations on taxes and fees, weather, and other factors can result in significant fluctuations in revenue and results of operations.

As of December 31, 2021, the Company had seven union-represented employee groups that together represented approximately 88% of all employees. Additional disclosure relating to the Company's union-represented employee groups is included in Note 14.

As of December 31, 2021, the Company had all capitalized maintenance deposits with two lessors, and all pre-delivery deposits for flight equipment with one vendor.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). This ASU and subsequently issued amendments requiring most leases with durations greater than 12 months to be recognized on the balance sheet. The standard is effective for interim and annual reporting periods beginning after December 15, 2018. The

Notes to Consolidated Financial Statements (Continued)

standard was adopted using the modified retrospective approach with an effective date as of the beginning of the Company's fiscal year, January 1, 2019. See Note 10 for more information.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss impairment methodology with an "expected loss" model which requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new guidance is effective for annual periods beginning after December 15, 2019 and interim reporting periods within those reporting periods. The Company adopted the new standard as of January 1, 2020, which did not have a material impact on the Company's results of operations or financial position as of the adoption date.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and also enhances the existing guidance for consistent application of Topic 740. The new guidance is effective for annual periods beginning after December 15, 2020 and interim reporting periods within those reporting periods. The Company adopted the new standard as of January 1, 2021, which did not have a material impact on the Company's results of operations or financial position as of the adoption date.

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). ASU 2020-06 simplifies the accounting and measurement of convertible instruments and also adds disclosure requirements. Further, ASU 2020-06 simplifies the settlement assessment performed to determine whether a contract in the Company's own equity qualifies for equity classification. The Company early adopted the standard effective January 1, 2021 using the modified retrospective approach, which did not have a material impact on the Company's results of operations or financial position as of the adoption date. Given the Company's IPO in April 2021, and based in part on the provisions of ASU 2020-06, warrants issued in conjunction with the CARES Act that may be settled in the Company's own equity if publicly traded, were classified into equity during the second quarter of 2021.

In November 2021, the FASB issued ASU 2021-10, *Disclosures by Business Entities about Government Assistance* ("ASU 2021-10"). ASU 2021-10 details financial reporting disclosure requirements that increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by analogy. The new guidance is effective for annual periods beginning after December 15, 2021 and interim reporting periods within those reporting periods. The Company adopted the new standard as of December 15, 2021, which did not have an impact on the Company's disclosures related to governmental grants or an impact to the results of operations and financial position as of the adoption date.

2. Impact of COVID-19

Impact of the COVID-19 Pandemic

Beginning in March 2020, the rapid spread of COVID-19, along with government-mandated restrictions on travel, required stay-in-place orders, and other social distancing measures, resulted in a drastic decline in near-term air travel demand in the United States, and caused reductions in revenues and income levels as compared to corresponding pre-pandemic periods. The decline in demand for air travel has had a material adverse effect on the Company's business and results of operations for the years ended December 31, 2021 and 2020. Although the Company has seen significant recovery of demand through the year ended December 31, 2021 as compared to the corresponding prior year period, the Company is unable to predict the future spread and impact of COVID-19, including future variants of the virus such as the recent Delta and Omicron variants, nor the efficacy and adherence rates of vaccines and other therapeutics and the resulting measures that may be introduced by governments or other parties and what impact those measures may have on the demand for air travel.

Beginning in December 2020, the Food and Drug Administration issued emergency use authorizations for various vaccines for COVID-19. Widespread distribution of the vaccines has led to increased confidence in travel,

Notes to Consolidated Financial Statements (Continued)

particularly in the domestic leisure market on which the Company's business is focused. While the Company has experienced a meaningful increase in passenger volumes as well as bookings since the vaccines became widely available, demand recovery slowed during the second half of the third quarter and into the fourth quarter of 2021 due to the rise in cases from the Delta and Omicron variants. The Company continues to closely monitor the COVID-19 pandemic and the need to adjust capacity and deploy other operational and cost-control measures as necessary to preserve short-term liquidity needs and ensure long-term viability of the Company and its strategies. Any anticipated adjustments to capacity and other cost savings initiatives implemented by the Company may vary from actual demand and capacity needs.

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors and, as of December 31, 2021, and through the date of this report, the Company is in compliance with all of its covenants, except the Company has obtained a waiver of relief for the covenant provisions through the second quarter of 2022 related to one of its credit card processors that represents less than 10% of total revenues, which may require future waivers or an amendment to the existing covenants to reflect any additional COVID-19 pandemic impacts.

COVID-19 Relief Funding

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became law on March 27, 2020 and includes various provisions to protect the U.S. airline industry, its employees, and many other stakeholders. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing the airline industry with up to \$25 billion for a Payroll Support Program ("PSP") to be used for employee wages, salaries, and benefits and up to \$25 billion in loans. On April 30, 2020, the Company reached an agreement with the U.S. Department of the Treasury (the "Treasury") under which the Company received \$211 million of installment funding comprised of a \$178 million grant (the "PSP Grant") for payroll support for the period from April 2020 through September 2020, and a \$33 million unsecured 10-year, low-interest loan (the "PSP Promissory Note"), all of which was received as of December 31, 2020. The PSP Grant was recognized over the period it was intended to support payroll, including the full \$178 million net of \$1 million in deferred financing costs during the year ended December 31, 2020, within CARES Act credits in the Company's consolidated statements of operations. In conjunction with the PSP Promissory Note, the Company issued to the Treasury warrants to purchase up to 522,576 shares of common stock of FGHI at an exercise price of \$6.36 per share.

On January 15, 2021, as a result of the Consolidated Appropriations Act, 2021 (the "PSP Extension Law"), which extended the PSP provisions of the CARES Act, the Company entered into an agreement with the Treasury for installment funding under a second Payroll Support Program ("PSP2"), under which the Company received \$161 million, comprised of a \$143 million grant (the "PSP2 Grant") for the continuation of payroll support from the date of the agreement through March 31, 2021, and an \$18 million unsecured 10-year, low-interest loan (the "PSP2 Promissory Note"), all of which has been received as of December 31, 2021. The Company recognized the full \$143 million PSP2 Grant during the year ended December 31, 2021, net of deferred financing costs within CARES Act credits in the Company's consolidated statements of operations. In conjunction with the PSP2 Promissory Note, the Company issued to the Treasury warrants to purchase up to 157,313 shares of common stock of FGHI at an exercise price of \$11.65 per share.

The American Rescue Plan Act ("ARP"), enacted on March 11, 2021, provided for additional assistance to passenger air carriers that received financial relief under PSP2. On April 29, 2021, the Company entered into an agreement with the Treasury for installment funding under a third Payroll Support Program ("PSP3"), under which the Company received \$150 million, comprised of a \$135 million grant (the "PSP3 Grant") for the continuation of payroll support through September 30, 2021, and a \$15 million unsecured 10-year, low-interest loan (the "PSP3 Promissory Note"), all of which has been received as of December 31, 2021. The Company recognized the full \$135 million received under the PSP3 Grant during the year ended December 31, 2021 within CARES Act credits in the Company's consolidated statements of operations. In conjunction with the PSP3 Promissory Note, the Company

Notes to Consolidated Financial Statements (Continued)

issued to the Treasury warrants to purchase up to 79,961 shares of common stock of FGHI at an exercise price of \$18.85 per share.

On September 28, 2020, the Company entered into a loan agreement with the Treasury for a term loan facility of up to \$574 million pursuant to the secured loan program established under the CARES Act (the "Treasury Loan"). In conjunction with the Treasury Loan, the Company issued to the Treasury warrants to purchase up to 2,358,090 shares of common stock of FGHI at an exercise price of \$6.36 per share. As of December 31, 2021 and 2020, the Company had borrowed \$150 million under the Treasury Loan, for which the right to draw any further funds lapsed in May 2021.

On February 2, 2022, the Company repaid the Treasury Loan which included the \$150 million principal balance along with accrued interest of \$1 million. The repayment terminated the loan agreement with the Treasury and unencumbered the Company's co-branded credit card program and related brand assets that secured the loan. Certain limitations, including restrictions on stock repurchases and the payment of dividends, will continue to apply for one year after repayment as indicated below.

In connection with the Company's participation in the PSP, PSP2, PSP3 and the Treasury Loan, the Company has been and will continue to be subject to certain restrictions and limitations, including, but not limited to:

- restrictions on repurchases of equity securities listed on a national securities exchange or payment of dividends until February 2, 2023;
- requirements to maintain certain levels of scheduled services through March 31, 2022 (including to destinations where there may currently be significantly reduced or no demand);
- a prohibition on involuntary terminations or furloughs of employees (except for health, disability, cause, or certain disciplinary reasons) through September 30, 2021;
- a prohibition on reducing the salary, wages or benefits of employees (other than executive officers or independent contractors, or as otherwise permitted under the terms of the PSP, PSP2 and PSP3) through September 30, 2021;
- limits on certain executive compensation, including limiting pay increases and severance pay or other benefits upon terminations, until April 1, 2023;
- limitations on the use of the grant funds exclusively for the continuation of payment of employee wages, salaries and benefits; and
- additional reporting and recordkeeping requirements.

As outlined above, as part of the PSP Promissory Note, the PSP2 Promissory Note, the PSP3 Promissory Note (collectively, the "PSP Promissory Notes") and the Treasury Loan, the Company issued to the Treasury warrants to purchase shares of common stock of FGHI, which have a five-year term and can be settled in cash or shares at the election of the Company. The warrants do not have any voting rights and are freely transferable, with registration rights. The initial fair value of these warrants upon issuance is treated as a loan discount, which reduces the carrying value of the loan, and is amortized utilizing the effective interest method as interest expense in the Company's consolidated statements of operations over the term of the loan. These awards were originally classified as liability-based awards within other current liabilities on the consolidated balance sheets, with periodic mark to market remeasurements being included in interest expense in the Company's consolidated statements of operations given the Company only had the option of settling in cash before being publicly traded. As a result of the IPO, the Company has the intent and ability to settle the warrants issued to the Treasury in shares and as a result, as of April 6, 2021, the Company reclassified the warrant liability to additional paid-in capital on the consolidated balance sheet and is no longer required to mark to market the warrants. Subsequent warrants issued after the IPO date were recorded at fair value as a reduction to the related debt they were issued with and recorded to additional paid-in capital on the consolidated balance sheet. The Company recorded \$22 million and \$9 million in mark to market adjustments during the years ended December 31, 2021 and 2020, respectively, to interest expense within the Company's consolidated statements of operations.

Notes to Consolidated Financial Statements (Continued)

The CARES Act also provided for an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes that the Company qualified for beginning on April 1, 2020. In December 2020, the CARES Employee Retention Credit program was extended and enhanced through June 30, 2021. Further, in March 2021, the ARP further extended the availability of the CARES Employee Retention Credit through December 31, 2021. The ARP increased the credit from 50% to 70% of qualified wages, increased the maximum wages per employee from \$10,000 for the entire period to \$10,000 per quarter, and expanded the gross receipts test for eligible employers from a 50% to an 80% decline in gross receipts as compared to the same calendar quarter in 2019. If the gross receipts test is met in any quarter, wages earned in the following quarter automatically qualify for the credit and as a result of the increase in revenues after the first quarter of 2021, the Company did not qualify for any additional CARES Employee Retention Credits. During the years ended December 31, 2021 and 2020, the Company recognized \$17 million and \$16 million, respectively, related to the CARES Employee Retention Credit within CARES Act credits in the Company’s consolidated statements of operations and within other current assets on the Company’s consolidated balance sheets.

3. Revenue Recognition

Passenger Revenues

Fare revenues. Tickets sold in advance of the flight date are initially recorded as an air traffic liability on the Company’s consolidated balance sheets. Fare revenues are recognized in passenger revenues within the consolidated statements of operations at the time of departure when transportation is provided.

As of December 31, 2020, the Company’s current air traffic liability balance was \$135 million. During the year ended December 31, 2021, 89% of the air traffic liability as of December 31, 2020 has been recognized as passenger revenue within the consolidated statements of operations. As of December 31, 2021, the Company’s current air traffic liability is \$273 million, of which \$59 million is related to customer rights to book future travel, which either expire within 3 or 12 months after issuance if not redeemed by the customer. The amounts expected not to be redeemed are recognized over the historical pattern of rights exercised by customers to fare revenues in passenger revenues within the consolidated statements of operations.

During the years ended December 31, 2021, 2020 and 2019, the Company recognized \$58 million, \$126 million and \$26 million of revenue, respectively, in passenger revenues within the consolidated statements of operations, primarily related to expected and actual expiration of customer rights to book future travel. Estimated and actual expiration of customer rights to book future travel during the year ended December 31, 2020 was mainly due to the large amount of modifications of travel initiated by customers during late March through June 30, 2020 as a result of the COVID-19 pandemic.

Non-fare passenger revenues. Certain ancillary items such as service fees, baggage and seat selection deemed part of providing passenger transportation are recognized to non-fare passenger revenues in passenger revenues within the consolidated statements of operations. Service fees include, among other things, convenience fees, charges for nonrefundable ticket expiration, cancellation charges and service charges assessed for itinerary changes made prior to the date of departure. Such change fees are recognized at the time of departure of the newly scheduled travel. Beginning in March 2020, resulting from the reduction in demand from the COVID-19 pandemic, the Company waived cancellation and change fees for customers for most of 2020 and the first quarter of 2021.

Passenger Taxes and Fees. The Company is 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 taxes and fees are collected from customers at the time they purchase their tickets but are not included in passenger revenues at that time. The Company records a liability upon collection from the customer and reduces the liability when payments are remitted to the applicable governmental agency or airport.

Notes to Consolidated Financial Statements (Continued)

Other Revenues

Other revenues primarily consists of services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *Frontier Miles* affinity credit card program and commissions revenue from the third-party sale of items such as rental cars and hotels.

Frequent Flyer Program

The Company's *Frontier Miles* frequent flyer program provides frequent flyer travel awards to program members based on accumulated mileage credits. Mileage credits are generally accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. The Company defers revenue for mileage credits earned by passengers under its *Frontier Miles* program based on the equivalent ticket value ("ETV") a passenger receives by redeeming mileage credits for a ticket rather than paying cash.

Mileage credits are also sold to participating companies, including credit card companies and other third parties. Sales to credit card companies include multiple promised goods and services, which the Company evaluates to determine whether they represent performance obligations. The Company determined these arrangements have three separate performance obligations: (i) mileage credits to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. Total arrangement consideration is allocated to each performance obligation on the basis of the deliverables relative standalone selling price. For mileage credits, the Company considers a number of entity-specific factors when developing the best estimate of the standalone selling price, including the number of mileage credits needed to redeem an award, average fare of comparable segments, breakage and restrictions. For licensing of brand and access to member lists, the Company considers both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace and industry, brand power, market royalty rates and size of customer base. For the advertising and marketing performance obligation, the Company considers market-specific factors and entity-specific factors, including the Company's internal costs of providing services, volume of marketing efforts and overall advertising plan.

Consideration allocated based on the relative standalone selling price to both the brand licensing and access to member lists and advertising and marketing elements is recognized as other revenue in the Company's consolidated statements of operations over time as mileage credits are delivered. The consideration allocated to the transportation portion of these mileage credit sales is deferred and recognized as a component of passenger revenue in the Company's consolidated statements of operations at the time of travel for mileage credits redeemed. Mileage credits that the Company estimates are not likely to be redeemed are subject to breakage and are recognized as a portion of passenger revenues in the Company's consolidated statements of operations in proportion to the pattern of rights exercised by customers. Management uses statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years. Redemptions are allocated between sold and flown mileage credits based on historical patterns. As a result of the reduction in demand due to the COVID-19 pandemic, beginning in March 2020, the Company extended the expiration dates of mileage credits issued under its frequent flyer program.

During September 2020, the Company amended its credit card affinity agreement with its credit card partner Barclays. The amended and restated agreement, similar to the previous arrangement, provides for joint marketing, grants certain benefits to co-branded credit card holders, and allows Barclays to market using the Company's customer database. Cardholders earn mileage credits under the *Frontier Miles* program and the Company sells mileage credits at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers. The amended and restated agreement extended the term from 2023 to 2029 and provided for an up-front non-refundable payment of \$25 million to the Company, of which the unamortized portion is recorded within other current liabilities, other long-term liabilities, and long-term frequent flyer liability on the consolidated balance sheets. The non-refundable payment will be recognized as other revenue

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

in the Company's consolidated statements of operations over the contract period as the Company performs its performance obligations under the amended agreement.

Operating revenues are comprised of passenger revenues, which includes fare and non-fare passenger revenues, and other revenues. Disaggregated operating revenues are as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Passenger revenues:			
Fare	\$ 806	\$ 548	\$ 1,205
Non-fare passenger revenues:			
Baggage	457	229	496
Service fees	521	303	488
Seat selection	170	84	187
Other	46	43	69
Total non-fare passenger revenue	1,194	659	1,240
Total passenger revenues	2,000	1,207	2,445
Other revenues	60	43	63
Total operating revenues	\$ 2,060	\$ 1,250	\$ 2,508

The Company is managed as a single business unit that provides air transportation for passengers. Operating revenues by principal geographic region, as defined by the U.S. Department of Transportation (the "DOT"), are as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Domestic	\$ 1,950	\$ 1,201	\$ 2,362
Latin America	110	49	146
Total operating revenues	\$ 2,060	\$ 1,250	\$ 2,508

During the years ended December 31, 2021, 2020 and 2019, no revenue from any one foreign country represented greater than 5% of the Company's total operating 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. Accordingly, assets are not allocated to specific geographic regions.

4. Other Current Assets

Other current assets consist of the following (in millions):

	December 31,	
	2021	2020
Prepaid expenses	\$ 14	\$ 24
Passenger and other taxes receivable	9	26
Income tax receivable	3	161
Other	14	15
Total other current assets	\$ 40	\$ 226

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

5. Property and Equipment, Net

The components of property and equipment, net are as follows (in millions):

	December 31,	
	2021	2020
Flight equipment	\$ 212	\$ 182
Ground and other equipment	104	101
Less: accumulated depreciation	(130)	(107)
Total property and equipment, net	\$ 186	\$ 176

During the years ended December 31, 2021, 2020 and 2019 the Company deferred \$18 million, \$9 million and \$14 million of costs for heavy maintenance, respectively.

The Company's deferred heavy maintenance balance, net was \$20 million and \$13 million as of December 31, 2021 and 2020, respectively, and is included as a part of flight equipment within property and equipment, net on the Company's consolidated balance sheets.

6. Intangible Assets, net

The following table summarizes the Company's intangible assets, net (in millions):

	Amortization Period	December 31,					
		2021			2020		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived:							
Airport slots	Indefinite	\$ 20	\$ —	\$ 20	\$ 20	\$ —	\$ 20
Trademarks	Indefinite	6	—	6	6	—	6
		26	—	26	26	—	26
Finite-lived:							
Affinity credit card program ⁽¹⁾	16 years	16	(13)	3	16	(13)	3
Total intangible assets, net		\$ 42	\$ (13)	\$ 29	\$ 42	\$ (13)	\$ 29

(1) During September of 2020, the Company extended the term of the underlying agreement for its affinity credit card program (refer to Note 9). As a result, the Company extended the amortization period for its respective intangible asset from 10 years to 16 years on a prospective basis.

Expected future amortization expense of the Company's finite-lived intangible asset is less than \$1 million per year from 2022 through 2029.

7. Financial Derivative Instruments and Risk Management

The Company is exposed to variability in jet fuel prices. Aircraft fuel is one of the Company's largest operating expenses. Increases in jet fuel prices may adversely impact its financial performance, operating cash flow and financial position. As part of its risk management program, the Company may enter into derivative contracts in order to limit exposure to the fluctuations in jet fuel prices. There were no fuel hedges entered into during the year ended December 31, 2021. The types of instruments the Company utilized in its 2020 hedging program were call options and collar structures, which include both a purchased call option and sold put option. Although the use of collar

Notes to Consolidated Financial Statements (Continued)

structures can reduce the overall cost of hedging, these instruments carry more risk than purchased call options alone in that these instruments may result in a net liability for the Company upon settlement.

Additionally, the Company may be exposed to interest rate risk through aircraft lease contracts for the time period between agreement of terms and commencement of the lease, when portions of rental payments can be adjusted and become fixed based on the seven- or nine-year swap rate. As part of its risk management program, the Company enters into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2021, the Company did not enter into any swaps and therefore, paid no upfront premiums for options. During the year ended December 31, 2020, the Company paid \$4 million in upfront premiums for the option to enter into and exercise cash settled swaps with a forward starting effective date. As of December 31, 2021, the Company had no interest rate hedges outstanding.

The Company formally designates and accounts for derivative instruments that meet established accounting criteria under ASC 815, *Derivatives and Hedging*, as cash flow hedges. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instruments is recorded in AOCI/L, a component of stockholders' equity on the consolidated balance sheets. The Company recognizes the associated gains or losses deferred in AOCI/L, as well as the amounts that are paid or received in connection with the purchase or sale of fuel-related financial derivative instruments (i.e., premium costs of option contracts), as a component of aircraft fuel expense within the consolidated statements of operations in the period that the jet fuel subject to hedging is consumed. For interest rate derivatives, the Company recognizes the associated gains or losses deferred in AOCI/L, as well as amounts that are paid or received in connection with the purchase or sale of interest rate derivative instruments (i.e., premium costs of swaption contracts), as a component of aircraft rent expense within the consolidated statements of operations over the period of the related aircraft lease. The Company does not enter into derivative instruments for speculative purposes.

In March 2020, the Company determined that it was no longer probable that estimated future fuel consumption for gallons subjected to fuel hedges would occur, primarily related to second quarter 2020 settled trades as the Company reduced scheduled flights as a result of the decline in customer demand from the COVID-19 pandemic, and, therefore, the Company was required to de-designate certain fuel hedges associated with estimated future consumption declines. The impacts of the de-designation in the Company's results of operations are reflected in the tables below.

The Company is exposed to credit losses in the event of nonperformance by counterparties to its derivative instruments but does not expect any of its counterparties will fail to meet their obligations. The amount of such credit exposure is generally the fair value of the Company's outstanding contracts in a receivable position. To manage credit risks, the Company selects counterparties based on credit assessments, limits its overall exposure to any single counterparty and monitors the market position with each counterparty. Based on the fair value of the Company's fuel derivative instruments, its counterparties may require it to post collateral when the price of the underlying commodity decreases, and the Company may require its counterparties to provide collateral when the price of the underlying commodity increases. The amount of collateral posted, if any, is periodically adjusted based on the fair value of the hedge contracts. The Company's policy is to offset the liabilities represented by these contracts with any cash collateral paid to the counterparties.

The assets and liabilities associated with the Company's fuel and interest rate derivative instruments are presented on a gross basis and include upfront premiums paid. These assets and liabilities are recorded as a component of other current assets and other current liabilities, respectively, on the Company's consolidated balance sheets and there were none as of December 31, 2021 and these assets and liabilities were less than \$1 million as of December 31, 2020.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes the effect of fuel and interest rate derivative instruments reflected in aircraft fuel and rent expense, respectively, within the consolidated statements of operations (in millions):

	Year Ended December 31,		
	2021	2020	2019
Derivatives designated as cash flow hedges			
Losses on fuel derivative contracts	\$ —	\$ (26)	\$ (17)
Amortization of swaption cash flow hedges	\$ (1)	\$ (1)	\$ —
Derivatives not designated as cash flow hedges			
Losses on fuel derivative contracts	\$ —	\$ (56)	\$ —

The following table presents the net of tax impact of the overall effectiveness of derivative instruments designated as cash flow hedging instruments within the consolidated statements of comprehensive income (loss) (in millions):

	Year Ended December 31,		
	2021	2020	2019
Derivatives designated as cash flow hedges			
Fuel derivative contract gains (losses) – net of tax impact	\$ —	\$ (16)	\$ 22
Fuel derivative losses reclassified to earnings due to de-designation – net of tax impact	—	11	—
Interest rate derivative contract losses – net of tax impact	—	(10)	(1)
Amortization of swaption cash flow hedges, net of tax	1	—	—
Total	\$ 1	\$ (15)	\$ 21

As of December 31, 2021, \$10 million is included in AOCI/L related to interest rate hedging instruments that is expected to be reclassified into aircraft rent within the consolidated statements of operations over the aircraft lease term of the hedging instrument.

8. Other Current Liabilities

Other current liabilities consist of the following (in millions):

	December 31,	
	2021	2020
Salaries, wages and benefits	\$ 89	\$ 97
Passenger and other taxes and fees payable	84	41
Station obligations	64	33
Aircraft maintenance	36	22
Current portion of phantom equity units (Note 11)	26	—
Leased aircraft return costs	25	20
Fuel liabilities	23	6
Warrant liability (Note 2)	—	18
Other current liabilities	36	30
Total other current liabilities	\$ 383	\$ 267

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

9. Debt

The Company's debt obligations are as follows (in millions):

	December 31,	
	2021	2020
Secured debt:		
Pre-delivery credit facility ⁽¹⁾	\$ 174	\$ 141
Treasury Loan ⁽²⁾	150	150
Floating rate building note ⁽³⁾	18	18
Unsecured debt:		
PSP Promissory Notes ⁽⁴⁾	66	33
Affinity card advance purchase of mileage credits ⁽⁵⁾	15	15
Total debt	423	357
Less current maturities of long-term debt, net	(127)	(101)
Less long-term debt acquisition costs and other discounts	(9)	(9)
Long-term debt, net	\$ 287	\$ 247

(1) The Company, through an affiliate, entered into the pre-delivery payment ("PDP") facility with Citibank, N.A. in December 2014 ("PDP Financing Facility"). The PDP Financing Facility is collateralized by the Company's purchase agreement for Airbus A320neo and A321neo aircraft deliveries through the term of the facility (see Note 14). In December 2020, the PDP Financing Facility was amended and restated to reduce the commitment of Citibank, N.A., as initial lender, to \$150 million, remove the ability to draw further unsecured borrowings and to provide collateral for the borrowings not secured by aircraft outstanding as of that date. During May 2021, the Company amended the facility to increase the total available capacity to \$200 million and expanded the number of financial institution participants as lenders. During December 2021, the facility was further amended and restated to extend the availability of the facility through December 2024 to include additional 2023 and 2024 aircraft deliveries.

Interest is paid every 90 days based on a three-month LIBOR plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence with the last scheduled delivery of aircraft contemplated in the PDP Financing Facility, as currently in effect, expected to be in the fourth quarter of 2024.

- (2) On September 28, 2020, the Company entered into the Treasury Loan with the Treasury for a term loan facility of up to \$574 million. The Treasury Loan has a five-year term and includes an annual interest rate based on adjusted LIBOR plus 2.5%. The Company could not draw any further funds from its Treasury Loan facility after May 2021, as the right to draw any further funds lapsed, and the Company did not draw any further funds from its Treasury Loan facility during the year ended December 31, 2021. The loan can be prepaid at par at any time without incurring a penalty. The Treasury Loan is collateralized by the Company's co-branded credit card arrangement and related assets. In conjunction with the Treasury Loan, the Company issued to the Treasury warrants to acquire the common stock of FGHI, which have a five-year term and are settled in cash or shares, at the election of the Company, upon notice from the Treasury. The initial fair value of these warrants upon issuance is treated as a loan discount, which reduces the carrying value of the loan, and is amortized utilizing the effective interest method as interest expense in the Company's consolidated statements of operations over the term of the loan.
- (3) Represents a note with a commercial bank related to the Company's headquarters building. Under the terms of the agreement, the Company will repay the outstanding principal balance in quarterly payments beginning in January 2022 until the maturity date in December 2023. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of one-month LIBOR plus a margin is payable monthly.
- (4) On April 30, 2020, the Company executed the PSP Promissory Note with the Treasury as part of the original payroll support program from which the Company received a \$33 million unsecured 10-year, low-interest loan. Subsequently, the Company entered into a second PSP agreement with the Treasury in January 2021 and a third PSP agreement with the Treasury in April 2021, from which the Company received an additional \$18 million and \$15 million, respectively, of proceeds with the same terms as the original PSP Promissory Note. The PSP Promissory Notes include an annual interest rate of 1.00% for the first five years and the Secured Overnight Financing Rate ("SOFR") plus 2.00% in the final five years. The loans can be prepaid at par any time without incurring a penalty. In conjunction with the PSP Promissory Notes, the Company issued to the Treasury warrants to acquire the common stock of FGHI, which have a five-year term and are settled in cash or shares, at the election of the Company, upon notice from the Treasury. The initial fair value of these warrants upon issuance is treated as a loan discount, which reduces the carrying value of the loan, and is amortized utilizing the effective interest method as interest expense in the Company's consolidated statements of operations over the term of the loan.

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Notes to Consolidated Financial Statements (Continued)

(5) The Company entered into an agreement with Barclays in 2003 to provide for joint marketing, grant certain benefits to co-branded credit card holders (“Cardholders”), and allow Barclays to market using the Company’s customer database. Cardholders earn mileage credits under the *Frontier Miles* program and the Company sells mileage credits at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers. In addition, Barclays will pre-purchase miles if the Company meets certain conditions precedent. On September 15, 2020 the Company entered into a new agreement with Barclays to amend and extend the agreement to 2029. The pre-purchased miles facility amount is to be reset on January 15 of each calendar year through and including January 15, 2028 based on the aggregate amount of fees payable by Barclays to the Company on a calendar year basis, up to an aggregate maximum facility amount of \$200 million. The facility amount cannot be extended above \$15 million until full extinguishment of the Treasury Loan, which occurred in February 2022. The Company pays interest on a monthly basis, which is based on a one-month LIBOR plus a margin. Beginning March 31, 2028, the facility will be repaid in 12 equal monthly installments.

Cash payments for interest related to debt was \$9 million, \$7 million and \$10 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On February 2, 2022, the Company repaid the Treasury Loan which included the \$150 million principal balance along with accrued interest of \$1 million. The repayment terminated the loan agreement with the Treasury and unencumbered the Company’s co-branded credit card program and related brand assets that secured the loan.

The Company has issued standby letters of credit and surety bonds to various airport authorities and vendors that are collateralized by restricted cash and as of December 31, 2021, 2020 and 2019, the Company did not have any outstanding letters of credit that were drawn upon.

As of December 31, 2021, future maturities of debt are payable as follows (in millions):

	December 31, 2021
2022	\$ 127
2023	61
2024	4
2025	150
2026	—
Thereafter	81
Total debt principal payments	\$ 423

10. Operating Leases

The Company leases property and equipment under operating leases. For leases with initial terms greater than 12 months, the related operating lease right-of-use asset and corresponding operating lease liability are recorded at the present value of lease payments over the term on the Company’s consolidated balance sheets. Some leases include rental escalation clauses, renewal options, termination options, and/or other items that cause variability that are factored into the determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts, except for certain flight training equipment, for which consideration is allocated between lease and non-lease components.

When available, the rate implicit in the lease is used to discount lease payments to present value; however, most leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate (“IBR”) to discount the lease payments based on information available at lease commencement. The IBR utilized by the Company is first determined using an unsecured recourse borrowing rate over a tenor that matches the period of lease payments for each individual lease and then is adjusted to arrive at a rate that is representative of a collateralized rate (secured rate). Given the Company does not have an established unsecured public credit rating, the Company utilizes current period and projected financial information to simulate an unsecured credit rating. The Company then determines its secured rate (IBR) using a combination of several valuation methods that take into account the lower amount of risk of collateralized borrowings along with observable implied credit ratings from its current outstanding secured debt obligations.

Notes to Consolidated Financial Statements (Continued)

Aircraft

As of December 31, 2021, the Company leased 110 aircraft with remaining terms ranging from three months to twelve years, all of which are under operating leases and are included within right-of-use asset and lease liabilities on the Company's consolidated balance sheets. In addition, as of December 31, 2021, the Company leased 21 spare engines which are all under operating leases. As of December 31, 2021, the lease rates for seven of the engines depend on usage-based metrics which are variable and as such, these leases are not recorded on the Company's consolidated balance sheets as a right-of-use asset and lease liability. As of December 31, 2021, the remaining terms for engines range from one month to twelve years.

During the years ended December 31, 2021, 2020 and 2019, the Company executed sale-leaseback transactions with third-party lessors for 13, 9, and 18 new Airbus A320 family aircraft, respectively. Additionally, the Company completed sale-leaseback transactions for two engines, one engine and two engines during the years ended December 31, 2021, 2020 and 2019, respectively. All of the leases from the sale-leaseback transactions are accounted for as operating leases. The Company recognized net sale-leaseback gains from those sale-leaseback transactions of \$60 million, \$48 million and \$107 million during the years ended December 31, 2021, 2020 and 2019, respectively, which are included as a component of other operating expenses within the consolidated statements of operations.

In March 2020, the Company entered into two amendments with one lessor that were treated as one combined contract. One amendment extended the remaining lease terms on two aircraft from three to five years. The other amendment included the return of \$17 million in previously unrecoverable maintenance reserves for two aircraft. The remaining unamortized amount is included within the Company's right-of-use assets as a lessor incentive as of December 31, 2021 and December 31, 2020, as it was negotiated as a combined contract.

In May 2021, the Company entered into an early termination and buyout agreement with one of its lessors for six aircraft that were previously owned by the Company. Of the four A319 aircraft originally slated to be returned in December 2021, two were returned during the second quarter of 2021 and two were returned during the third quarter of 2021, and the two A320ceo aircraft were returned as scheduled during the fourth quarter of 2021. The early returns of these aircraft retired the remaining A319 aircraft in the Company's fleet. As a result of this early termination and buyout arrangement, the Company recorded a \$10 million charge included as a component of rent expense within the consolidated statements of operations for the year ended December 31, 2021 related to the accelerated rent and lease return obligations of the A319 aircraft returned early.

Aircraft Rent Expense and Maintenance Obligations

During the years ended December 31, 2021, 2020 and 2019, aircraft rent expense was \$530 million, \$396 million and \$368 million, respectively. Aircraft rent expense includes supplemental rent, which is made up of maintenance reserves paid or to be paid that are not probable of being reimbursed and probable lease return condition obligations. Supplemental rent expense (benefit), which includes payments for maintenance-related reserves that were deemed non-recoverable and any impact from changes in estimate, was \$(3) million, \$2 million and \$6 million for each of the years ended December 31, 2021, 2020 and 2019, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was \$61 million, \$25 million and \$5 million, for years ended December 31, 2021, 2020 and 2019, respectively.

Additionally, certain of the Company's aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. As of December 31, 2021 and December 31, 2020, the Company had aircraft maintenance deposits that are expected to be recoverable of \$108 million and \$82 million, respectively, on the Company's consolidated balance sheets of which \$10 million and less than \$1 million, respectively, are included in accounts receivable, net on the consolidated balance sheet as the eligible maintenance has been performed. The remaining \$98

Notes to Consolidated Financial Statements (Continued)

million and \$82 million are included within aircraft maintenance deposits on the consolidated balance sheets as of December 31, 2021 and December 31, 2020, respectively.

A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles. Maintenance reserves collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. As of December 31, 2021, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were expected to be approximately \$3 million per year for the years 2022 through 2026 and \$9 million thereafter before consideration of reimbursements.

Airport Facilities

The Company's facility leases are primarily for space at approximately 120 airports that are served and are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2021, the remaining lease terms vary from one month to eleven years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded on the consolidated balance sheets as a right-of-use assets and lease liabilities.

Other Ground Property and Equipment

The Company leases certain other assets such as flight training equipment, building space, and various other equipment. Certain of the Company's leases for other assets are deemed to contain fixed rental payments and, as such, are classified as operating leases and are recorded on the consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms range from one month to seven years as of December 31, 2021.

Lessor Concessions

In response to the COVID-19 pandemic, beginning in 2020, the Company was granted payment deferrals on leases included in the Company's right-of-use assets for certain aircraft and engines from lessors along with airport facilities and other vendors that are not included in the Company's right-of-use assets. As these deferred payments are made, the Company will recognize the deferred payments in aircraft rent or station operations, as applicable, in the consolidated statements of operations. These deferrals changed operating cash flows and unfavorably impacted the Company's results of operations by \$22 million, net, for the year ended December 31, 2021, which was made up of a \$31 million unfavorable impact to aircraft rent within the consolidated statements of operations and a \$9 million favorable impact to station operations within the consolidated statements of operations resulting from additional deferrals granted for the year ended December 31, 2021. Expenses for these deferrals will be recognized throughout future years as such amounts are paid. The impact of the deferrals on the comparable prior year period was a favorable \$33 million to operating cash flows for the year ended December 31, 2020, which included a \$31 million

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Notes to Consolidated Financial Statements (Continued)

favorable impact to aircraft rent and a \$2 million favorable impact to station operations within the consolidated statements of operations for the year ended December 31, 2020.

Lease Position

The table below presents the lease-related assets and liabilities recorded on the consolidated balance sheets as of December 31, 2021 and 2020 (in millions):

	Classification on the Balance Sheet	December 31	
		2021	2020
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 2,426	\$ 2,250
Liabilities			
Current			
Operating	Current maturities of operating leases	\$ 444	\$ 416
Long-term operating leases			
Operating	Long-term operating leases	1,991	1,848
Total lease liabilities		\$ 2,435	\$ 2,264
Weighted-average remaining lease term			
Operating leases		7 years	7 years
Weighted-average discount rate			
Operating leases ⁽¹⁾		5.08 %	5.15 %

(1) Upon adoption of ASU 2016-02, discount rates used for existing leases were established as of January 1, 2019.

Lease Costs

The table below presents certain information related to lease costs for operating leases during the years ended December 31, 2021, 2020 and 2019 (in millions):

	Year Ended December 31,		
	2021	2020	2019
Operating lease cost ⁽¹⁾	\$ 454	\$ 337	\$ 363
Variable lease cost ⁽¹⁾	284	220	186
Total lease costs	\$ 738	\$ 557	\$ 549

(1) Expenses are included within aircraft rent, station operations, maintenance materials and repairs and other operating within the Company's consolidated statements of operations.

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Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows as of December 31, 2021 (in millions) for each of the next five years and total of the remaining years to the operating lease liability recorded on the consolidated balance sheet.

	December 31, 2021	
Operating Leases		
Year 1	\$	456
Year 2		435
Year 3		419
Year 4		396
Year 5		332
Thereafter		915
Total undiscounted minimum lease rentals		2,953
Less: amount of lease payments representing interest		(518)
Present value of future minimum lease rentals		2,435
Less: current obligations under leases		(444)
Long-term lease obligations	\$	1,991

During the years ended December 31, 2021 and 2020, the Company acquired, through new operating leases, operating lease assets totaling \$500 million and \$274 million, respectively, which are included in operating lease right-of-use assets on the consolidated balance sheets. During the years ended December 31, 2021, 2020 and 2019, the Company paid cash of \$461 million, \$340 million and \$374 million, respectively, for amounts included in the measurement of lease liabilities.

11. Stock-Based Compensation and Stockholders' Equity

During the years ended December 31, 2021, 2020 and 2019, the Company recognized \$11 million, \$8 million and \$8 million, respectively, in stock-based compensation expense, which is included as a component of salaries, wages and benefits within the consolidated statements of operations. A summary of the Company's stock-based compensation expense is presented below (in millions):

	Year Ended December 31,		
	2021	2020	2019
Liability-classified awards	\$ —	\$ —	\$ 5
Stock options and restricted awards	11	8	3
Total stock-based compensation expense	\$ 11	\$ 8	\$ 8

Stock Options and Restricted Awards

In April 2014, FGHI approved the 2014 Equity Incentive Plan (the "2014 Plan"). Under the terms of the 2014 Plan, 38 million shares of FGHI common stock are reserved for issuance. Concurrently with the Company's IPO on April 1, 2021, the Company approved the 2021 Incentive Award Plan (the "2021 Plan"), which reserved 7 million shares of FGHI common stock, as well as the 11 million issued awards from the 2014 Plan that were still outstanding plus any subsequently forfeited awards or awards that lapse unexercised after April 1, 2021, to be available for future issuances of stock-based compensation awards to be granted to members of the Board of Directors and certain employees and consultants. Additionally, shares available for issuance under the 2021 Plan

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

will be subject to an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (i) one percent (1%) of the shares of stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of stock as determined by the Company's Board of Directors; provided, however, that no more than 30 million shares of stock may be issued upon the exercise of incentive stock options.

Stock Options

Stock option awards are granted with an exercise price equal to the fair market value of FGHI's common stock on the date of grant, and generally vest evenly over four years of continuous service. Compensation expense related to stock options is recognized on a straight-line basis over the requisite service period, net of forfeitures, which are recognized on a specific-identification basis.

A summary of stock option activity during the year ended December 31, 2021 is presented below:

	Number of Shares	Weighted Average Exercise Price	Aggregate Grant Date Fair Value (in millions)
Outstanding at December 31, 2020	9,879,240	\$ 1.93	\$ 10
Issued	—	—	—
Exercised	(2,202,895)	\$ 1.62	(2)
Forfeited	(24,938)	\$ 11.15	—
Outstanding at December 31, 2021	<u>7,651,407</u>	\$ 1.99	<u>\$ 8</u>
Exercisable at December 31, 2021	7,480,088	\$ 1.79	\$ 7

There were no options granted during the years ended December 31, 2021 and 2020, and during the year ended December 31, 2019, there were 454,100 shares granted at a weighted average grant date fair value of \$4.46. During the year ended December 31, 2021, 2,202,895 vested stock options were exercised with an intrinsic value of \$32 million; while there were no exercises during the year ended December 31, 2020 and 2019, respectively. As of December 31, 2021, the aggregate intrinsic value of outstanding options was \$89 million.

As of December 31, 2021, there was \$1 million of unrecognized compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 1.1 years. Additionally, as of December 31, 2021, exercisable options and outstanding options have a remaining contractual term of 3.1 years and 3.2 years, respectively.

Restricted Awards

Restricted stock awards and restricted stock units in FGHI (collectively, "Restricted Awards") are valued at the fair value of FGHI's common stock on the date of grant. Restricted stock awards generally vest on the one-year anniversary from the date of issuance based upon time-based service conditions. Each restricted stock unit represents the right to receive one share of common stock upon vesting of such restricted stock unit. Vesting of restricted stock units is based on time-based service conditions, generally over three to four years of continuous service. In order to vest, the participant must still be employed by the Company, with certain contractual exclusions, at each vesting event. Generally, within 30 days after vesting, the shares underlying the restricted stock unit award will be issued to the participant. If a successor corporation in a change of control event fails to assume or substitute for the Restricted Awards under the 2021 Plan, such awards will automatically vest in full as of immediately prior to the consummation of such a change in control. All Restricted Awards outstanding under the 2014 Plan will automatically vest in full as of immediately prior to the consummation of a change in control. Compensation expense, net of forfeitures as incurred on a specific identification basis, is recognized on a straight-line basis over the requisite service period.

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Notes to Consolidated Financial Statements (Continued)

A summary of Restricted Award activity during the year ended December 31, 2021 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value	
Outstanding at December 31, 2020	2,020,650	\$	10.54
Issued	899,800	\$	14.70
Vested	(543,879)	\$	10.23
Forfeited	(205,542)	\$	10.62
Repurchased ⁽¹⁾	(200,735)	\$	11.00
Outstanding at December 31, 2021	1,970,294	\$	12.47

(1) Represents withholdings to cover tax obligations on vested shares when applicable

For the years ended December 31, 2020 and 2019, 1,869,372 and 261,326 of restricted stock units were issued with a weighted average grant date fair value of \$10.39 and \$12.71 per share, respectively. Additionally, 151,430 and 84,892 of restricted stock units vested with a weighted average grant date fair value of \$12.22 and \$11.85 per share, for the years ended December 31, 2020 and 2019, respectively. In connection with vesting, the Company withheld 39,064 and 17,936, restricted stock units with a weighted average grant date fair value of \$11.82 and \$11.52, per share to cover employee taxes upon award vesting for the years ended December 31, 2020 and 2019, respectively. The total fair value of restricted stock units vested was \$11 million, \$2 million, and \$1 million, during the years ended December 31, 2021, 2020, and 2019, respectively.

As of December 31, 2021, there was \$16 million of unrecognized compensation cost related to unvested Restricted Awards which is expected to be recognized over a weighted average period of 1.9 years.

Liability-Classified Awards

On December 3, 2013, to give effect to the reorganization of the Company's corporate structure, an agreement was reached to amend and restate a phantom equity agreement with the Company's pilots. Under the terms of this agreement, when an amendment to the underlying collective bargaining agreement was approved, the Company's pilots employed by Frontier in June 2011, (the "Participating Pilots"), through their agent, FAPAInvest, LLC, received phantom equity units. Each unit represented the right to receive common stock or cash in connection with certain events, including a qualifying initial public offering, such stock to be distributed or cash paid to the Participating Pilots in 2020 and 2022 based on a predetermined formula. In accordance with the amended and restated phantom equity agreement, the obligation became fixed as of December 31, 2019 and was no longer subject to valuation adjustments. As of December 31, 2019, the final associated liability was \$137 million, of which \$111 million was paid in March 2020 and the remaining \$26 million is to be paid in March 2022 and, as such, is presented within other long-term liabilities and other current liabilities on the Company's consolidated balance sheets as of December 31, 2020 and December 31, 2021, respectively.

Notes to Consolidated Financial Statements (Continued)

12. Employee Retirement Plans

The Company recorded \$46 million, \$37 million and \$32 million in expense related to matching contributions to employee retirement plans for the years ended December 31, 2021, 2020 and 2019, respectively. This is recorded as a component of salaries, wages and benefits in the Company's consolidated statements of operations.

Frontier 401(k) Plan

The Company sponsors The Frontier Airlines, Inc. 401(k) Retirement Plan (the "Frontier 401(k) Plan") under Section 401(k) of the Internal Revenue Code. Under this plan, the Company matches 50% of each participant's contribution up to 2% of each eligible maintenance employees' compensation and up to 6% of all other employees, including flight attendants, whose contributions previously followed this structure, however, effective April 2019, flight attendants are matched at 100% up to 6% of each eligible employees' compensation. This plan excludes pilots, who are covered under a separate plan discussed below. Contributions for employees begin after one year of employment and vest 25% per year over four years. Participants are entitled to receive distributions of all vested amounts beginning at age 59 1/2. Assets were transferred into The Frontier Airlines, Inc. 401(k) Retirement Plan from the Republic 401(k) plan shortly after the purchase of the Company in 2013. The plan is subject to the annual IRS elective deferral limit of \$19,500 for 2021 and 2020 and \$19,000 for 2019.

FAPA Plan

The Company also established the Frontier Airlines, Inc. Pilots Retirement Plan (the "FAPA Plan"), a defined contribution retirement plan for pilots covered under the collective bargaining agreement with the Frontier Airlines Pilots Association ("FAPA"). Effective September 1, 2016, pilots are no longer represented by FAPA and are represented by the Air Line Pilots Association ("ALPA"), however the FAPA Plan remained in effect under the collective bargaining agreement with ALPA. Under this plan, the Company immediately matched 50% of each participant's contribution up to 10% of each eligible and active participant's compensation. Contributions vested 25% per year over four years. Additionally, the Company made nonelective contributions based on the longevity of service, ranging from 0% of eligible compensation for less than three years of service, and up to 6% of eligible compensation for seven years or more of service. Nonelective contributions vest immediately.

Under the new collective bargaining agreement with the pilots effective as of January 2019 for a five year period, the Company match no longer occurs, and instead, the Company makes nonelective contributions on behalf of each eligible Pilot equal to a percentage of the Pilot's compensation, ranging from 12% to 15% over the term of the collective bargaining agreement (see Note 14). The nonelective contributions are subject to vesting based on years of service. Participants are entitled to receive distributions of all vested amounts beginning at age 59 1/2. The plan is subject to the annual IRS elective deferral limit of \$19,500 for 2021 and 2020 and \$19,000 for 2019.

13. Other Long-Term Liabilities

Other long-term liabilities consist of the following (in millions):

	December 31,	
	2021	2020
Deferred revenue	\$ 21	\$ 23
Phantom equity interest (Note 11)	—	26
Deferred tax liability	—	9
Other	39	38
Total other long-term liabilities	\$ 60	\$ 96

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Notes to Consolidated Financial Statements (Continued)

14. Commitments and Contingencies

Flight Equipment Commitments

As of December 31, 2021, the Company's firm aircraft and engine orders consisted of the following:

Year Ending	A320neo	A321neo	Total Aircraft	Engines
2022	9	5	14	5
2023	—	21	21	2
2024	—	24	24	2
2025	17	13	30	3
2026	19	22	41	3
Thereafter	31	73	104	6
Total	76	158	234	21

During December 2017, the Company entered into an amendment to the previously existing master purchase agreement with Airbus. Pursuant to this amendment and subsequent amendments, the Company has a commitment to purchase an incremental 67 A320neo and 67 A321neo aircraft (“incremental aircraft”) which were originally scheduled to be delivered through 2026, and further extended through 2028. In November 2021, the Company entered into an amendment with Airbus to add an additional 91 A321neo aircraft to the committed purchase agreement (“supplemental aircraft”). The order of these 91 Airbus A321neo aircraft are expected to be delivered starting in 2023 and continuing through 2029, and are reflected in the table above. The Company, at its option, has the right to convert 18 A320neo aircraft to A321XLR aircraft. The conversion right is available until December 31, 2022 and is not reflected in the table above as this option has not been exercised. The Company's agreements with Airbus provide for, among other things, varying purchase incentives, which have been allocated proportionally and are accounted for as an offsetting reduction to the cost of the backlog aircraft and increase to the cost of the incremental aircraft. As a result, cash paid for backlog aircraft will be more than the associated capitalized cost of the aircraft and results in the recognition of a deferred purchase incentive within other assets on the consolidated balance sheets, which will ultimately be offset by the lower cash payments in connection with the purchase of the incremental aircraft.

As of December 31, 2021, purchase commitments for the Company's firm aircraft and engine orders, including estimated amounts for contractual price escalations and PDPs, were approximately \$784 million in 2022, \$1,215 million in 2023, \$1,450 million in 2024, \$1,754 million in 2025, \$2,345 million in 2026, and \$6,218 million thereafter.

During July 2021, the Company signed a letter of intent with two of its leasing partners to add ten additional A321neo aircraft through direct leases, with deliveries beginning in the second half of 2022 and continuing into the first half of 2023. As of December 31, 2021, the Company has entered into a signed direct lease agreement for seven of the additional aircraft, while the remaining three are covered under a non-binding letter of intent. None of these ten aircraft that will be acquired through direct leases are reflected in the table above given these are not committed purchase agreements.

Litigation and Other Contingencies

On March 12, 2021, the DOT advised the Company that it was in receipt of information indicating that the Company had failed to comply with certain DOT consumer protection requirements relating to consumer refund and credit practices and requested that the Company provide certain information to the DOT. The original DOT request for information and subsequent correspondence and requests have been focused on the Company's refund practices

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

on Frontier initiated flight cancellations and/or significant schedule changes in flights as a result of the COVID-19 pandemic. The Company is fully cooperating with the DOT request and the review of this matter is still in process.

The Company is subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. The Company regularly evaluates the status of such matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each matter to assess if there is at least a reasonable possibility that a loss or additional losses may have been incurred and whether an estimate of possible loss or range of loss can be made. The Company believes the ultimate outcome of such lawsuits, proceedings, and reviews will not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, liquidity, or results of operations and that the Company's current accruals cover matters where loss is deemed probable and can be reasonably estimated.

The ultimate outcome of legal actions is unpredictable and can be subject to significant uncertainties, and it is difficult to determine whether any loss is probable or even possible. Additionally, it is also difficult to estimate the amount of loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Thus, actual losses may be in excess of any recorded liability or the range of reasonably possible loss.

Employees

The Company has seven union-represented employee groups that together represent approximately 88% of all employees at December 31, 2021. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of December 31, 2021:

Employee Group	Representative	Amendable Date	Percentage of Workforce
			December 31, 2021
Pilots	Air Line Pilots Association (ALPA)	January 2024	31%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024	52%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	March 2024	2%
Aircraft Appearance	IBT	October 2023	1%
Dispatchers	Transport Workers Union (TWU)	December 2021 ⁽¹⁾	1%
Material Specialists	IBT	March 2022	<1%
Maintenance Control	IBT	October 2023	<1%

(1) In December 2021, the Company's collective bargaining agreements with its dispatchers, represented by TWU, became amendable. Negotiations are set to begin in March 2022.

The Company is self-insured for health care claims, subject to a stop-loss policy, for eligible participating employees and qualified dependent medical and dental 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 adjusted periodically as necessary. The Company has accrued \$5 million and \$4 million for health care claims estimated to be incurred but not yet paid as of December 31, 2021 and December 31, 2020, respectively, which is included as a component of other current liabilities on the consolidated balance sheets.

General Indemnifications

The Company has various leases with respect to real property as well as various agreements among airlines relating to fuel consortia or fuel farms at airports. Under some of these contracts, the Company is party to joint and several liability regarding environmental damages. Under others, where the Company is a member of an LLC or other entity that contracts directly with the airport operator, liabilities are borne through the fuel consortia structure.

Notes to Consolidated Financial Statements (Continued)

The Company's aircraft, services, equipment lease and sale and financing agreements typically contain provisions requiring us, as the lessee, obligor or recipient of services, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or such other equipment. The Company believes that its insurance would cover most of its exposure to liabilities and related indemnities associated with the commercial real estate leases and aircraft, services, equipment lease and sale and financing agreements described above.

Certain of the Company's aircraft and other financing transactions include provisions that require payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions and other agreements, the Company also bears the risk of certain changes in tax laws that would subject payments to non-U.S. entities to withholding taxes.

Certain of these indemnities survive the length of the related financing or lease. The Company cannot reasonably estimate the potential future payments under the indemnities and related provisions described above because it cannot predict (i) when and under what circumstances these provisions may be triggered, and (ii) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

15. Stockholders' Equity

As of December 31, 2021, the Company has authorized common stock (voting), common stock (non-voting) and preferred stock of 750,000,000, 150,000,000 and 10,000,000 shares, respectively, of which only common stock (voting) were issued and outstanding. As of December 31, 2020, the Company had authorized common stock (voting), common stock (non-voting) and preferred stock of 456,000,000, 76,000,000 and 1,000,000 shares, respectively, of which only common stock (voting) were issued and outstanding. All classes of equity have a par value of \$0.001 per share.

The Company had 217,065,096 and 199,438,098 shares of common stock outstanding as of December 31, 2021 and 2020, respectively. All of the Company's issued and outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable. 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. Holders of the Company's common stock have no preemptive, subscription or other rights, and no redemption or sinking fund provisions applicable to the Company's common stock exist.

During the years ended December 31, 2021 and 2020, no dividends were declared and the Company paid less than \$1 million in distributions to those with other participating rights. During the year ended December 31, 2019, the Company declared a dividend of \$0.76 per share (representing an aggregate obligation of \$166 million), which included approximately \$7 million of dividend equivalent rights relating to the phantom equity units. As of December 31, 2019, \$159 million of the aggregate obligation was distributed to common stockholders and those with other participating rights (including those with vested share-based awards and phantom equity units awarded to the Participating Pilots). As of December 31, 2019, \$27 million was payable to those with dividend equivalent rights relating to the phantom equity units along with those with other participating rights, which was included on the Company's consolidated balance sheets. As of December 31, 2021 and 2020, less than \$1 million was payable to those with other participating rights, which was included in other current liabilities on the Company's consolidated balance sheets.

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Notes to Consolidated Financial Statements (Continued)

16. Net Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed pursuant to the two-class method. Under the two-class method, the Company attributes net income to common stock and other participating rights (including those with vested share-based awards). Basic net earnings per share is calculated by taking net income, less earnings allocated to participating rights, divided by the basic weighted average common stock outstanding. Net loss per share is calculated by taking net loss divided by basic weighted average common stock outstanding as participating rights do not share in losses. In accordance with the two-class method, diluted net earnings (loss) per share is calculated using the more dilutive impact of the treasury-stock method or from reducing net income for the earnings allocated to participating rights. The following table sets forth the computation of net earnings (loss) per share on a basic and diluted basis pursuant to the two-class method for the periods indicated (in millions, except for share and per share data):

	Year Ended December 31,		
	2021	2020	2019
Basic:			
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Less: net income attributable to participating rights	—	—	(14)
Net income (loss) attributable to common stockholders	\$ (102)	\$ (225)	\$ 237
Weighted average common shares outstanding, basic	211,436,542	199,260,410	199,141,090
Net earnings (loss) per share, basic	\$ (0.48)	\$ (1.13)	\$ 1.19
Diluted:			
Net income (loss)	\$ (102)	\$ (225)	\$ 251
Less: net income attributable to participating rights	—	—	(14)
Net income (loss) attributable to common stockholders	\$ (102)	\$ (225)	\$ 237
Weighted average common shares outstanding, basic	211,436,542	199,260,410	199,141,090
Effect of dilutive potential common shares	—	—	452,010
Weighted average common shares outstanding, diluted	211,436,542	199,260,410	199,593,100
Net earnings (loss) per share, diluted	\$ (0.48)	\$ (1.13)	\$ 1.19

Due to the net loss for the years ended December 31, 2021 and 2020, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all equity awards is anti-dilutive. Approximately 233,700 shares were excluded from the computation of diluted shares for the year ended December 31, 2019 as their impact would have been anti-dilutive.

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Notes to Consolidated Financial Statements (Continued)

17. Income Taxes

The components of income tax expense are as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ (10)	\$ (134)	\$ 19
State and local	—	1	3
Current income tax expense (benefit)	(10)	(133)	22
Deferred:			
Federal	(32)	(5)	49
State and local	(1)	(9)	4
Foreign	1	—	(1)
Deferred income tax expense (benefit)	(32)	(14)	52
Total income tax expense (benefit)	\$ (42)	\$ (147)	\$ 74

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

	Year Ended December 31,					
	2021		2020		2019	
U.S. federal statutory income tax rate	21.0	%	21.0	%	21.0	%
Reserves for uncertain tax positions, net	6.2	%	(0.2)	%	0.1	%
Stock-based compensation	5.2	%	—	%	(0.2)	%
State taxes, net of federal benefit	1.6	%	2.1	%	1.8	%
Nondeductible warrants	(3.5)	%	(0.5)	%	—	%
Impact of CARES Act	—	%	16.9	%	—	%
Other	(1.3)	%	0.2	%	0.1	%
Effective income tax rate	29.2	%	39.5	%	22.8	%

The effective tax rate for the year ended December 31, 2021 is higher than the statutory rate primarily due to the release of the reserves related to uncertain tax positions for which the statute of limitations has expired, excess tax benefits associated with the Company's stock-based compensation arrangements and a return to provision adjustment related to the Company's foreign net operating loss carryforward; these are partially offset by the recognition of a valuation allowance against certain foreign and state net operating loss carryforwards and non-deductible interest from the mark to market adjustments from the warrants issued to the Treasury as part of the Company's participation in the PSP, PSP2, PSP3, and the Treasury Loan.

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act permits a net operating loss ("NOL") generated in 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company's taxable losses for 2020 were fully absorbed in the 2015 and 2016 tax years (pre-Tax Cuts and Jobs Act) in which a federal 35% tax rate applies, resulting in a permanent benefit of the 14% rate differential which was favorability impacted by the inclusion of the tax deduction for the payments made to FAPAINVEST, LLC, as described in Note 11.

The Company had net tax payments/(refunds) of \$(158) million, \$9 million and \$56 million for the years ended December 31, 2021, 2020 and 2019, respectively.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement and income tax purposes. The following table shows the components of the Company's deferred tax assets and liabilities (in millions):

	December 31,	
	2021	2020
Deferred tax assets:		
Operating lease liability	\$ 551	\$ 514
Net operating losses	47	9
Nondeductible accruals	32	25
Deferred revenue	12	12
Income tax credits	2	—
Valuation allowance	(8)	—
Other	10	11
Deferred tax assets	\$ 646	\$ 571
Deferred tax liabilities:		
Right of use asset	\$ (545)	\$ (507)
Property and equipment	(36)	(34)
Maintenance deposits	(22)	(19)
Intangibles	(6)	(7)
Leasehold interests	—	(6)
Other	(12)	(7)
Deferred tax liabilities	(621)	(580)
Net deferred tax assets (liabilities)	\$ 25	\$ (9)

As of December 31, 2021, the Company's net deferred tax asset balance was \$25 million, including \$47 million of deferred tax assets related net operating loss carry forwards which are made up of a \$30 million of federal net operating losses, which do not expire, \$10 million of state net operating losses, which expire from two years to having no expiration, and \$7 million of foreign net operating losses, which expire in nine years. The Company recognizes a valuation allowance when it is more likely than not that some portion, or all, of the Company's deferred tax assets, will not be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

The Company considers all available positive and negative evidence in determining the need for a valuation allowance. The Company updated this assessment as of December 31, 2021, noting that in part as a result of the significant impacts from the COVID-19 pandemic, the Company was in a cumulative three-year loss position. Prior to the pandemic, the Company has a consistent history of generating significant earnings and resulting taxable income and has typically utilized significant deferred tax assets such as net operating losses prior to expiration. The main sources of taxable income that supported realization of the Company's deferred tax assets were from the projected reversal of existing temporary differences and the Company's projected future taxable income. The Company expects to generate significant positive earnings in the near term as the recovery from the pandemic is expected to continue which would support the realization of substantially all of the Company's federal and state deferred tax assets. As a result of the assessment as of December 31, 2021, the Company recorded a valuation allowance related to its foreign deferred tax assets of \$7 million, which was fully offset by a corresponding reversal

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

of a U.S. federal deferred tax liability, and state deferred tax assets of \$1 million as these are more likely than not to be realized given the short expiry periods in foreign and certain state jurisdictions.

The following table shows the components of the Company's unrecognized tax benefits related to uncertain tax positions (in millions):

	2021	2020	2019
Unrecognized tax benefits at January 1	\$ 10	\$ 9	\$ 9
Increase for tax positions taken during prior period	—	—	—
Decrease for tax positions taken during prior period	(9)	—	—
Increase for tax positions taken during current period	—	1	—
Unrecognized tax benefits at December 31	\$ 1	\$ 10	\$ 9

In December of 2021 the Company received its federal tax refund related to the Company carrying back its 2020 losses to previous year's tax returns that included certain unrecognized tax positions. Upon receipt of the 2020 tax year refund, the previous year's tax returns effectively are considered closed and, as the statute of limitations reverted back at that time to its original expiry, the Company released any reserve related to tax periods where the statute of limitations would have lapsed.

It is reasonably possible that the amount of unrecognized tax benefit could change significantly within the next 12 months pending the outcome of any cases currently in litigation, which could reduce income tax expense by \$1 million. A lapse in the statute of limitations could also reduce income tax expense by less than \$1 million within the next 12 months. The total amount of unrecognized benefit, if recognized, would reduce income tax expense by \$1 million. The Company accrues interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties in other operating expenses. The amounts recorded in the Company's consolidated financial statements related to interest and penalties is less than \$1 million for the year ended December 31, 2021.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates yearly. The 2014 tax year audit by the Internal Revenue Service ("IRS") closed in 2017 with no material changes. The Company's federal income tax returns for tax years 2018 and forward remain open. Additionally, various tax years remain open to examination by state and local taxing jurisdictions.

18. Fair Value Measurements

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures relating to how fair value is determined for assets and liabilities are required, 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. The Company utilizes several valuation techniques in order to assess the fair value of its financial assets and liabilities.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents are comprised of liquid money market funds, time deposits and cash and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value.

Warrants

The estimated fair value of the warrants issued in conjunction with the loans from the CARES Act, described in Note 2, was previously determined to be Level 3 measurement as of December 31, 2020. As a result of the Company's IPO, the Company has the intent and ability to settle the warrants issued to the Treasury in shares and thus, as of April 6, 2021, the Company reclassified the warrant liability to additional paid-in capital on the consolidated balance sheet. Subsequent warrants issued after the IPO date were recorded at fair value as a reduction to the related debt they were issued with and recorded to additional paid-in capital on the consolidated balance sheet. As the warrants issued under the CARES Act will no longer be subject to recurring fair value measurements, they have been excluded from the table below as of December 31, 2021.

Debt

The estimated fair value of the Company's debt agreements has been determined to be Level 3 measurement, as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes a discounted cash flow method to estimate the fair value of the Level 3 long-term debt.

The carrying amounts and estimated fair values of the Company's debt are as follows (in millions):

	December 31, 2021		December 31, 2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Secured debt:				
Pre-delivery credit facility	\$ 174	\$ 175	\$ 141	\$ 139
Treasury Loan	150	156	150	148
Floating rate building note	18	19	18	18
Unsecured debt:				
PSP Promissory Note	66	58	33	25
Affinity card advance purchase of mileage credits	15	14	15	11
Total debt	\$ 423	\$ 422	\$ 357	\$ 341

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

The tables below present disclosures about the fair value of assets and liabilities measured at fair value on a recurring basis in the Company's consolidated financial statements (in millions):

	Fair Value Measurements as of December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 918	\$ 918	\$ —	\$ —

	Fair Value Measurements as of December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 378	\$ 378	\$ —	\$ —
Warrants	\$ 18	\$ —	\$ —	\$ 18

The Company had no transfers of assets or liabilities between fair value hierarchy levels during the years ended December 31, 2021 and 2020, other than the warrants discussed above.

19. Related Parties

Management Services

The Company is assessed a quarterly fee to Indigo Partners, LLC ("Indigo Partners") for management services, plus expense reimbursements and the annual fees of each member of the Company's board of directors that is affiliated with Indigo Partners. Indigo Partners manages an investment fund that is the controlling stockholder in FGHI. The expenses related to Indigo Partners' management fees, expense reimbursements and director compensation were \$2 million for the years ended December 31, 2021, 2020 and 2019, which is included in other operating expenses within the Company's consolidated statement of operations.

Codeshare Arrangement

The Company entered into a codeshare agreement with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as Volaris) during 2018, under which sales began in July 2018. Two of the Company's directors are members of the board of directors of Volaris. As of December 31, 2021, Indigo Partners holds approximately 18% of the total outstanding common stock shares of Volaris.

In August 2018, the Company and Volaris began operating scheduled codeshare flights. The codeshare agreement provides for codeshare fees and revenue sharing for the codeshare flights. Each party bears its own costs and expenses of performance under the agreement, is required to indemnify the other party for certain claims and losses arising out of or related to the agreement and is responsible for complying with certain marketing and product display guidelines. The codeshare agreement also establishes a joint management committee, which includes representatives from both parties and generally oversees the management of the transactions and relationships contemplated by the agreement. The codeshare agreement was effective for a period of three years from its effective date and is now currently subject to automatic renewals and may be terminated by either party at any time upon the satisfaction of certain conditions.

20. Subsequent Events

On February 2, 2022, the Company repaid the Treasury Loan which included the \$150 million principal balance along with accrued interest of \$1 million. The repayment terminated the loan agreement with the Treasury and unencumbered the Company's co-branded credit card program and related brand assets that secured the loan. Certain limitations, including restrictions on stock repurchases and the payment of dividends, will continue to apply for one year after repayment. See Note 2 for more information.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

On February 5, 2022, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Top Gun Acquisition Corp., a direct wholly owned subsidiary of the Company (“Merger Sub”) and Spirit Airlines, Inc. (“Spirit”). The Merger Agreement provides that, among other things, the Merger Sub will be merged with and into Spirit (the “Merger”), with Spirit surviving the Merger and continuing as a wholly owned subsidiary of the Company.

The closing of the Merger is subject to the satisfaction of customary conditions, including, but not limited to: (1) the adoption of the Merger Agreement by Spirit’s stockholders; (2) the expiration or termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other required regulatory approvals including the receipt of all consents, registrations, notices, waivers, exemptions, approvals, confirmations, clearances, permits, certificates, orders, and authorizations of the U.S. Federal Aviation Administration (“FAA”), the DOT, or the Federal Communications Commission (“FCC”); (3) the absence of any law or order prohibiting the consummation of the transactions; (4) the effectiveness of a registration statement on Form S-4 filed by Frontier registering shares of Frontier common stock to be issued in the Merger; (5) the authorization and approval for listing on NASDAQ of the Company’s shares to be issued to holders of Spirit’s common stock in the Merger; (6) the accuracy of the parties’ respective representations and warranties in the Merger Agreement, subject to specified materiality qualifications; and (7) compliance by the parties with their respective covenants in the Merger Agreement in all material respects.

Subsequent to the closing of the Merger and at the effective time of the Merger, each share of common stock of Spirit, par value \$0.0001 per share, issued and outstanding (other than shares owned by the Company, Spirit, or their respective subsidiaries immediately prior to the effective time) will be converted into the right to receive 1.9126 shares of common stock, par value \$0.001 per share, of the Company and \$2.13 per share in cash, without interest.

The Merger Agreement also specifies termination rights for both Spirit and the Company including, without limitation, a right for either party to terminate the Merger if it is not consummated on or before February 5, 2023, subject to certain extensions if needed to obtain regulatory approvals. If the Merger Agreement were to be terminated in specified circumstances, Spirit would be required to pay the Company a termination fee of \$94.2 million.

The Company currently expects the Merger to occur in second half of 2022, although there can be no assurance regarding timing of completion of regulatory processes. The Merger Agreement also includes a methodology by which certain expenses will be borne by each company. During the year ended December 31, 2021, the Company did not incur any transaction or integration planning costs related to the planned Merger.

The Company evaluated subsequent events and transactions through the date the consolidated financial statements were issued, and other than what has been noted above, no subsequent events requiring disclosure were identified.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the three months ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected.

Management’s Report on Internal Control over Financial Reporting

The Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to the definitive Proxy Statement for the 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Annual Report on Form 10-K:

(1) Consolidated Financial Statements

Our consolidated financial Statements are listed in the “Index to Consolidated Financial Statements and Schedule” under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in Part II, Item 8 of this Annual Report on Form 10-K.

(3) Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File Number</u>	<u>Date</u>	<u>Number</u>	
2.1	Agreement and Plan of Merger, dated as of February 5, 2022, by and among Frontier Group Holdings, Inc., Spirit Airlines, Inc. and Top Gun Acquisition Corp.	8-K	001-40304	2/7/2022	2.1	
3.1	Amended and Restated Certificate of Incorporation of Frontier Group Holdings, Inc.	8-K	001-40304	4/6/2021	3.1	
3.2	Amended and Restated Bylaws of Frontier Group Holdings, Inc.	8-K	001-40304	4/6/2021	3.2	
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.					X
4.2	Form of Common Stock Certificate.	S-1	333-254004	3/8/2021	4.2	
4.3	Registration Rights Agreement, dated April 6, 2021, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.	8-K	001-40304	4/6/2021	4.1	
4.4†	Warrant Agreement, dated as of April 30, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.35	
4.5	Form of PSP Warrant (incorporated by reference to Annex B of Exhibit 10.35 to the Registrant’s Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.36	
4.6	Warrant Agreement, dated as of September 28, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.38	
4.7	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.38 to the Registrant’s Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.39	
4.8	Warrant Agreement, dated as of January 15, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.43	

4.9	Form of PSP2 Warrant (incorporated by reference to Annex B of Exhibit 10.43 to the Registrant's Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.44
4.10	Warrant Agreement, dated as of April 29, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	10-Q	001-40204	5/13/2021	4.5
4.11	Form of PSP3 Warrant (incorporated by reference to Annex B of Exhibit 4.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2021).	10-Q	001-40204	5/13/2021	4.6
10.1	Airport Use and Lease Agreement, dated as of February 1, 2021, by and between Frontier Airlines, Inc. and the City and County of Denver.	S-1	333-254004	3/8/2021	10.1
10.2(a)#	2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(a)
10.2(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(b)
10.2(c)#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement for Non-Employee Directors.	S-1	333-254004	3/8/2021	10.2(c)
10.2(d)#	Form of Restricted Stock Unit Award Grant Notice and RSU Award Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(d)
10.3(a)#	2021 Incentive Award Plan.	S-1/A	333-254004	3/23/2021	10.3(a)
10.3(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(b)
10.3(c)#	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(c)
10.3(d)#	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(d)
10.4#	Form of Indemnification Agreement for directors and officers.	S-1	333-254004	3/8/2021	10.4
10.5#	Form of Bonus Letter	8-K	001-40204	6/21/2021	10.1
10.6#	Employment Agreement, dated as of March 15, 2016, by and between Frontier Airlines, Inc. and Barry L. Biffle.	S-1	333-254004	3/8/2021	10.5
10.7#	Amended and Restated Employment Agreement, dated as of April 13, 2017, by and between Frontier Airlines, Inc. and James G. Dempsey.	S-1	333-254004	3/8/2021	10.6
10.8#	Employment Agreement, dated as of June 1, 2017, by and between Frontier Airlines, Inc. and Jake F. Filene.	S-1	333-254004	3/8/2021	10.7
10.9#	Employment Letter, dated as of June 30, 2014, by and between Frontier Airlines, Inc. and Howard M. Diamond.	S-1	333-254004	3/8/2021	10.8
10.10(a)#	Employment Agreement, dated as of June 25, 2012, by and between Frontier Airlines, Inc. and Daniel M. Shurz.	S-1	333-254004	3/8/2021	10.10(a)
10.10(b)#	Amendment to Employment Agreement, dated as of September 13, 2013, by and between Frontier Airlines, Inc. and Daniel M. Shurz.	S-1	333-254004	3/8/2021	10.10(b)

10.11#	Employment Letter, dated as of February 13, 2019, by and between Frontier Airlines, Inc. and Trevor J. Stedke.	S-1	333-254004	3/8/2021	10.11
10.12#	Employment Letter, dated as of March 2, 2021, by and between Frontier Airlines, Inc. and Craig R. Maccubbin.	S-1/A	333-254004	3/23/2021	10.47
10.13#	Non-Employee Director Compensation Program.	S-1/A	333-254004	3/19/2021	10.12
10.14(a)#	Amended and Restated Phantom Equity Investment Agreement, dated as of December 3, 2013, by and among Frontier Airlines, Inc., Falcon Acquisition Group, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(a)
10.14(b)#	Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 20, 2016, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(b)
10.14(c)#	Second Amendment to Amended and Restated Phantom Equity Investment Agreement, dated as of December 27, 2019, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and FAPAInvest, LLC.	S-1	333-254004	3/8/2021	10.13(c)
10.15#	Professional Services Agreement, dated December 3, 2013, by and among Indigo Partners LLC, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.14
10.16#	Subscription Agreement, dated as of December 3, 2013, by and between Falcon Acquisition Group, Inc. and Indigo Frontier Holdings Company, LLC.	S-1	333-254004	3/8/2021	10.15
10.17(a)†	Airbus A320 Family Aircraft Purchase Agreement, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(a)
10.17(b)†	Amended and Restated Letter Agreement No. 1, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(b)
10.17(c)†	Third Amended and Restated Letter Agreement No. 2, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.				X
10.17(d)†	Second Amended and Restated Letter Agreement No. 3, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(d)
10.17(e)†	Amended and Restated Letter Agreement No. 4, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(e)
10.17(f)†	Letter Agreement No. 5, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(f)
10.17(g)†	Letter Agreement No. 6A, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(g)
10.17(h)†	Letter Agreement No. 6B, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(h)
10.17(i)†	Letter Agreement No. 6D, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(i)

10.17(j)†	Letter Agreement No. 6D-1, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(j)
10.17(k)†	Letter Agreement No. 6D-2, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(k)
10.17(l)†	Letter Agreement No. 6D-3, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(l)
10.17(m)†	Amended and Restated Letter Agreement No. 7, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(m)
10.17(n)†	Letter Agreement No. 8, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(n)
10.17(o)†	Letter Agreement No. 9, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(o)
10.17(p)†	Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(p)
10.17(q)†	Letter Agreement No. 11, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.				X
10.17(r)†	Amendment No. 1 to Airbus A320 Family Aircraft Purchase Agreement, dated as of January 10, 2013, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(q)
10.17(s)†	Amendment No. 2 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 3, 2013, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(r)
10.17(t)†	Amendment No. 3 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(s)
10.17(u)†	Amendment No. 4 to Airbus A320 Family Aircraft Purchase Agreement, dated as of August 7, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(t)
10.17(v)†	Amendment No. 5 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(u)
10.17(w)†	Amendment No. 6 to Airbus A320 Family Aircraft Purchase Agreement, dated as of July 1, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(v)
10.17(x)†	Amendment No. 7 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(w)
10.17(y)†	Amendment No. 8 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 16, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(x)
10.17(z)†	Amendment No. 9 to Airbus A320 Family Aircraft Purchase Agreement, dated as of May 4, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(y)

10.17(aa)†	Amendment No. 10 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 2, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(z)
10.17(bb)†	Amendment No. 11 to Airbus A320 Family Aircraft Purchase Agreement, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.				X
10.17(cc)†	Letter Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(aa)
10.18(a)†	Airbus A321 Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(a)
10.18(b)†	Letter Agreement No. 5, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(b)
10.18(c)†	Letter Agreement No. 6A, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(c)
10.18(d)†	Letter Agreement No. 6B, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(d)
10.18(e)†	Letter Agreement No. 8, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(e)
10.18(f)†	Letter Agreement No. 9, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(f)
10.19†	Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of September 15, 2020, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.	S-1/A	333-254004	3/18/2021	10.18
10.20(a)†	General Terms Agreement No. 6-13616, dated as of June 30, 2000, by and between Frontier Airlines, Inc., CFM International, Inc. and Societe Nationale D'Etude et de Construction de Monteurs d'Aviation.	S-1	333-254004	3/8/2021	10.19(a)
10.20(b)†	Letter Agreement No. 1, dated as of June 30, 2000, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(b)
10.20(c)†	Letter Agreement No. 2, dated as of November 20, 2002, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(c)
10.20(d)†	Letter Agreement No. 3, dated as of August 1, 2003, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(d)
10.20(e)†	Letter Agreement No. 4, dated as of March 26, 2004, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(e)
10.20(f)†	Letter Agreement No. 5, dated as of April 11, 2006, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(f)
10.20(g)	Amendment No. 1 to GTA 6-13616, dated as of June 6, 2009, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(g)

10.20(h)†	Letter Agreement No. 7, dated as of October 25, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(h)	
10.20(i)†	Letter Agreement No. 8, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(i)	
10.20(j)†	Letter Agreement No. 9, dated as of August 3, 2015, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(j)	
10.21(a)†	General Terms Agreement No. CFM-1 1-2576101711, dated as of October 17, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(a)	
10.21(b)†	Letter Agreement No. 1 to General Terms Agreement No. CFM-1 1-2576101711, dated as of October 26, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(b)	
10.21(c)†	Amendment No. 1 to Letter Agreement No. 1, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(c)	
10.22†	Purchase Terms Agreement (Material-Single Event), dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.	S-1	333-254004	3/8/2021	10.21	
10.23(a)†	Navitaire Hosted Services Agreement, dated as of June 20, 2014, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(a)	
10.23(b)†	Amendment No. 1 to Navitaire Hosted Services Agreement, dated as of March 1, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(b)	
10.23(c)†	Amendment No. 2 to Navitaire Hosted Services Agreement, dated as of April 10, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(c)	
10.23(d)†	Amendment No. 3 to Navitaire Hosted Services Agreement, dated as of January 1, 2016, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(d)	
10.24†	Seventh Amended and Restated Credit Agreement, dated as of December 28, 2021, by and among Vertical Horizons, Ltd., Citibank, N.A., Bank of Utah and each lender identified on Schedule I thereto.					X
10.25(a)	Guarantee, dated as of December 23, 2014, by Frontier Airlines Holdings, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(a)	
10.25(b)	Guarantee, dated as of December 23, 2014, by Frontier Airlines, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(b)	
10.26	Seventh Amended and Restated Guarantee, dated as of December 28, 2021, by Frontier Airlines, Inc. in favor of Bank of Utah.					X
10.27	Seventh Amended and Restated Guarantee, dated as of December 28, 2021, by Frontier Airlines Holdings, Inc. in favor of Bank of Utah.					X
10.28†	Guarantee, dated as of December 28, 2021, by Frontier Group Holdings, Inc. in favor of Bank of Utah.					X
10.29†	Amended and Restated Step-In Agreement, dated as of December 28, 2021 by and among Vertical Horizons, Ltd., Bank of Utah and Airbus S.A.S.					X

10.30	Subordinated Loan Agreement, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and Vertical Horizons, Ltd.	S-1	333-254004	3/8/2021	10.28
10.31†	Fifth Amended and Restated CFMI Engine Benefits Agreement, dated as of March 19, 2020, by and among Vertical Horizons, Ltd., CFM International, Inc., Bank of Utah and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.29
10.32(a)†	Amended and Restated Signatory Agreement (U.S. Visa and MasterCard Transactions), dated as of November 5, 2013, by and among Frontier Airlines Holdings Inc., Frontier Airlines, Inc. and U.S. Bank National Association.	S-1	333-254004	3/8/2021	10.30(a)
10.32(b)†	First Omnibus Amendment to Signatory Agreements, dated as of March 1, 2016, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association, and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(b)
10.32(c)†	Third Omnibus Amendment to Signatory Agreements, dated as of May 1, 2018, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(c)
10.32(d)†	Fourth Omnibus Amendment to Signatory Agreements, dated as of April 1, 2020, by and among Frontier Airlines Holdings, Inc., Frontier Airlines, Inc., U.S. Bank National Association and Elavon Canada Company.	S-1	333-254004	3/8/2021	10.30(d)
10.33(a)†	Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(a)
10.33(b)†	Amendment No. 1 to Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(b)
10.34†	Codeshare Agreement, dated as of January 16, 2018, by and between Concesionaria Vuela Compania Aviacion S.A.P.I. de C.V. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.32
10.35	Promissory Note, dated as of April 30, 2020, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.33
10.36	Payroll Support Program Agreement, dated as of April 30, 2020, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.34
10.37†	Loan and Guarantee Agreement, dated as of September 28, 2020, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc., the United States Department of the Treasury and The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.37
10.38	Letter Agreement, dated as of January 15, 2021, among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and the United States Department of the Treasury and acknowledged by The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.40
10.39	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.41

10.40	Promissory Note, dated as of January 15, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.42	
10.41	Payroll Support Program Agreement, dated as of April 29, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	10-Q	001-40304	5/13/2021	10.8	
10.42	Promissory Note, dated as of April 29, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	10-Q	001-40304	5/13/2021	10.9	
10.43†	Second Amended and Restated IAE Engine Benefits Agreement A321neo Aircraft (2022, 2023 and 2024 Deliveries), dated as of December 28, 2021, among Vertical Horizons, Ltd., International Aero Engines, LLC, Bank of Utah and Frontier Airlines, Inc.					X
10.44†	PW1100G-JM Engine Purchase and Support Agreement, dated as of April 13, 2020, by and between International Aero Engines, LLC and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.46	
21.1	List of subsidiaries.					X
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included in the signature pages hereto).					X
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such a filing.

Indicates management contract or compensatory plan.

† Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 23, 2022

By: /s/ James G. Dempsey

James G. Dempsey

Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Barry L. Biffle, James G. Dempsey, and Howard M. Diamond, and each one 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 their name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<hr/> /s/ Barry L. Biffle Barry L. Biffle	Chief Executive Officer (<i>Principal Executive Officer</i>)	February 23, 2022
<hr/> /s/ James G. Dempsey James G. Dempsey	Chief Financial Officer (<i>Principal Financial Officer</i>)	February 23, 2022
<hr/> /s/ Josh A. Wetzel Josh A. Wetzel	Chief Accounting Officer (<i>Principal Accounting Officer</i>)	February 23, 2022
<hr/> /s/ William A. Franke William A. Franke	Director (Chairman of the Board)	February 23, 2022
<hr/> /s/ Andrew S. Broderick Andrew S. Broderick	Director	February 23, 2022
<hr/> /s/ Josh T. Connor Josh T. Connor	Director	February 23, 2022
<hr/> /s/ Brian H. Franke Brian H. Franke	Director	February 23, 2022
<hr/> /s/ Robert J. Genise Robert J. Genise	Director	February 23, 2022
<hr/> /s/ Bernard L. Han Bernard L. Han	Director	February 23, 2022
<hr/> /s/ Ofelia Kumpf Ofelia Kumpf	Director	February 23, 2022

/s/ Michael R. MacDonald
Michael R. MacDonald

Director

February 23, 2022

/s/ Patricia Salas Pineda
Patricia Salas Pineda

Director

February 23, 2022

/s/ Alejandro D. Wolff
Alejandro D. Wolff

Director

February 23, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Frontier Group Holdings, Inc. (“we,” “our,” and “us”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our voting common stock. The following description of our capital stock and provisions of our amended and restated certificate of incorporation, amended and restated bylaws, registration rights agreement, and the applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”) are summaries and are qualified by reference to our amended and restated certificate of incorporation, amended and restated bylaws, and registration rights agreement, each of which has been publicly filed with the U.S. Securities and Exchange Commission (the “SEC”), and the applicable provisions of the DGCL.

General

Our authorized capital stock consists of 750,000,000 shares of voting common stock, \$0.001 par value, 150,000,000 shares of non-voting common stock, \$0.001 par value, and 10,000,000 shares of undesignated preferred stock, \$0.001 par value.

Common Stock

We have two classes of authorized common stock: voting common stock and non-voting common stock. Only our voting common stock is registered under Section 12 of the Exchange Act, and trades on the Nasdaq Global Select Market under the symbol “ULCC.”

Our board of directors has the authority, without further action by our stockholders, to issue up to 150,000,000 shares of non-voting common stock with the rights, preferences, privileges and restrictions set forth below. Among other circumstances, shares of our non-voting common stock may be issued if and when required or desirable to comply with restrictions imposed by federal law on foreign ownership of U.S. airlines.

The rights of holders of voting common stock and non-voting common stock are identical, except with respect to voting and conversion rights.

Voting Rights

Shares of our voting common stock are entitled to one vote per share and shares of our non-voting common stock are not entitled to vote on any matters submitted to a vote of our stockholders, including the election of directors, except to the extent required under the DGCL.

We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation. Accordingly, holders of a majority of the shares of our voting common stock are able to elect all of the directors properly up for election at any given stockholders’ meeting.

Conversion Rights

Each share of our non-voting common stock will be convertible at the election of the holder into one share of our voting common stock.

Economic Rights

Dividends. Holders of shares of our voting common stock and non-voting common stock are entitled to share ratably in dividends, if any, as may be declared from time to time by our board of directors out of legally available funds, subject to preferences that may be applicable to any then outstanding preferred stock and limitations under the DGCL; provided, however, that (i) if dividends are declared and paid in shares of common stock, the dividends payable to holders of voting common stock shall be payable in voting common stock, and the dividends payable to the holders of non-voting common stock shall be payable in non-voting common stock, and (ii) if the dividends are declared and paid in other voting securities, we shall pay to each holder of voting common stock dividends consisting of voting securities and shall pay to each holder of non-voting common stock dividends consisting of non-voting securities (except as otherwise required by law) which are otherwise identical to our voting securities so declared and paid on the voting common stock.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of shares of our voting common stock and non-voting common stock will be entitled to share ratably in the net assets legally available for distribution to our 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.

No Preemptive or Similar Rights

Holders of shares of our voting common stock and non-voting common stock have no preemptive, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our voting common stock. The rights, preferences and privileges of the holders of shares of our voting common stock and non-voting common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of voting common stock are fully paid and nonassessable.

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 our common stock. Our issuance of preferred stock could adversely affect the voting power of holders of our 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 or other corporate action.

Registration Rights

We are party to that certain Registration Rights Agreement, dated April 6, 2021, by and between us and Indigo Frontier Holdings Company, LLC (“Indigo”). 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 Registration Rights Agreement, which has been filed with the SEC.

Demand and Short-Form Registration Rights

Indigo may request that we initiate up to eight registrations of its shares (and the shares of any other parties that may become a party to the Registration Rights Agreement) on Form S-1 or any similar or successor long-form registration and, if available, an unlimited number of registrations of its shares (and the shares of any other parties that may become a party to the Registration Rights Agreement) on Form S-3 or any successor or similar short-form registration.

Piggyback Registration Rights

At any time that we propose to register any of our securities under the Securities Act of 1933, as amended (the “Securities Act”), Indigo and any other parties that may become a party to the Registration Rights Agreement will be entitled to certain “piggyback” registration rights allowing such parties to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement 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), the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares in the registration.

Expenses of Registration, Restriction and Indemnification

We will pay all registration expenses, including the legal fees of one counsel for all holders under the Registration Rights Agreement. The demand, short-form, and piggyback registration rights are subject to customary restrictions such as limitations on the number of shares to be included in the underwritten offering imposed by the managing underwriter. The Registration Rights Agreement also contains customary indemnification and contribution provisions.

Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation provides that our board of directors shall 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, holders of common stock representing a majority of the voting rights of our common stock will be able to elect all of our directors up for election at any given stockholders' meeting. Accordingly, until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will elect our entire board of directors. Our amended and restated bylaws includes advance notice procedures and other content requirements applicable to stockholders other than Indigo for proposals to be brought before a meeting of stockholders, including proposed nominations of persons for election to our board of directors.

Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, our amended and restated certificate of incorporation and amended and restated bylaws require a majority stockholder vote for the removal of a director with or without cause, and 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. From and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 $\frac{2}{3}$ % stockholder vote is required for the amendment, repeal or modification of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws.

Our amended and restated certificate of incorporation and amended and restated bylaws also provide that, until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. From and after such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, all stockholder action must be effected at a duly called meeting of stockholders and not by a consent in writing, and further provide that, from and after such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, 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.

The combination of the classification of our board of directors (from and after such time as Indigo Fund and its affiliates hold less than a majority of the voting rights of our common stock), lack of cumulative voting rights, prohibitions on stockholder actions by written consent and stockholder ability to call a special meeting by a stockholder other than Indigo, and super majority voting requirements make it more difficult for stockholders other than Indigo (for so long as it holds sufficient voting rights) 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 other than Indigo (for so long as it holds sufficient voting rights) 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 DGCL

Our amended and restated certificate of incorporation provides that we will not be subject to the provisions of Section 203 of the DGCL unless and until such time when Indigo and its affiliates cease to beneficially own at least 15% of the then outstanding shares of our voting common stock. Following such date, we will be subject to Section 203 of the DGCL, 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;
- 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 $\frac{2}{3}$ % 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.

Corporate Opportunity

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, the doctrine of “corporate opportunity” will not apply to Indigo, any of our non-employee directors who are employees, affiliates or consultants of Indigo or its affiliates (other than us or our subsidiaries) or any of their respective affiliates in a manner that would prohibit them from investing in competing businesses or doing business with our customers.

Limited Ownership and Voting by Foreign Owners

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict ownership, voting, and control of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law and U.S. Department of Transportation policy require that we be owned and controlled by U.S. citizens, that no more than 25.0% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, up to 49% of our outstanding stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens but only if those non-U.S. citizens are from countries that have entered into “open skies” air transport agreements with the U.S. which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. Our amended and restated certificate of incorporation and amended and restated bylaws provide that the failure of non-

U.S. citizens to register their shares on a separate stock record, referred to as the “foreign stock record,” would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We believe we are currently in compliance with these ownership restrictions.

Forum Selection

Our amended and restated certificate of incorporation and amended and restated bylaws provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on behalf of us, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against us or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

Although our amended and restated certificate of incorporation and amended and restated bylaws contain the choice of forum provision described above, it is possible that a court could find that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

Amendment No. 11

This Amendment No. 11 (this "**Amendment**") is entered into as of November 13, 2021, between Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of France, having its registered office located at 2, Rond-Point Emile Dewoitine, 31700 Blagnac, France (the "**Seller**"), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado, United States of America, having its principal corporate offices located at 4545 Airport Way, Denver, Colorado 80239 USA (the "**Buyer**" and, together with the Seller, the "**Parties**").

WITNESSETH

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**"); and

WHEREAS, the Buyer and the Seller wish to amend certain terms of the Agreement as provided herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to them in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Amendment.

1. DEFINITIONS

1.1 The Parties agree to either insert in alphabetical order or amend and restate, as the case may be, the following definitions in Clause 0 of the Agreement:

[***]

A321 Supplemental Aircraft – an A321-200NX aircraft identified as an “A321 Supplemental Aircraft” in the delivery schedule set forth in Clause 9.1 to be sold by the Seller and purchased by the Buyer pursuant to this Agreement, including the A321 Airframe and all components, equipment, parts and accessories installed in or on such A321 Airframe and the A321 Propulsion System installed thereon upon delivery.

[***]

Amendment No. 11 – means that certain Amendment No. 11 to this Agreement dated as of November 13, 2021 between the Buyer and the Seller.

2. DELIVERY

2.1 The delivery schedule table set forth in Clause 9.1 of the Agreement is deleted in its entirety and replaced with the delivery schedule table attached hereto as Attachment I.

2.2 Inexcusable Delay - Delivery Period for [***]

Clause 11.1 of the Agreement is hereby amended by adding the following at the end thereof:

“11.1.5 Notwithstanding anything to the contrary in the Agreement, in respect to [***] (i) [***], (ii) [***], and (iii) [***]

3. PREDELIVERY PAYMENTS

3.1(a) Clause 5.3.2(b) of the Agreement is hereby amended by adding the following at the end thereof:

[***]

[***]

3.1(b) Clause 5.3.2(c) of the Agreement is hereby amended by adding the following at the end thereof:

[***]

[***]

3.2 Clauses 5.3.3(b) and 21.6(o) of the Agreement are each hereby amended by replacing in each instance of the use of the term [***] with [***]

3.3 Clause 5.3.3(c) is hereby added to the Agreement to read in its entirety as follows:

“5.3.3(c) For each [***] Predelivery Payments will be paid to the Seller according to the following schedule:

Payment No.	Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
1	[***]	[***]
2	[***]	[***]

Payment No.	Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
3	[***]	[***]
	[***]	
4	[***]	[***]
5	[***]	[***]
6	[***]	[***]
7	[***]	[***]
	Total payment prior to Delivery	[***]

For each [***] Predelivery Payments will be paid to the Seller according to the following schedule:

Payment No.	Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
1	[***]	[***]

Payment No.	Payment Date	Fixed amount or Percentage of applicable Predelivery Payment Reference Price
2	[***]	[***]
3	[***]	[***]
	[***]	
4	[***]	[***]
5	[***]	[***]
6	[***]	[***]
7	[***]	[***]
	Total payment prior to Delivery	[***]

3.4 Clause 21.6(o) of the Agreement is hereby amended to add the following quoted text immediately after the last table therein:

[***], the Predelivery Payment schedule [***] shall be:

Payment No.	Payment Date	Percentage of applicable Predelivery Payment Reference Price
1	[***]	[***]
2	[***]	[***]
3	[***]	[***]
	[***]	
4	[***]	[***]
5	[***]	[***]
6	[***]	[***]
7	[***]	[***]
8	[***]	[***]
	Total payment prior to Delivery	[***]

[***], the Predelivery Payment schedule [***] shall be:

Payment No.	Payment Date	Percentage of applicable Predelivery Payment Reference Price
1	[***]	[***]
2	[***]	[***]
3	[***]	[***]
	[***]	
4	[***]	[***]
5	[***]	[***]
6	[***]	[***]
7	[***]	[***]
8	[***]	[***]

Payment No.	Payment Date	Percentage of applicable Predelivery Payment Reference Price
	Total payment prior to Delivery	[***]

[***]

3.5 [***]

3.6 The last sentence of Clause 21.6(b)(B) of the Agreement is hereby deleted in its entirety and replaced with the following:

[***]

4. [***]

Amended and Restated Letter Agreement No. 7 dated December 28, 2017 is hereby amended by adding a new paragraph 12.4 to read in its entirety as follows:

[***]

- (i) [***]
- (ii) [***]

[***]

[***]

[***]

[***]

- a) [***]
- b) [***]

5. INCREMENTAL CUSTOMER SUPPORT [*]**

In respect of each Incremental Aircraft, Clause 12.2 of Amended and Restated Letter Agreement No. 7 dated December 28, 2017 is hereby amended by inserting the following quoted text immediately after Clause 12.2(e):

[***]

6. PERFORMANCE GUARANTEE

[***]

7. ADDITIONAL AMENDMENTS

In addition to the amendments set forth above, the Parties agree, effective as of the date hereof, certain other terms of the Agreement are amended as set forth on Appendix A attached hereto. Notwithstanding the foregoing, the Parties agree that, if the Buyer delivers to the Seller the [***], the Agreement shall [***]

8. EFFECT OF AMENDMENT

This Amendment shall terminate and be of no further force and effect, and the Parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, November 15, 2021 unless [***]

For purpose of this Clause 8:

[***]

[***]

The Agreement will be deemed to be amended to the extent herein provided and, except as specifically amended hereby, will continue in full force and effect in accordance with its terms. Except as otherwise provided by the terms and conditions hereof, this Amendment contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both Parties agree that this Amendment will constitute an integral, non-severable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

9. MISCELLANEOUS

This Amendment is subject to the provisions of Clauses 21, 22.6 and 22.11 of the Agreement.

10. COUNTERPARTS

This Amendment may be signed by the Parties in counterparts, which when signed and delivered will each be an original and together constitute but one and the same instrument. Counterparts may be delivered in original, faxed or emailed form, with originals to be delivered in due course.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be signed by their respective duly authorized officers or agents as of the day and year first above written.

Airbus S.A.S.

By: /s/ Benôit de Saint-Exupéry

Name: Benôit de Saint-Exupéry

Title: Senior Vice President, Contracts

Frontier Airlines, Inc.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

Confidential

1. SALE AND PURCHASE

1.1 Clause 1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“1.1 The Seller will sell and deliver to the Buyer, and the Buyer will purchase and take delivery of three hundred five (305) Aircraft, consisting of eighty (80) A320 Backlog Aircraft, forty- nine (49) A320 Incremental Aircraft, sixty-seven (67) A321 Incremental Aircraft, eighteen (18) A321XLR Aircraft and ninety-one (91) A321 Supplemental Aircraft, from the Seller, subject to the terms and conditions contained in this Agreement.

1.2 Pursuant to Amendment No. 7 to the Agreement, the parties agreed to convert the Aircraft identified in Clause 9.1 of this Agreement [***] as Aircraft Ranks 147, 149, 150, 152, 158, 159, 161, 165, 166, 167, 168, 187, 188, 190, 197, 198, 200 and 201 from A320 Incremental Aircraft to A321XLR Aircraft.

1.3 [***]

2. DEFINITIONS

2.1 The Parties agree to either insert in alphabetical order or amend and restate, as the case may be, the following definitions in Clause 0 of the Agreement:

[***]

Incremental Aircraft – the A320 Incremental Aircraft, the A321 Incremental Aircraft, the A321XLR Aircraft and the Supplemental Aircraft.

Supplemental Aircraft – the [***] A321 Supplemental Aircraft [***].

3. PROPULSION SYSTEMS

3.1 Clause 2.3 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“2.3 Propulsion Systems

- 2.3.1 Each A320 Airframe will be equipped with a set of two (2) CFM International, Inc. (“**CFM**”) model LEAP-1A26 engines or two (2) International Aero Engines, LLC (“**IAE**”) model PW1127G-JM engines [***] (upon selection such set, an “**A320 Propulsion System**”). [***]

Each A319 Airframe will be equipped with a set of two (2) CFM model LEAP-1A24 engines or two (2) IAE model PW1124G-JM engines (upon selection such set, an “**A319 Propulsion System**”).

Each A321 Airframe will be equipped with a set of two (2) CFM model LEAP-1A32 engines, two (2) CFM model LEAP-1A33B2 engines, two (2) IAE model PW1133G-JM engines, [***] or two (2) IAE model PW1133G1-JM engines (upon selection such set, an “**A321 Propulsion System**”), [***]

Each A321XLR Airframe will be equipped with a set of two (2) CFM model LEAP- 1A32, two (2) CFM model LEAP-1A33B2 engines, two (2) IAE model PW1133G- JM engines, or two (2) IAE model PW1133G1-JM engines (upon selection such set, an “**A321XLR Propulsion System**”).

- 2.3.2 For Backlog Aircraft the Buyer has selected the respective CFM Engine as the A320 Propulsion System, A319 Propulsion System and A321 Propulsion System.
- 2.3.3 For Incremental Aircraft (excluding Supplemental Aircraft) the Buyer has selected the IAE model PW1127G-JM in respect of A320 Incremental Aircraft, [***] and the IAE model PW1133G-JM in respect of [***] A321 Incremental Aircraft (excluding Supplemental Aircraft). [***]

2.3.4 The Buyer shall notify the Seller in writing, no later than [***]

2.3.5 As of the date of Amendment No. 11 the Buyer has not selected the propulsion system or Propulsion System Manufacturer for the Supplemental Aircraft. The Buyer shall notify the Seller in writing [***]

2.3.6 As of the date of Amendment No. 11, [***]

4. PRICE

Clause 3.1 of the Agreement is deleted in its entirety and replaced with the following quoted text:

“3.1 Base Price of the Aircraft

The Base Price of the Aircraft is the sum of:

- (i) [***]
- (ii) [***]

3.1.1 Base Price of the A320 Airframe

3.1.1.1 In respect of the A320 Backlog Aircraft, the Base Price of the A320 Airframe is the sum of the following base prices:

- (i) [***]
- (ii) [***]
- (iii) [***]

The Base Price of the A320 Airframe has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.1.2 In respect A320 Incremental Aircraft [***], the Base Price of the A320 Airframe is the sum of the following base prices:

- (i) [***]
- (ii) [***]
- (iii) [***]

The Base Price of the A320 Airframe for the A320 Incremental Aircraft has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.2 Base Price of the A320 Propulsion System

3.1.2.1 For A320 Backlog Aircraft the Base Price of a set of two (2) CFM model LEAP- 1A26 engines is:

[***]

Said Base Price has been established in accordance with the delivery conditions prevailing in [***] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

For A320 Incremental Aircraft [***], the Base Price of a set of two (2) CFM model LEAP-1A26 engines is:

[***]

Said Base Price has been established in accordance with the delivery conditions prevailing in [***] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.2.2 For A320 Incremental Aircraft, the Base Price of a set of two (2) IAE model PW1127G-JM engines [***] is:

[***]

3.1.3 Base Price of the A319 Airframe

In respect of A319 Backlog Aircraft, the Base Price of the A319 Airframe is the sum of the following base prices:

- (i) [***]
- (ii) [***]
- (iii) [***]

3.1.3.1 The Base Price of the A319 Airframe has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.4 Base Price of the A319 Propulsion System

3.1.4.1 The Base Price of a set of two (2) CFM model LEAP-1A24 engines for the A319 Aircraft is:

[***]

Said Base Price has been established in accordance with the delivery conditions prevailing in [***] and has been calculated from the reference price indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.5 Base Price of the A321 Airframe

3.1.5.1 In respect of the A321 Backlog Aircraft, the Base Price of the A321 Airframe is the sum of the following base prices:

- (i) [***]
- (ii) [***]
- (iii) [***]

3.1.5.1 The Base Price of the A321 Airframe has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.5.2 In respect of the A321 Incremental Aircraft and A321 Supplemental Aircraft, the Base Price of the A321 Airframe is the sum of the following base prices:

- (i) [***]
- (ii) [***]
- (iii) [***]

The Base Price of the A321 Airframe for the A321 Incremental Aircraft has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.6 Base Price of the A321 Propulsion System

3.1.6.1 For A321 Backlog Aircraft, the Base Price of a set of two (2) CFM model LEAP- 1A32 engines is:

[***].

Said Base Price has been established in accordance with the delivery conditions prevailing in [***] and has been calculated from the reference price indicated by CFM International and set forth in Part 2 of Exhibit C.

For A321 Incremental Aircraft and A321 Supplemental Aircraft, the Base Price of a set of two (2) CFM model LEAP-1A32 engines is:

[***]; or

for CFM model LEAP-1A33B2 engines (if selected by the Buyer) is:

[***]

Said Base Prices has been established in accordance with the delivery conditions prevailing in [***] and have been calculated from the reference prices indicated by CFM and set forth in Part 2 of Exhibit C.

3.1.6.2 For A321 Incremental Aircraft and A321 Supplemental Aircraft, the Base Price of a set of two (2) IAE model PW1133G-JM engines [***] is:

[***], or

for IAE model PW1133G1-JM engines (if selected by the Buyer) is:

[***]

Said Base Prices have been established in accordance with the delivery conditions prevailing in [***] and have been calculated from the reference prices indicated by IAE and set forth in Part 3 of Exhibit C.

3.1.7 Base Price of the A321XLR Airframe

For A321XLR Aircraft [***] the Base Price of the A321XLR Airframe is the sum of the following base prices:

- (i) [***],
- (ii) [***],
- (iii) [***].

The Base Price of the A321XLR Airframe for the A321XLR Aircraft has been established in accordance with the average economic conditions prevailing in [***] and corresponding to a theoretical delivery in [***].

3.1.8 Base Price of the A321XLR Propulsion System

3.1.8.1 For A321XLR Aircraft, the Base Price of a set of two (2) CFM model LEAP- 1A32 engines is:

[***]; or

for CFM model LEAP-1A33B2 engines (if selected by the Buyer) is:

[***]

Said Base Prices have been established in accordance with the delivery conditions prevailing in [***] and have been calculated from the reference prices indicated by CFM International and set forth in Part 2 of Exhibit C.

3.1.1.2 For A321XLR Aircraft, the Base Price of a set of two (2) IAE model PW1133G-JM engines is:

[***], or

for IAE model PW1133G1-JM engines (if selected by the Buyer) is:

[***].

Said Base Prices have been established in accordance with the delivery conditions prevailing in [***] and have been calculated from the reference prices indicated by IAE and set forth in Part 3 of Exhibit C.”

5. DELIVERY

5.1 Clause 9.1 of the Agreement is hereby amended by deleting all text after the delivery schedule table in its entirety and replacing it with the following quoted text:

“The Seller will give the Buyer written notice of the scheduled delivery month of each [***] at least [***], in each case, before the first day of the Scheduled Delivery Quarter of the respective Aircraft, which shall be a calendar month within such Scheduled Delivery Quarter (the “**Scheduled Delivery Month**”).

The Seller will give the Buyer [***] of the anticipated date on which the Aircraft will be Ready for Delivery.

[***]

6. SPECIFICATION MATTERS

Amended and Restated Letter Agreement No. 4 dated December 28, 2017 is hereby amended by adding a new paragraph 1.8 to read in its entirety as follows:

“1.8 (a) [***]

(b) [***]

7. TYPE FLEXIBILITY

Clause 2.1(viii)(e) of Second Amended and Restated Letter Agreement No. 3, dated October 9, 2019, is hereby deleted in its entirety and replaced with the following:

[***]

8. LETTER AGREEMENT NO. 10 – [*]**

8.1 Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019 is hereby amended by deleting the definition of [***] in its entirety and replacing it with the following:

[***]

- 8.2 Paragraph 2.5(a) of Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019 is hereby amended by replacing in each instance of the use of the reference [***] with [***]

1. [***]

1.1 [***]

1.2 [***]

2. [***]

2.1 [***]

3. [***]

3.1 [***]

4. [***]
[***]

5. [***]

[***]

6. [***]

[***]

7. [***]

[***]

8. [***]

[***]

Delivery Schedule Table

THIRD AMENDED AND RESTATED LETTER AGREEMENT NO. 2

Frontier Airlines, Inc. 4545 Airport Way
Denver, Colorado 80239

Re: PURCHASE INCENTIVES

Dear Ladies and Gentlemen,

This Third Amended and Restated Letter Agreement No. 2 (hereinafter referred to as this "**Letter Agreement**") is entered into as of November 13, 2021 between FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**").

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**"); and

WHEREAS, the Buyer and the Seller wish to hereby amend certain terms of the Agreement;

NOW, THEREFORE, IT IS AGREED THAT SECOND AMENDED AND RESTATED LETTER AGREEMENT NO. 2, DATED AS OF OCTOBER 9, 2019 BETWEEN THE BUYER AND THE SELLER, IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, non-severable part of the Agreement, that the provisions of the Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of the Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. A320 BACKLOG AIRCRAFT [*]**

[***]

1.1 [***]

1.2 [***]

1.3 [***]

1.4 [***]

1.5 [***]

1.6 [***]

1.7 [***]

1.8 [***]

[***]

[***]

[***]

2. A319 AIRCRAFT [*]**

[***]

2.1 [***]

2.2 [***]

2.3 [***]

2.4 [***]

2.5 [***]

2.6 [***]

2.7 [***]

2.8 [***]

[***]

[***]

[***]

3. A319 [*]**

3.1 [***]

3.2 [***]

3.3 [***]

4. A321 BACKLOG AIRCRAFT [*]**

[***]

4.1 [***]

4.2 [***]

4.3 [***]

4.4 [***]

4.5 [***]

4.6 [***]

4.7 [***]

4.8 [***]

4.9 [***]

[***]

[***]

[***]

5. [***]

5.1 [***]

5.1.1 (a) [***]

(b) [***]

(c) [***]

(d) [***]

(e) [***]

5.1.2 [***]

5.1.3 [***]

5.1.4 [***]

5.1.5 [***]

5.1.6 [***]

5.2 [***]

5.2.1 (a) [***]

(b) [***]

(c) [***]

(d) [***]

(e) [***]

5.2.2 [***]

5.2.3 [***]

5.2.4 [***]

5.2.5 [***]

5.2.6 [***]

5.3 A321XLR AIRCRAFT [***]

5.3.1 [***]

5.3.1.1 [***]

5.3.1.2 [***]

5.3.1.3 [***]

5.3.1.4 [***]

5.3.1.5 [***]

5.3.1.6 [***]

5.3.1.7 [***]

5.3.2 [***]

5.3.2.1 [***]

[***]

[***]

5.3.2.2 [***]

6. [***]

6.1 [***]

[***]

(a) [***]

(b) [***]

[***]

(i) [***]

(ii) [***]

(iii) [***]

(iv) [***]

[***]

6.2 (a) INTENTIONALLY LEFT BLANK

(b) [***]

[***]

(a) [***]

(b) [***]

[***]

(i) [***]

(ii) [***]

(iii) [***]

(iv) [***]

[***]

[**]

[**]

6.3 [**]

[**]

7. INTENTIONALLY LEFT BLANK

8. PRICE REVISION FORMULA

8.1 Part 1 of Exhibit C to the Agreement, Seller Price Revision Formula, is deleted in its entirety and replaced with the Part 1 and Part 1A of Exhibit C, annexed as Appendix 1 to this Letter Agreement.

8.2 Part 2 of Exhibit C, Propulsion System Price Revision Formula – CFM International, is deleted in its entirety and replaced with the Part 2 of Exhibit C, annexed as Appendix 2 to this Letter Agreement.

9. [***]

[***]

10. [***]

The Buyer and Seller agree that, as of the date hereof, the [***]

11. [***]

[***]

12. ASSIGNMENT

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph 12 will be void and of no force or effect.

13. CONFIDENTIALITY

This Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

14. EFFECT OF LETTER AGREEMENT

This Letter Agreement shall terminate and be of no further force and effect, and the parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, November 15, 2021 unless (i) [***] and (ii) [***]

For purpose of this Clause 14:

[***]; and

[***]

15. COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours, AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry
Benoît de Saint-Exupéry
Its: Senior Vice President, Contracts

Accepted and Agreed FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Its: General Counsel

APPENDIX 1 TO Third Amended and Restated LETTER AGREEMENT NO. 2

EXHIBIT C to the Agreement

SELLER PRICE REVISION FORMULA

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Part 1 Seller Price Revision Formula

Part 1A Seller Price Revision Formula (Incremental Aircraft)

Part 2 Propulsion System Price Revision Formula:
CFM International, Inc.

Part 3 Propulsion System Price Revision Formula: International Aero Engines, LLC

EXHIBIT C

PART 1 SELLER PRICE REVISION FORMULA (BACKLOG AIRCRAFT)

EXHIBIT C

PART 1A SELLER PRICE REVISION FORMULA (INCREMENTAL AIRCRAFT)

EXHIBIT C

PART 2 PROPULSION SYSTEM PRICE REVISION FORMULA CFM INTERNATIONAL

EXHIBIT C

PART 3 PROPULSION SYSTEM PRICE REVISION FORMULA
International Aero Engines, LLC

LETTER AGREEMENT NO. 11

Frontier Airlines, Inc. 4545 Airport Way
Denver, Colorado 80239

Re: [***]

Dear Ladies and Gentlemen,

This Letter Agreement No. 11 (hereinafter referred to as this "**Letter Agreement**") is entered into as of November 13, 2021 between FRONTIER AIRLINES, INC. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**").

WHEREAS, the Buyer and the Seller entered into an A320 Family Aircraft Purchase Agreement dated as of September 30, 2011 (as amended, supplemented and modified from time to time prior to the date hereof, the "**Agreement**");

WHEREAS, the Buyer has requested [***]; and

WHEREAS, the Buyer and the Seller wish to hereby amend certain terms of the Agreement;

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE SELLER AND THE BUYER AGREE AS FOLLOWS:

Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms "herein," "hereof" and "hereunder" and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement constitutes an integral, non-severable part of the Agreement, that the provisions of the Agreement are hereby incorporated herein by reference, and that this Letter Agreement is governed by the provisions of the Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement will govern.

1. DEFINITIONS

The following definitions are only applicable to this Letter Agreement and in the event of any conflict with the following definitions and similarly defined terms elsewhere in the Agreement, the definitions set forth herein shall prevail.

[***]

[***]

[***]

2. [*]**

2.1 [*]**

[***]

- (i) [***]
- (ii) [***]
- (iii) [***].

[***]

2.2 [***]

[***]

2.2.1 [***]

2.2.2 [***]

2.2.3 [***]

2.2.4 [***]

2.3 [***]

[***]

3. [***]

3.1 Upon the entry in to full force and effect of Amendment No. 11, [***]

3.1.1 Except as set forth in Clause 3.1.2 below, [***]

3.1.2 [***]

3.2 [***]

- (i) [***]
- (ii) [***]
- (iii) [***]
- (iv) [***]
- (v) [***]

[***]

4. ASSIGNMENT

Notwithstanding any other provision of this Letter Agreement or of the Agreement but subject to Clause 21.2 of the Agreement, this Letter Agreement and the rights and obligations of the Buyer hereunder will not be assigned or transferred in any manner without the prior written consent of the Seller, and any attempted assignment or transfer in contravention of the provisions of this Paragraph [***] will be void and of no force or effect.

5. CONFIDENTIALITY

5.1 Subject to Clause 5.2 below, this Letter Agreement is subject to the terms and conditions of Clause 22.11 of the Agreement.

5.2 [***]

[***]

6. EFFECT OF LETTER AGREEMENT

This Letter Agreement shall terminate and be of no further force and effect, and the parties shall have no obligation or liability to the other, whether in contract, tort or otherwise in respect hereof at the close of business, November 15, 2021 unless (i) [***] and (ii) [***]

For purpose of this Clause 6:

[***]

[***]

7. COUNTERPARTS

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours, AIRBUS S.A.S.

By: /s/ Benoît de Saint-Exupéry

Its: Benoît de Saint Exupéry
Senior Vice President
Contracts

Accepted and Agreed FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Its: General Counsel

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

C L I F F O R D
C H A N C E

Exhibit 10.24
CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF DECEMBER 28, 2021

VERTICAL HORIZONS, LTD.,
AS BORROWER

EACH LENDER
IDENTIFIED ON SCHEDULE I HERETO
AS LENDERS

CITIBANK, N.A.,
AS FACILITY AGENT

CITIBANK, N.A.,
AS ARRANGER

BANK OF UTAH,
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

SEVENTH AMENDED AND
RESTATED CREDIT AGREEMENT
IN RESPECT OF THE PDP FINANCING OF
NINE (9) AIRBUS A320NEO AIRCRAFT AND FIFTY
(50) AIRBUS A321NEO AIRCRAFT

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THIS SEVENTH AMENDED AND RESTATED CREDIT AGREEMENT dated as of December 28, 2021 (this "**Agreement**") is among

- (1) **VERTICAL HORIZONS, LTD.**, a Cayman Islands exempted company (the "**Borrower**");
- (2) **EACH LENDER IDENTIFIED ON SCHEDULE I HERETO**;
- (3) **CITIBANK, N.A.**, as the Facility Agent acting on behalf of the Lenders;
- (4) **CITIBANK, N.A.**, in its capacity as the Arranger (the "**Arranger**"); and
- (5) **BANK OF UTAH**, not in its individual capacity but solely as Security Trustee acting on behalf of the Facility Agent and the Lenders.

WHEREAS, this Agreement amends and restates in its entirety the credit agreement dated as of December 23, 2014 (such date, the "**Original Signing Date**" and such agreement, the "**Original Credit Agreement**"), as amended and restated by the amended and restated credit agreement dated as of August 11, 2015 (such date, the "**AR Signing Date**"), as further amended by that certain amendment no. 1 to the amended and restated credit agreement dated as of December 30, 2015, as further amended by that certain amendment no. 2 to the amended and restated credit agreement dated as of January 14, 2016 (such date, the "**Amendment No. 2 Signing Date**"), as further amended and restated by the second amended and restated credit agreement dated as of December 16, 2016 (such date, the "**AR No. 2 Signing Date**"), as further amended and restated by the third amended and restated credit agreement dated as of December 29, 2017 (such date, the "**AR No. 3 Signing Date**"), as amended by amendment no. 1 to the third amended and restated credit agreement dated as of May 31, 2018, as further amended and restated by the fourth amended and restated credit agreement dated as of January 29, 2019 (such date, the "**AR No. 4 Signing Date**"), as amended by omnibus amendment no. 1 dated as of August 16, 2019 among the Borrower, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, as further amended and restated by the fifth amended and restated credit agreement dated as of March 19, 2020 (such date, the "**AR No. 5 Signing Date**"), as amended by omnibus amendment no.1 thereto dated as of May 4, 2020 and amendment no. 2 thereto dated as of June 18, 2020, and as further amended and restated by the sixth amended and restated credit agreement dated as of December 22, 2020 (such date, the "**AR No. 6 Signing Date**"), as amended by omnibus amendment no.1 thereto dated as of May 6, 2021, among the Borrower, the Guarantors named therein, each Lender identified on Schedule I thereto, the Facility Agent, the Arranger and the Security Trustee, pursuant to which the Lenders made Loans available with respect to the Existing Aircraft;

WHEREAS, the parties have agreed to enter into this Agreement for the purpose of making Loans available with respect to the Existing Aircraft and the Additional Aircraft and for the purpose of limiting the availability of, and providing security for, the incremental unsecured line of credit available to the Borrower hereunder; and

WHEREAS, upon the execution and delivery of this Agreement, the Borrower, the Facility Agent and the Security Trustee shall enter into that certain Seventh Amended and Restated Mortgage and Security Agreement on the date hereof (the "**Mortgage**") pursuant to which the Borrower agrees, among other things, that Loan Certificates issued hereunder and all other obligations to the Lenders and/or any Agent hereunder or under any other Operative Document will be secured by the mortgage and security interest granted by the Borrower in favour of the Security Trustee with respect to the Existing Aircraft and the Additional Aircraft.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS

- 1.1 Except as otherwise defined in this Agreement, including its annexes, schedules and exhibits, terms used herein in capitalized form shall have the meanings attributed thereto in Annex A.
- 1.2 Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. COMMITMENTS; BORROWER'S NOTICE OF PAYMENT DATES; CLOSING PROCEDURE

- 2.1 Subject to the terms and conditions of this Agreement, each Lender agrees to make (i) a secured loan to the Borrower in respect of each Advance (herein called, for such Advance, a "**Loan**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date and (ii) if applicable, one or more secured loans to the Borrower upon the request of the Borrower subject to availability under the Maximum Commitment Amount (each such unsecured loan herein called, a "**Line of Credit Borrowing**") on a Borrowing Date to be designated pursuant to Clause 2.3, but in no event later than the Commitment Termination Date. In the case of each Lender on any Borrowing Date, the Loan shall, in respect of each Aircraft, be equal to the least of:
- (a) such Lender's Participation Percentage multiplied by, on any Borrowing Date, the relevant Financed Amount; and
 - (b) such Lender's Maximum Commitment minus the aggregate amount of all Loans and Line of Credit Borrowings made by such Lender prior to such Borrowing Date that remain outstanding on such Borrowing Date (such amount, with respect to such Lender on such Borrowing Date, its "**Commitment**").

In the case of each Lender on any Borrowing Date, the Line of Credit Borrowing shall be equal to the least of:

- (a) such Lender's Participation Percentage multiplied by the lesser of (i) the amount of the requested Line of Credit Borrowing and (ii) [***], or such other amount as such Lender may agree in its sole discretion (it being acknowledged and agreed that the outstanding amount of the Line of Credit Borrowings is [***] as of the date hereof and that, if repaid, such amount cannot be redrawn except with the consent of the applicable Lender in accordance with Section 4.3); and
 - (b) such Lender's Commitment.
- 2.2 If any Lender shall default in its obligation to make the amount of its Commitment available pursuant to Clause 2.1, [***]. Without limiting the above, if the Facility Agent disburses a Lender's Commitment without first having received funds from a defaulting Lender, then such defaulting Lender hereby agrees to indemnify the Facility Agent against any loss it may incur as a result of such failure to fund by such defaulting Lender.

- 2.3 As more particularly specified in Clause 5.2, the Borrower shall execute and deliver to each Lender with appropriate insertions a Loan Certificate to evidence such Lender's Maximum Commitment. The Loan Certificates shall be issued such that each Lender receives a Loan Certificate. Each Loan and Line of Credit Borrowing shall be evidenced by this Agreement, the Loan Certificate with respect thereto, and notations made from time to time by each Lender in its books and records, including computer records. Each Lender shall record in its books and records, including computer records, the principal amount of the Loans and the Line of Credit Borrowings owing to it from time to time. Absent evidence to the contrary, each Lender's books and records shall constitute presumptive evidence of the accuracy of the information contained therein. Failure by any Lender to make any such notation or record shall not affect the obligations of the Borrower to such Lender with respect to the repayment of its Loans or Line of Credit Borrowings.
- (a) Each Party hereby acknowledges that (i) prior to the Effective Date the Lenders have made Loans in respect of certain Advances relating to certain Existing Aircraft which were paid by or on behalf of the Borrower on certain dates prior to the Effective Date in the amounts as set out in the column entitled Financed Amount in the table set out in Schedule III, (ii) the proceeds of such Loans were paid to the Borrower or to its direction, (iii) the terms of this Agreement and the other Operative Documents shall continue to apply to such Loans and (iv) except to the extent the Majority Lenders may otherwise agree in their sole discretion, all available Line of Credit Borrowings have been fully funded prior to the Effective Date.
 - (b) The Borrower agrees to give the Facility Agent at least [***] prior written notice (the "**Funding Notice**") of each Borrowing Date in respect of any Loans or Line of Credit Borrowings, such notice to be received by the Facility Agent prior to [***], and which shall be in substantially the form of Exhibit A. On the Initial Borrowing Date, the Lenders shall make Loans (subject to the limitations specified in Clause 2.1) in respect of certain Advances relating to certain Additional Aircraft which were paid by or on behalf of the Borrower prior to the Initial Borrowing Date in the amounts equal to the applicable Financed Amounts. The proceeds of such Loans shall be paid to the Borrower; provided, however, that the Borrower shall have paid all Advances relating to any Additional Aircraft that were due and payable prior to the Initial Borrowing Date, and the Borrower shall remain responsible for the Advances in an amount equal to the Equity Contributions applicable as of the Initial Borrowing Date for each Aircraft (including the Existing Aircraft and the Additional Aircraft).
 - (c) In the event that any Loan or Line of Credit Borrowing shall not be consummated in accordance with the terms hereof on the Effective Date or the Borrowing Date specified in a Funding Notice, the Lenders and the Borrower shall cooperate with each other to arrange a mutually acceptable postponement of such date (the "**Delayed Borrowing Date**"). [***]

Notwithstanding anything to the contrary herein, in the event that any amount paid by or on behalf of the Borrower on any Borrowing Date with respect to a pre-delivery payment obligation for any Aircraft exceeds the required Equity Contribution set forth on Schedule III for such Aircraft on such Borrowing Date as a result of any portion of the Financed Amount for such Aircraft not being available on such Borrowing Date as a result of a PDP Funding Date Deficiency, Lender agrees to refund to the Borrower the amount of such excess either by netting such excess amount against a future Equity Contribution or Loan payment obligation of the Borrower or by directly funding such

amount as an additional Loan to the Borrower, in each case, as soon as reasonably practicable after such PDP Funding Date Deficiency ceases to exist. The Lender shall have the right in its sole discretion to choose whether to fund such excess amount as an additional Loan or to net such excess amount against the Borrower's future payment obligations hereunder.

2.4 On the Initial Borrowing Date, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loans in respect of the initial Advances under this Seventh Amended and restated Agreement to such account as the Borrower shall direct the Facility Agent in writing to reimburse Borrower for a portion of previously funded Purchase Price Installments relating to Additional Aircraft. On each other Borrowing Date for each subsequent Loan specified in a Borrower's notice referred to in Clause 2.3, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent, agrees to pay the amount of its Commitment for the Loan in respect of each such Advance directly to Airbus by wiring such amounts to the account or accounts specified in the applicable Funding Notice. The Borrower agrees that the actual transfer of the proceeds of Loans to the bank designated by the Borrower for credit to Airbus's or the Borrower's account (as applicable) shall constitute conclusive evidence that the Loans were made. On each Borrowing Date for each Line of Credit Borrowing specified in a Funding Notice, subject to the terms and conditions of this Agreement, each Lender, through or on behalf of the Facility Agent agrees to pay the amount of its Commitment for such Line of Credit Borrowing to such account as the Borrower shall direct the Facility Agent in writing.

3. FEES; CANCELLATION OF FACILITY AMOUNT

3.1 Each Loan Certificate shall bear interest and be repaid in accordance with the applicable terms of this Agreement and the Mortgage.

3.2 The Borrower shall pay to the Facility Agent for the account of each Lender, the fees set forth in the relevant Fee Letter.

3.3 The Borrower shall pay to the Facility Agent for the account of each Lender, the Commitment Fee quarterly in arrears, based on the daily average of the undrawn portion of the Facility Amount during such period, as the Facility Amount may be cancelled or reduced under Clause 3.5 on every Interest Payment Date following the Effective Date calculated daily on the basis of a year of 360 days and the actual number of days elapsed.

3.4 The Borrower paid to the Facility Agent for the account of the Facility Agent, an amount equal to [***] on the Original Signing Date, and shall pay an amount equal to [***] to the Facility Agent on each anniversary of the Original Signing Date until the date on which the Security Trustee releases the Collateral from the Lien of the Mortgage in accordance with Clause 7.1 of the Mortgage.

3.5 The Borrower may at any time permanently and irrevocably cancel or reduce the Facility Amount (in whole or in part) provided that the amount thereof shall be specified in a written notice to the Facility Agent from the Borrower and countersigned by the Guarantors [***] before the effective date of such cancellation and the undrawn portion of the Facility Amount may not be cancelled or reduced to the extent that the undrawn portion of the Facility will be required to be drawn in the future to make future Advances in respect of an Aircraft with respect to which a Loan is outstanding.

4. CONDITIONS

4.1 Conditions Precedent to the Effectiveness of the Commitments

It is agreed that the Commitments of each Lender and the effectiveness of the Lender's obligations pursuant to this Agreement are subject to the satisfaction prior to or on the Effective Date of the following conditions precedent and the occurrence of the initial Loan by the Lenders on or following the Effective Date shall be conclusive and binding evidence that such conditions precedent has been satisfied or waived by the Lender:

- (a) The following documents shall have been duly authorized, executed and delivered by the party or parties thereto, shall each be satisfactory in form and substance to the Facility Agent and shall be in full force and effect and executed counterparts shall have been delivered to the Facility Agent and its counsel:
 - (i) this Agreement;
 - (ii) the Mortgage;
 - (iii) each Guarantee;
 - (iv) the Share Charge;
 - (v) the Slot Security Agreement;
 - (vi) each Engine Agreement;
 - (vii) each Lender's Loan Certificate;
 - (viii) the Option Agreement;
 - (ix) the Subordinated Loan Agreement;
 - (x) the Servicing Agreement;
 - (xi) the Process Agent Appointment;
 - (xii) the Step-In Agreement; and
 - (xiii) the Assignment and Assumption Agreement.
- (b) The Facility Agent shall have received the following, in each case in form and substance satisfactory to it:
 - (i) the memorandum and articles of association of the Borrower, a certificate of good standing of the Borrower, the certificate of incorporation of the Borrower, the declaration of trust in respect of the shares of the Borrower (as amended) and a copy of resolutions of the board of directors of the Borrower duly authorizing the execution, delivery and performance by the Borrower of this Agreement, the Mortgage and each other document required to be executed and delivered by the Borrower on the Effective Date, each certified by a director of the Borrower;

- (ii) a copy of the organizational documents of the Parent and a copy of resolutions of the board of directors of the Parent duly authorizing the execution, delivery and performance by the Parent of the Share Charge and each other document required to be executed and delivered by the Parent on the Effective Date, each certified by the Secretary or an Assistant Secretary or two duly authorized signatories of the Parent;
 - (iii) an officer's certificate from an officer of each Guarantor (a) attaching copies of the constituent documents of such Guarantor, (b) attaching copies of the resolutions of the board of directors of such Guarantor, certified by an officer of such Guarantor, duly authorizing the execution, delivery and performance by such Guarantor of the Guarantee made by such Guarantor, and the Subordinated Loan Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement (in each case to the extent it is a party to such Operative Document) and each other document required to be executed and delivered by such Guarantor on the Effective Date and (c) listing the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of such Guarantor in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons;
 - (iv) a certificate of the Borrower as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Borrower in connection with the transactions contemplated hereby and as to the signature of such Person or Persons; and
 - (v) a certificate of the Parent as to the Person or Persons authorized to execute and deliver the Operative Documents, and any other documents to be executed on behalf of the Parent in connection with the transactions contemplated hereby, including a sample signature of such Person or Persons.
- (c) The Facility Agent (with sufficient copies for each Lender) shall have received a certificate of the Borrower that the aggregate amount of Financed Amounts together with all Equity Contributions in connection with each Aircraft (including each Additional Aircraft), shall be sufficient when paid to Airbus in accordance with this Agreement to satisfy the obligation of the Borrower with respect to all Advances due and payable for each such Aircraft.
 - (d) Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the granting clause of the Mortgage (including with respect to the Collateral relating to the Additional Aircraft) and the Slot Security Agreement shall have been delivered by the Borrower, and such financing statements shall have been filed in all places deemed necessary or advisable in the opinion of counsel for the Lenders, and any additional Uniform Commercial Code financing statements deemed advisable by any Lender or its counsel shall have been delivered by the Borrower and duly filed.
 - (e) Evidence shall have been delivered of the entry into the Parent's register of mortgages and charges of the Share Charge (other than in respect of such entry in anticipation of the Share Charge).

- (f) All documentation required to accomplish any necessary or advisable filings or registrations in the Cayman Islands shall have been delivered to local Cayman Islands counsel, and such registrations shall be initiated and there shall exist no Lien of record in respect of the Collateral that ranks in priority to the Lien of the Mortgage and the other Operative Documents.
- (g) The Facility Agent (with sufficient copies for each Lender and the Security Trustee) shall have received an opinion addressed to each Lender, and each Agent from one or more special counsel to the Borrower, in each applicable jurisdiction (including in the Cayman Islands and New York), with such opinions satisfactory in form and substance to such Lender, as to the valid, binding and enforceable nature of the Operative Documents in place on the Effective Date, due execution by the Borrower, each Guarantor, and the creation and perfection in the Collateral (including Collateral relating to the Additional Aircraft) assigned and charged pursuant to the Mortgage.
- (h) The Facility Agent shall have received a certificate of each Guarantor stating the aggregate amount of Loans and Line of Credit Borrowings outstanding on the Effective Date.
- (i) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of Airbus.
- (j) The Facility Agent (with sufficient copies for each Lender) shall have received an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of the Engine Manufacturer.
- (k) The Facility Agent should have received the amount due and payable pursuant to Clause 3.2 and 3.4.
- (l) Since December 31, 2020, (i) there shall have been no material adverse change in the business condition (financial or otherwise), or operations or prospects of any Guarantor which taken as a whole for either of them could have a material adverse effect on the ability of any Guarantor to perform its obligations under any Operative Document to which it is a party and no event or circumstance shall have occurred which in the reasonable judgment of any Lender had or would be reasonably likely to have a Material Adverse Effect and (ii) there shall have been no material and adverse change in the LIBOR funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (m) The Facility Agent and each Lender shall have received its customary "know your customer" documentation completed by the Borrower and/or each Guarantor, as the case may be.
- (n) The Facility Agent shall have received a copy of the Assigned Purchase Agreement in the form agreed between the Borrower, Airbus and the Security Trustee.

- (o) The Facility Agent shall have received a certificate from the Borrower confirming that payment to Airbus of the Loans will to the extent of such payments satisfy the pre-delivery payment obligations of the Borrower to Airbus.
- (p) The Facility Agent shall have received an audited consolidated balance sheet and related statements of Frontier Group Holdings and its subsidiaries at and as of the end of the fiscal year of such Guarantor ended December 31, 2020, together with an audited consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP.
- (q) The Borrower shall discharge its obligations under the Security Trustee Fee Letter as such obligations are due to be performed.
- (r) The Facility Agent shall have received evidence that Frontier Group Holdings has, as of such date, Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [***].

The Borrower shall discharge or shall procure the discharge of all fees payable to the Parent in respect of the Borrower and the transaction as such obligations are due to be performed in accordance with the Operative Documents.

4.2 **Conditions Precedent to the Lenders' Participation in each Loan**

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Loan (including Loans in respect of Advances made by the Borrower prior to the Effective Date) is subject to the satisfaction prior to or on the Borrowing Date for such Loan of the following conditions precedent:

- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Loan pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) In respect of the first Loan to be made hereunder with respect of an Aircraft, the Facility Agent and each Lender shall have received evidence from Airbus in form and substance reasonably satisfactory to them that the Advances falling due and payable prior to such Borrowing Date and the part of such Advance due and payable on such Borrowing Date which is financed by an Equity Contribution has been received by Airbus in full and in respect of each subsequent Loan, neither the Facility Agent nor any Lender shall have received evidence from Airbus that an Equity Contribution has not been received by Airbus in full.
- (c) As of the Borrowing Date (i) it is not illegal for a Lender to fund a Loan in respect of such Advance, to acquire its Loan Certificate(s) or to realize the benefits of the security afforded by the Mortgage and the Share Charge, and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the Benchmark funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Loan in respect of an Advance hereunder.
- (d) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate

solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect.

- (e) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (f) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in connection with such Advance in accordance with this Agreement.
- (g) The Facility Agent shall not have received any notice, or is not otherwise aware, that an Airbus Termination Event has occurred and is continuing, and the Facility Agent is satisfied (acting reasonably) that the Aircraft Purchase Agreement is in full force and effect.
- (h) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (i) The Facility Agent shall be satisfied that the Liens constituted by the relevant Operative Documents which purport to create such Liens and which are required pursuant to the terms of this Agreement are in full force and effect and have been fully perfected.
- (j) No Default or Event of Default shall have occurred and be continuing.
- (k) Each Guarantee shall be in full force and effect.
- (l) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower is in compliance with the LTV Test before and after giving effect to the making of the applicable Loan.
- (m) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).

4.3 **Conditions Precedent to the Lenders' Participation in each Line of Credit Borrowing**

It is agreed that the obligations of each Lender to lend all or any portion of its Commitment to the Borrower in respect of each Line of Credit Borrowing shall be subject to the sole discretion of such Lender (including as to the amount) and subject to the satisfaction prior to or on the Borrowing Date for such Line of Credit Borrowing of the following conditions precedent:

- (a) The Facility Agent shall have received a Funding Notice with respect to the Borrowing Date for such Line of Credit Borrowing pursuant to Clause 2 (or shall have waived such notice either in writing or as provided in Clause 2).
- (b) As of the Borrowing Date (i) it is not illegal for a Lender to fund a Line of Credit Borrowing and to acquire its Loan Certificate(s), and (ii) since 26 November 2014 there shall have been no material and adverse change, whether in effect on the Original Signing Date or coming into effect thereafter in the Benchmark funding markets or any financial markets applicable to a Lender which would materially impair the ability of such Lender to fund a Line of Credit Borrowing.
- (c) A certificate of a director of the Borrower, certifying that on such Borrowing Date, (A) the representations and warranties of the Borrower contained in Clause 7 are true and accurate in all material respects as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be true and accurate on and as of such earlier date) and (B) no event has occurred or is continuing which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default, and (C) no event or circumstance has occurred which is reasonably likely to have a Material Adverse Effect.
- (d) On such Borrowing Date, when taking into consideration future Equity Contributions required to be paid as set forth in Schedule III and the amount the Borrower is required to pay pursuant to Clause 10.21, the available undrawn Commitment is sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement.
- (e) The Facility Agent shall have received for the account of the Lenders all fees specified in Clauses 3.3 and 3.4 that are due and payable on or prior to such Borrowing Date and any other amounts the Borrower is required to pay in accordance with this Agreement.
- (f) The Facility Agent shall have received a copy of any other Authorization which the Facility Agent reasonably considers to be necessary following advice from its legal advisors (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.
- (g) No Default or Event of Default shall have occurred and be continuing.
- (h) Each Guarantee shall be in full force and effect.
- (i) If the Annualized FCCR was less than 1.2 on the immediately preceding FCCR Test Date, the Borrower shall be in compliance with the LTV Test before and after giving effect to the making of the applicable Line of Credit Borrowing.
- (j) The Loans and Line of Credit Borrowings have not become due and payable or will, with the passing of time, become due and payable pursuant to Clause 5.9(c), (d), or (e).
- (k) After giving effect to such Line of Credit Borrowing, the aggregate outstanding Line of Credit Borrowings shall not exceed the lesser of (x) [***] or such other amount as such Lender may agree in its sole discretion and (y) the amount by

which the Maximum PDP Loan Amount exceeds the aggregate outstanding principal amount of the Loans as of such Borrowing Date.

5. THE CERTIFICATES

5.1 Form of Loan Certificates

The Loan Certificates shall each be substantially in the form specified in Exhibit F.

5.2 Terms of Loan Certificates; Loans and Line of Credit Borrowings

- (a) On the Effective Date, each Lender shall return the original counterparts of the existing Loan Certificates to the Borrower and the Borrower shall issue a Loan Certificate to each Lender in an aggregate original principal amount equal to such Lender's Maximum Commitment. The Borrower shall be entitled to borrow Loans and Line of Credit Borrowings against each Loan Certificate in accordance with Clauses 2.1 and 4.
- (b) Each Loan Certificate shall bear interest on the unpaid principal amount thereof from time to time outstanding from and including the date thereof until such principal amount is paid in full. Such interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date such Loan or Line of Credit Borrowing is repaid in full. The Interest Periods for the Loans and Line of Credit Borrowings can vary in accordance with the definition of Interest Period. Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a (i) Loan or Line of Credit Borrowing or (ii) the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest hereunder and under the Loan Certificates shall be calculated on the basis of a year of 360 days and actual number of days elapsed.
- (c) If any sum payable under the Loan Certificates or under the Mortgage falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.
- (d) The principal of the Loans relating to an Aircraft shall be due and payable in full upon the first to occur of (i) the Delivery Date of such Aircraft, as notified by the Borrower to the Facility Agent [***] prior to such day, (ii) except as specified in clause (iii), the date falling [***] after the final day of the Scheduled Delivery Month for such Aircraft, (iii) in the event of a Relevant Delay, the date falling [***] after the final day of the Scheduled Delivery Month of such Aircraft, and (iv) the Termination Date. The Borrower shall notify the Facility Agent and the Lenders of the expected Delivery Date of each Aircraft, not less than [***] prior to the Interest Payment Date immediately preceding such expected Delivery Date. Upon receipt of such notice, the Lenders shall effect a stub Interest Period ending on such expected Delivery Date for the Loans allocable to such Aircraft. If a Delivery Date is delayed, then the Facility Agent and the Lenders shall continue to make funds available in accordance with the terms hereof, at a LIBOR rate determined based on the Lenders' Cost of Funds until the earlier of (x) the actual Delivery Date of such Aircraft (y) the date falling [***] after the final day of the Scheduled Delivery Month of such Aircraft and (z) in the event of a Relevant Delay, the date falling [***] after the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III. The principal amount of the

Line of Credit Borrowings shall be payable within [***] of the Borrower's receipt of a written demand therefor by the Facility Agent. Such demand may be for any amount up to and including the aggregate outstanding principal amount of the Line of Credit Borrowings. Any principal amounts repaid with respect to a Line of Credit Borrowing at any time may be subsequently reborrowed and repaid from time to time in accordance with the terms hereof.

- (e) Each Loan Certificate shall bear interest at the Past Due Rate on any principal thereof and, to the extent permitted by Applicable Law, interest (other than interest accrued at the Past Due Rate) and other amounts due thereunder and hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender given through the Facility Agent.
- (f) The Loan Certificates shall be executed on behalf of the Borrower by one of its authorized officers. Loan Certificates bearing the signatures of individuals who were at any time the proper officers of the Borrower shall bind the Borrower, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of such Loan Certificates or did not hold such offices at the respective dates of such Loan Certificates. No Loan Certificates shall be issued hereunder except those provided for in Clause 5.2(a) and any Loan Certificates issued in exchange or replacement therefor pursuant to the terms of this Agreement.
- (g) Upon the request of the Borrower, the Lenders shall have the right in their sole discretion to extend the Commitment Termination Date by one year to the next Extension Date by delivering an Extension Notice to the Borrower no later than [***] prior to the then-current Commitment Termination Date. Any such extension shall require the unanimous consent of all Lenders, each acting at their own discretion.

5.3 Taxes

- (a) Any and all payments by or on account of any obligation of the Borrower hereunder to the Lenders, the Facility Agent or the Security Trustee, under the Loan Certificates and each other Operative Document shall be made free and clear of and without deduction for any Taxes, except as required by Applicable Law; provided that if the Borrower shall be required to deduct any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Clause 5.3) the Security Trustee, the Facility Agent and each Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall, or shall cause the Security Trustee to, make such deductions and (iii) the Borrower shall, or shall cause the Security Trustee to, pay the full amount deducted to the relevant Governmental Entity in accordance with Applicable Law.
- (b) In addition, the Borrower shall, or shall cause the Security Trustee to, pay any Indemnified Taxes or Taxes addressed in Section 5.3(j) to the relevant Governmental Entity in accordance with Applicable Law and shall indemnify the Security Trustee, the Facility Agent and each Lender on an After-Tax Basis within [***] after written demand therefor, for the full amount of any Indemnified Taxes paid by the Security Trustee, the Facility Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of

the Borrower hereunder or under the other Operative Documents (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Clause) and, other than any of the following to the extent (but only to the extent) resulting from the gross negligence or willful misconduct of the Security Trustee, the Facility Agent or such Lender, any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes are correctly or legally imposed or asserted by the relevant Governmental Entity. Determinations and calculations made by a Lender with respect to an indemnity due hereunder shall be conclusive absent manifest error, provided that such determinations and calculations are made on a reasonable basis.

- (c) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Entity, the Borrower shall, or shall cause the Security Trustee to, deliver to the Facility Agent the original or a certified copy of a receipt issued by such Governmental Entity evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Facility Agent.
- (d) Any Person that at any time is entitled to an exemption from or reduction of any Indemnified Tax, at the request of the Borrower or the Security Trustee, shall deliver to it (with a copy to the Facility Agent) such properly completed and executed documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Security Trustee as will permit the utilization of such exemption or reduction, provided that such Person has determined in its reasonable good faith judgment that to do so will not result in any adverse consequences to such Person, unless the adverse consequence can be cured through an indemnity (such determination to be made by such Person in its reasonable good faith judgment), and such Person is indemnified for any adverse consequence by the Borrower in a manner reasonably satisfactory to such Person.
- (e) If the Borrower becomes obligated to pay any Indemnified Taxes pursuant to this Clause 5.3, each applicable Lender and the Facility Agent hereby agrees to cooperate with the Borrower, as described in Clauses 5.11(d).
- (f) (i) If the Security Trustee, the Facility Agent or a Lender receives a refund of any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall, as soon as reasonably practicable, pay to the Borrower the amount of such refund plus any interest received on such refund fairly attributable to such Tax and not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender pursuant to this Clause 5.3 (other than interest actually received on such refund and fairly attributable to such Tax), provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied). The Security Trustee, the Facility Agent and each Lender shall in good faith use diligence in filing its tax returns and in dealing with taxing authorities to seek and claim any such refund and to minimize the Taxes payable or indemnifiable by the Borrower hereunder if it can do so, in its sole opinion, without adverse consequences. If the Facility Agent or a Lender actually utilizes any credit with respect to any Taxes in respect of which additional amounts were paid by the Borrower pursuant to this Clause 5.3, the Security Trustee, the Facility Agent or such Lender shall pay to the Borrower an

amount equal to the amount of such credit, but not in excess of amounts previously paid by the Borrower to the Security Trustee, the Facility Agent or such Lender, provided, however, that such amount shall be reduced by the amount of any obligation of the Borrower under this Agreement then due and not made (and the amount of such reduction shall not be payable before such time and to the extent as such obligation shall have been satisfied) and that no Person shall be required to claim any credit if to do so would, in its sole opinion, result in any adverse consequences to it and, provided, further, that no Person shall be required to claim any credit in respect of this Clause 5.3 in priority of any other credits (any utilization of such credit being in such Person's sole discretion). Any refund or credit which is subsequently disallowed in whole or in part shall be promptly repaid by the Borrower on the demand of the Security Trustee, the Facility Agent or relevant Lender.

- (g) Each Lender hereby agrees to indemnify the Borrower or the Security Trustee, as the case may be, for any Taxes of a type collected by way of withholding which the Borrower or the Security Trustee fails to withhold on payments to such Lender as a direct result of the failure of such Lender to provide the form or certificate required to be provided by such Lender by Clause 5.3(d) or the invalidity of any such form or certificate required to be provided by such Lender by Clause 5.3(d).
- (h) Without limiting the foregoing, each Person that is an assignee of a Lender pursuant to Clause 5.6 and/or Clause 19.3(b) shall, upon the effectiveness of such transfer, be required to provide all of the forms and statements to the extent required pursuant to this Clause 5.3.
- (i) The Borrower will pay to each Indemnitee interest at the Past Due Rate, to the extent permitted by Applicable Law, on any amount not paid when due under this Clause 5.3 until the same shall be paid.
- (j) The Borrower agrees to pay any present or future stamp or documentary Taxes or any other license, excise or property Taxes (i) imposed by any taxing authority which may arise from the registration, filing, recording, or perfection of any security interest of or in connection with this Agreement or the other Operative Documents or (ii) imposed by any taxing authority in connection with an Event of Default. The Borrower will provide appropriate documentation, including receipts if available, when requested to evidence payment by the Borrower of any such Taxes.
- (k) All consideration expressed to be payable under an Operative Document by any party to any Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any party in connection with an Operative Document, that party shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT. Where an Operative Document requires any party to reimburse the Lender for any costs or expenses, that party shall also at the same time pay and indemnify the Lender against all VAT incurred by the Lender in respect of the costs or expenses to the extent that the Lender reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.
- (l) If a payment made to a Lender under any Operative Document would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply

with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Security Trustee at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Security Trustee such documentation prescribed by Applicable Law including as prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Security Trustee as may be necessary for the Borrower and the Security Trustee to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (l), "FATCA" shall include all amendments made to FATCA after the Original Signing Date.

5.4 Distribution of Funds Received

- (a) The Facility Agent shall maintain records of all amounts paid to it by the Borrower hereunder.
- (b) Provided that no Event of Default has occurred and is then continuing, each installment of interest payable on the Loan Certificates shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

First, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, (ii) any overdue interest thereon, and (iii) Break Amount, if any, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

Second, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (c) Provided that no Event of Default has occurred and is then continuing, on the Delivery Date of the related Aircraft or on any date on which payment in respect of a Line of Credit Borrowing is made, each payment made by the Borrower as repayment of Loans or Line of Credit Borrowings shall be distributed as promptly as possible on or after the date that such amount is actually received by the Facility Agent from the Borrower:

First, to the Lenders ratably, without priority of one over the other, to the payment in full of (A) the aggregate amount of interest due under the Loan Certificates in respect of such Aircraft being in an amount equal to (i) accrued interest at the rate provided in each Loan Certificate, and (ii) any overdue interest thereon plus the Break Amount, if any, due to the Lenders in respect of such payment, and (B) any other amounts (other than principal) then due and owing to the Lenders or any Agent hereunder and under the other Operative Documents;

Second, to the Lenders ratably, without priority of one over the other, (a) to the payment in full of the outstanding principal amount of the Loans in respect of such Aircraft made by the Lenders which is being repaid and (b) to payment in full of the outstanding principal amount of the Line of Credit Borrowing which is being repaid;

Third, the balance, if any, thereof thereafter remaining to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

- (d) Upon any partial optional repayment of the Loan Certificates pursuant to Clause 5.10(a) hereof, the amount paid by Borrower shall be applied against the amounts which Borrower is obligated to pay in connection with such prepayment pursuant to Clause 5.10(a) (it being understood that no prepayment shall be permitted under Clause 5.10(a) unless the Borrower pays a sufficient amount to satisfy the amounts owed by it under Clause 5.10(a) in connection with such prepayment).
- (e) After an Event of Default shall have occurred, and so long as such Event of Default shall be continuing, amounts actually received by the Security Trustee from the Borrower and all proceeds resulting from any sale of any of the Collateral shall be applied in the following order of priority:

First, to the extent not theretofore paid by or on behalf of the Borrower, to pay all costs and expenses of each Agent incurred in connection with the performance of its duties hereunder or under any other Operative Document, including reasonable attorneys' fees and expenses, and all costs and expenses incurred by the Security Trustee in connection with its entering upon, taking possession of, holding, operating, managing, selling or otherwise disposing of the Collateral or any part thereof, any and all Taxes, assessments or other charges of any kind prior to the Lien of any Operative Document that the Security Trustee determined in good faith to pay or be paid, and all amounts payable to each Agent hereunder or under any of the Operative Documents in respect of any indemnities or other obligations of the Borrower;

Second, to the Lenders ratably, without priority of one over the other, to the payment of all accrued and unpaid interest (including Break Amount, if any, and interest on account of overdue payments of principal and interest) then due the Lenders under this Agreement or any of Loan Certificates;

Third, to the Lenders ratably, without priority of one over the other, to the payment of any other amount, indebtedness or obligations (other than principal) due and payable to the Lenders under any Operative Documents;

Fourth, to the Lenders ratably, without priority of one over the other, to the payment in full of the principal amount of the Loan Certificates;

Fifth, the balance, if any, thereof thereafter remaining, to the Borrower or such other Person(s) as may then lawfully be entitled thereto.

If the Security Trustee purchases and subsequently sells any Aircraft to a third party (or otherwise disposes of any of its rights under the Operative Documents relating to such Aircraft), any net sale proceeds (after deduction of all relevant costs, including maintenance, storage and insurance) which exceed the Loan allocable to such Aircraft to the extent actually received by the Security Trustee shall be distributed under this Clause (e).

5.5 Method of Payment

- (a) Principal and interest and other amounts due hereunder or under the Loan Certificates or in respect hereof or thereof shall be payable in Dollars in

immediately available funds prior to [***], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of Clause 5.4, remit all such amounts so received by it to the Lenders at such account or accounts at such financial institution or institutions in New York as the Lenders shall have designated to the Facility Agent in writing, in immediately available funds for distribution to the relevant Lenders.

- (b) All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction on account of all wire and other like charges. Prior to the due presentment for registration of transfer of any Loan Certificate, the Borrower and the Facility Agent may deem and treat the Person in whose name any Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate and for all other purposes whether or not such Loan Certificate shall be overdue, and neither the Borrower nor the Facility Agent shall be affected by any notice to the contrary.
- (c) If the Facility Agent disburses funds on a payment date without first having received funds from the Borrower and if the Borrower subsequently fails to make such payment before the end of the day, then on the next succeeding Business Day following demand from the Facility Agent, each Lender which has received such funds will refund to the Facility Agent the amount advanced by the Facility Agent which such Lender received.

5.6 Registration, Transfer and Exchange of Loan Certificates

- (a) The Facility Agent agrees with the Borrower that the Facility Agent shall keep a register (herein sometimes referred to as the "**Certificate Register**") in which provision shall be made for the registration of Loan Certificates.
- (b) Prior to the due presentment for registration of the transfer of any Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name such Loan Certificate is registered on the Certificate Register as the absolute owner of such Loan Certificate, and the Lender for the purpose of receiving payment of all amounts payable with respect to such Loan Certificate, and for all other purposes whether or not such Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.
- (c) The Certificate Register shall be kept at the office of the Facility Agent specified in this Agreement or at the office of any successor Facility Agent, and the Facility Agent is hereby appointed "Certificate Registrar" for the purpose of registering Loan Certificates and transfers of Loan Certificates as herein provided.
- (d) Upon surrender for registration of transfer of any Loan Certificate at the office of the Facility Agent specified in this Agreement and upon delivery by the Facility Agent to the Borrower of such surrendered Loan Certificate, the Borrower shall execute, and the Facility Agent shall deliver, in the name of the designated transferee or transferees, one or more new Loan Certificates of a like aggregate principal amount.
- (e) Each Lender may assign all or part of an interest in any Loan Certificate held by it to any Person, subject to the extent to which it may transfer its interest in any such Loan Certificate held by it in accordance with Clause 19.3(c), (d) and (e).

- (f) All Loan Certificates issued upon any registration of transfer or exchange of Loan Certificates shall be the valid obligations of the Borrower evidencing the same obligations, and entitled to the same security and benefits under the Mortgage and this Agreement, as the Loan Certificates surrendered upon such registration of transfer.
- (g) Every Loan Certificate presented or surrendered for registration of transfer, shall (if so required by the Facility Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Facility Agent duly executed by the Lender thereof or its attorney duly authorized in writing, and the Facility Agent may require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act and the securities laws of any applicable state.
- (h) The Facility Agent shall make a notation on each new Loan Certificate or Loan Certificates of the then available Commitment on the old Loan Certificate or Loan Certificates with respect to which such new Loan Certificate is issued, the current outstanding principal and the date to which interest accrued on such old Loan Certificate or Loan Certificates has been paid and the extent, if any, to which any interest therein has been subject to a registered assignment.
- (i) The Facility Agent shall not be required to register the transfer of any surrendered Loan Certificates as above provided during the [***] period preceding the due date of any payment on such Loan Certificates.
- (j) The Facility Agent shall give the Borrower, the Security Trustee and each Lender notice of such transfer of a Loan Certificate under this Clause 5.6.
- (k) Prior to or simultaneously with the transfer by a Lender of its Loan Certificates or its interest in this Agreement, the transferee of such Lender shall notify the Borrower of its identity and of the country of which such transferee is a resident for tax purposes.

5.7 **Mutilated, Destroyed, Lost or Stolen Loan Certificates**

- (a) If any Loan Certificate shall become mutilated, destroyed, lost or stolen, the Borrower shall, upon the written request of the affected Lender, execute and deliver in replacement thereof, a new Loan Certificate, in the same principal amount, dated the date of such Loan Certificate.
- (b) If the Loan Certificate being replaced has become mutilated, such Loan Certificate shall be surrendered to the Facility Agent and the original thereof shall be furnished to the Borrower by the Facility Agent.
- (c) If the Loan Certificate being replaced has been destroyed, lost or stolen, the affected Lender shall furnish to the Borrower and the Facility Agent such security or indemnity as may be reasonably required by them to hold the Borrower and the Facility Agent harmless and evidence satisfactory to the Borrower and the Facility Agent of the destruction, loss or theft of such Loan Certificate and of the ownership thereof, provided, however, that if the affected Lender is an original party to this Agreement or an Affiliate thereof, the written notice of such destruction, loss or theft and such ownership and the written undertaking of such Lender delivered to the Borrower and the Facility Agent to hold harmless the

Borrower and the Facility Agent in respect of the execution and delivery of such new Loan Certificate shall be sufficient evidence, security and indemnity.

5.8 **Payment of Expenses on Transfer**

Upon the issuance of a new Loan Certificate or new Loan Certificates pursuant to Clause 5.6 or 5.7, the Borrower and/or the Facility Agent may require from the party requesting such new Loan Certificate or Loan Certificates payment of a sum sufficient to reimburse the Borrower and/or the Facility Agent for, or to provide funds for, the payment of any transfer or registration tax or other governmental charge of the same type in connection therewith or any charges and expenses connected with such tax or other governmental charge paid or payable by the Borrower or the Facility Agent, and any out of pocket expenses, including legal fees (for external counsel) incurred, of the Borrower or the Facility Agent.

5.9 **Prepayment**

- (a) The Borrower may at any time voluntarily prepay all or part of any Loan outstanding with respect to an Aircraft or any Line of Credit Borrowing in accordance with the terms and conditions hereof; provided that, (i) the Borrower shall provide irrevocable written notice to the Facility Agent not less than [***] prior to the date of such prepayment specifying (A) the outstanding principal amount of the Loan or Line of Credit Borrowing to be prepaid, together with accrued interest therein to the date of prepayment plus, in the case of a prepayment of a Loan, any Break Amount and all other amounts due under the Operative Documents with respect to such Aircraft, (B) in the case of prepayment of a Loan, the Aircraft to which such prepayment is allocable, and (C) the Business Day on which such prepayment shall be made; and (ii) such prepayment shall be in an amount at least equal to [***]. For the avoidance of doubt, no Break Amount will be payable in connection with a prepayment of any Line of Credit Borrowing. Any amounts repaid in respect of a Line of Credit Borrowing may be reborrowed in accordance with the terms hereof.
- (b) If, as of any LTV Test Date, the LTV Test is not satisfied with respect to an Aircraft, the Borrower may prepay the Loan(s) relating to such Aircraft in respect of which such failure occurred in an amount equal to that which when applied to such Loan(s), would reduce the principal outstanding thereof in order that the LTV Test would be satisfied if the LTV for such Aircraft were calculated following such prepayment. Except with respect to a prepayment pursuant to Section 4.2, any such prepayment must be made with [***] notice to the Facility Agent and such prepayment may not exceed the amount required to cure the breach of the LTV Test.
- (c) In the event that Frontier Holdings ceases to Control or own the entire issued share capital of Frontier Airlines or that Frontier Group Holdings ceases to Control or own the entire issued share capital of Frontier Holdings, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due, owing and payable under the Operative Documents.

- (d) Upon the occurrence of a Material Event of Default, the aggregate outstanding principal amount of all Loans and Line of Credit Borrowings shall become immediately due and payable, and the Borrower shall thereupon prepay the Loan Certificates relating to such Loans and Line of Credit Borrowings, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due, owing and payable under the Operative Documents
- (e) Upon the occurrence of a termination or cancellation of the Assigned Purchase Agreement with respect to any Aircraft for any reason whatsoever, the aggregate outstanding principal amount of all Loans relating to such Aircraft shall become due and payable within [***], and the Borrower shall thereupon prepay the Loan Certificates to the extent of the Loans with respect to such Aircraft, together with accrued interest thereon to the date of prepayment plus any Break Amount and all other amounts due under the Operative Documents with respect to such Aircraft.
- (f) In the event that a Lender is entitled to a payment under Clause 5.3, 5.11, 5.12 or 5.13 (an "**Affected Lender**") and without prejudice to the Finance Party's rights hereunder and under the Mortgage, the Borrower, the Facility Agent and the Affected Lender shall cooperate (at no cost to itself) for a period of [***] to restructure the Loan for the Affected Lender with a view to eliminating or reducing the need for any such payment, it being agreed that the Affected Lender shall have no obligation to proceed with such restructuring to the extent such restructuring would or may reasonably be expected to:
- (1) result in an adverse regulatory consequence for the Affected Lender; or
 - (2) involve any unreimbursed or unindemnified cost for the Affected Lender; or
 - (3) be inconsistent with the Affected Lender's internal policies.

If no restructuring can be arranged within such time period, the Borrower may, with notice to the Affected Lender, attempt within such time period to find an entity reasonably satisfactory to the Facility Agent to purchase the Affected Lender's Loan Certificate and assume the Affected Lender's Commitment.

The Affected Lender shall be paid (by the purchasing entity or the Borrower) the outstanding principal balance of its Loan Certificate, all accrued and unpaid interest thereon, any Break Amount incurred (calculated as if such purchase were a prepayment of such Affected Lender's Loan Certificate) and all other amounts owed to the Affected Lender under any Operative Document as a condition precedent to such purchase. Upon such payment, such Affected Lender shall transfer its Loan Certificate to the Borrower or such other purchaser, without representation or warranty except for the absence of any Liens.

- (g) In the event the Borrower is unable to find a purchaser of the Affected Lender's Loan Certificate pursuant to clause (f) above, then, so long as no Default or Event of Default shall have occurred and be continuing on at least [***] prior written notice, the Borrower may prepay on the date specified in its notice of prepayment, in whole the Affected Lender's Loan Certificate at the principal amount thereof together with accrued and unpaid interest thereon to the date of prepayment plus the Break Amount, if any, and all other amounts due to the Affected Lender hereunder, thereunder and under the other Operative Documents.

- (h) In the event that Airbus refunds any amounts under the Assigned Purchase Agreement relating to the Aircraft, a principal amount of the Loans (and any Break Amount related thereto) relating to such Aircraft equal to such refund shall become immediately due and payable.
- (i) Any notice of prepayment delivered pursuant to Clauses 5.9(a), (f), (g) or (h) shall be irrevocable and shall identify the amount to be prepaid and the Loans relating to an Aircraft or Line of Credit Borrowing subject to prepayment, as applicable.
- (j) If the aggregate outstanding principal amount of all Loan Certificates exceeds the Maximum PDP Loan Amount, the Line of Credit Borrowings (and all interest accrued thereon and Break Amount related thereto) shall become immediately due and payable in a principal amount equal to that which when applied, would reduce the aggregate outstanding principal amount of all Loan Certificates to below the Maximum PDP Loan Amount.

5.10 Provisions Relating to Prepayment

- (a) Notice of prepayment having been given, the principal amount of the Loan Certificates to be prepaid, plus accrued interest thereon to the date of prepayment, together with the Break Amount, if any, shall become due and payable on the prepayment date.
- (b) On the date fixed for prepayment under Clause 5.9, immediately available funds in Dollars shall be deposited by the Borrower in the account of the Facility Agent at the place and by the time and otherwise in the manner provided in Clause 5.5, in an amount equal to the principal amount of Loan Certificates to be prepaid together with accrued and unpaid interest thereon to the date fixed for such prepayment, all Break Amounts, if any, and all other amounts due to the Lenders under the Operative Documents.
- (c) Each Lender shall furnish to the Borrower, with a copy to the Facility Agent, a certificate setting forth the Break Amount, if any, due to such Lender, which certificate shall be presumptively correct.

5.11 Increased Costs

- (a) The Borrower shall pay directly to each Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender on an After-Tax Basis for any increase in costs that such Lender determines are attributable to its making or maintaining of its Commitment or the Loans and Line of Credit Borrowings evidenced by its Loan Certificates or funding arrangements utilized in connection with such Loans and Line of Credit Borrowings, as applicable, or any reduction in any amount receivable by such Lender hereunder or under any Operative Document in respect of any of its Commitments, such Loans and Line of Credit Borrowings or such arrangements (such increases in costs and reductions in amounts receivable (including any amounts covered by clause (b) below) being herein called "**Additional Costs**"), resulting from any Regulatory Change that:
 - (i) imposes any Tax that is the functional equivalent of any reserve, special deposit or similar requirement of the sort covered by Clause 5.11(a)(ii); or

- (ii) imposes or modifies any reserve, special deposit or similar requirements (including any Reserve Requirement) relating to any extension of credit or other assets of, or any deposits with or other liabilities of, such Lender, any commitment of such Lender (including, without limitation the Commitment of such Lender hereunder); or
 - (iii) imposes any other condition affecting this Agreement, the Loan Certificates (or any of such extensions of credit or liabilities) or its Commitments.
- (b) Without limiting the effect of the foregoing provisions of this Clause 5.11 (but without duplication), the Borrower shall pay directly to each Lender from time to time on request such amounts as such Lender may determine to be necessary to compensate such Lender (or, without duplication, the bank holding company of which such Lender is a subsidiary) for any increase in costs that it determines are attributable to the maintenance by such Lender (or any lending office or such bank holding company) of capital in respect of the Commitments or Loan or Line of Credit Borrowing of such Lender hereunder, pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking practice in the relevant jurisdiction) of any court or governmental or monetary authority following:
- (i) any Regulatory Change; or
 - (ii) implementing any risk-based capital guideline or other similar requirement issued by any government or governmental or supervisory authority implementing at the national level the Basel Accord; or
 - (iii) implementing any requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- in each case after the Original Signing Date (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Lender (or any lending office or such bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Clause 5.11(b), "**Basel Accord**" means the proposals for risk-based capital framework described by the Basel Committee on Banking Regulations and Supervisory Practices commonly known as Basel III, as amended, modified and supplemented and in effect from time to time, or any replacement thereof.
- (c) Clauses 5.11(d) and (e) apply in respect of this Clause 5.11.
- (d) Each Lender shall notify the Borrower of any event occurring after the Original Signing Date entitling such Lender to compensation under paragraph (a) or (b) of this Clause 5.11 as promptly as practicable, but in any event within [***], after such Lender obtains actual knowledge thereof; provided that (i) such Lender shall, with respect to compensation payable pursuant to this Clause 5.11 in respect of any Additional Costs resulting from such event, only be entitled to payment under this Clause 5.11 for Additional Costs incurred from and after the date that is [***] prior to the date of receipt of such notice by the Borrower, (ii) each Lender will use commercially reasonable efforts (at the Borrower's expense) to mitigate the amount of compensation under paragraph (a) or (b) of this Clause 5.11 associated

with such event, including designating a different lending office for the Loan or Line of Credit Borrowing, as applicable, evidenced by such Lender's Loan Certificate affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, result in any economic, legal or regulatory disadvantage to such Lender, and (iii) no Lender shall discriminate against the Borrower in making any claim for compensation under this Clause 5.11, and no Lender shall treat the Borrower less favorably than such Lender's other similarly situated borrowers. When submitting a claim pursuant to Clause 5.11, each Lender will furnish to the Borrower an officer's certificate setting forth in reasonable detail (x) the events giving rise to compensation under paragraph (a) or (b) of this Clause 5.11, (y) the basis for determining and allocating such compensation and (z) the amount of each request by such Lender for such compensation (subject, however, to any limitations such Lender may require in respect of disclosure of confidential information relating to its capital structure), together with a statement that the determinations and allocations made in respect of such compensation comply with the provisions of this Clause 5.11, including as provided by the last proviso of this paragraph (d). Determinations and allocations by any Lender for purposes of this Clause 5.11 of the effect of any Regulatory Change pursuant to Clause 5.11(a), or of the effect of capital maintained pursuant to Clause 5.11(b), on its costs or rate of return of maintaining the Loan or Line of Credit Borrowing, as applicable, evidenced by its Loan Certificate or its Commitment, or on amounts receivable by it in respect of its Loan Certificate, and of the amounts required to compensate such Lender under this Clause 5.11, shall be conclusive absent manifest error; provided that such determinations and allocations are made on a reasonable basis and, in the case of allocations, are made fairly.

- (e) The Borrower shall not be required to make payments under this Clause 5.11 to any Lender if (i) a claim hereunder arises solely through circumstances peculiar to such Lender and which do not affect commercial banks in the jurisdiction of organization of such Lender generally, (ii) such Lender is not seeking similar compensation for such costs from its borrowers generally in commercial loans, or (iii) the claim arises out of a voluntary relocation by such Lender of its lending office (it being understood that any such relocation effected pursuant to this Clause 5.11 is not "voluntary").

5.12 Illegality

Notwithstanding any other provision of this Agreement or the Mortgage, if any Lender (an "**Illegal Lender**") shall notify the Facility Agent that the introduction after the Original Signing Date of or any change after the Original Signing Date in or in the interpretation of any law or regulation shall make it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, fund or allow to remain outstanding its Loan Certificate, then such Lender shall, promptly after becoming aware of the same, deliver to the Borrower through the Facility Agent a certificate to that effect, and, if the Facility Agent on behalf of such Lender so requires, the Borrower shall attempt to cure such illegality or otherwise, on or before [***] (but in any event at least [****] before such illegality occurs and if such illegality has already occurred, immediately) following such notification, the Borrower shall prepay the aggregate outstanding principal amount of the Loan Certificate held by such Illegal Lender in full, together with accrued interest thereon to the date of prepayment plus all Break Amount, if any, and all other amounts due thereunder and hereunder and under the other Operative Documents to such Illegal Lender.

5.13 Market Disruption Event

If a Market Disruption Event occurs and so long as such Market Disruption Event is continuing, each Lender shall report to the Facility Agent and the Borrower its Cost of Funds for each Interest Period during which such a Market Disruption Event is continuing as soon as practicable and, if possible, prior to the first day of such Interest Period; provided, that, if such Lender is not able to obtain Dollar deposits in the London interbank (or other relevant) market matching such Interest Period, notice of its Cost of Funds rate shall be provided as follows: (i) prior to the first day of such Interest Period (or promptly thereafter), such Lender shall provide to the Facility Agent an approximation of the cost to such Lender of such funding for such Interest Period; and (ii) prior to the last day of such Interest Period (or earlier, to the extent practicable if Dollar deposits of a duration longer than one day are obtained), such Lender shall provide to the Facility Agent a certificate setting out the actual cost to such Lender of funding for such Interest Period. The Facility Agent shall, based on such certificate, advise the Borrower of the applicable Mismatch Interest Rate payable at the end of such Interest Period. The certification by any Lender to the Facility Agent and the Borrower of its Cost of Funds for any Interest Period shall be conclusive absent manifest error and shall constitute a certification by such Lender that such Lender's invocation of its rights under this Clause 5.13 and its assessments hereunder have been made on a non-discriminatory basis across all facilities which are similar to the credit facility provided pursuant to this Agreement.

5.14 Benchmark Replacement Setting

Notwithstanding anything to the contrary herein or in any other Operative Document:

- (a) *Replacing USD LIBOR.* On March 5, 2021 the Financial Conduct Authority ("FCA"), the regulatory supervisor of USD LIBOR's administrator ("IBA"), announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-month, 3-month, 6-month and 12-month USD LIBOR tenor settings. On the earlier of (i) the date that all Available Tenors of USD LIBOR have either permanently or indefinitely ceased to be provided by the regulatory supervisor of USD LIBOR's administrator or have been announced by the Financial Conduct Authority pursuant to public statement or publication of information to be no longer representative and (ii) the Early Opt-in Effective Date, if the then-current Benchmark is USD LIBOR, the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Operative Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Operative Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a quarterly basis.
- (b) *Replacing Future Benchmarks.* Upon the occurrence of a Benchmark Transition Event, the Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Operative Document in respect of any Benchmark setting at or after [***] after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Operative Document so long as the Facility Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or

such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Loans to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Facility Agent that a Benchmark Replacement has replaced such Benchmark.

- (c) *Benchmark Replacement Conforming Changes.* In connection with the implementation and administration of a Benchmark Replacement, the Facility Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Operative Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.
- (d) *Notices; Standards for Decisions and Determinations.* The Facility Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Benchmark Replacement Conforming Changes. For the avoidance of doubt, any notice required to be delivered by the Facility Agent as set forth in this Section titled "Benchmark Replacement Setting" may be provided, at the option of the Facility Agent (in its sole discretion), in one or more notices and may be delivered together with, or as part of any amendment which implements any Benchmark Replacement or Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Facility Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section, including any determination with respect to, except as otherwise provided herein, a tenor or rate or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its reasonable discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section titled "Benchmark Replacement Setting".
- (e) *Unavailability of Tenor of Benchmark.* At any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR), then the Facility Agent may remove any tenor of such Benchmark that is unavailable or (subject to the Facility Agent's reasonable determination) non-representative for Benchmark (including Benchmark Replacement) settings and (ii) the Facility Agent may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.
- (f) *Disclaimer.* The Facility Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to (i) the administration, submission or any other matter related to the London interbank offered rate or with respect to any alternative or successor rate thereto, or replacement rate thereof (including, without limitation any Benchmark Replacement implemented hereunder), (ii) the composition or characteristics of any Benchmark Replacement, including whether it is similar to, or produces the same value or economic equivalence to USD LIBOR (or any other Benchmark) or have the same volume or liquidity as did USD LIBOR (or any other Benchmark), (iii) any actions or use of its discretion or

other decisions or determinations made with respect to any matters covered by this Section titled "Benchmark Replacement Setting" including, without limitation, whether or not a Benchmark Transition Event has occurred, the removal or lack thereof of unavailable or non-representative tenors, the implementation or lack thereof of any Benchmark Replacement Conforming Changes, the delivery or non-delivery of any notices required by clause (d) above or otherwise in accordance herewith, and (iv) the effect of any of the foregoing provisions of this Section titled "Benchmark Replacement Setting."

(g) Certain Defined Terms.

As used in this Section titled "Benchmark Replacement Setting":

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date.

"Benchmark" means, initially, USD LIBOR; provided that if a replacement of the Benchmark has occurred pursuant to this Section titled "Benchmark Replacement Setting", then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"Benchmark Replacement" means, for any Available Tenor:

(1) For purposes of clause (a) of this Section, Term SOFR, or if Term SOFR cannot be determined by the Administrative Agent, Daily Simple SOFR; and

(2) For purposes of clause (b) of this Section, the alternate benchmark rate that has been agreed by the Facility Agent and the Borrower as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated syndicated credit facilities at such time;

provided that, if the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement and the other Operative Documents.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, the formula for calculating any successor rates identified pursuant to the definition of "Benchmark Replacement" and other technical, administrative or operational matters) that the Facility Agent following consultation with the Borrower, decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit

the administration thereof by the Facility Agent in a manner substantially consistent with market practice (or, if the Facility Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Facility Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Facility Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Operative Documents).

"Benchmark Transition Event" means, with respect to any then-current Benchmark other than USD LIBOR, the occurrence of one or more of the following events: a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark or (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Facility Agent in accordance with the conventions for this rate recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Facility Agent decides that any such convention is not administratively feasible for the Facility Agent, then the Facility Agent may establish another convention in its reasonable discretion.

"Early Opt-in Effective Date" means, with respect to any Early Opt-in Election, the [***] after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Facility Agent has not received, by [***] after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Majority Lenders.

"Early Opt-in Election" means the joint election by the Facility Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Facility Agent of written notice of such election to the Lenders.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"SOFR" means a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>

(or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).

"**Term SOFR**" means, for the applicable corresponding tenor, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**USD LIBOR**" means the London interbank offered rate for U.S. dollars.

6. **TERMINATION OF INTEREST IN COLLATERAL**

None of the Facility Agent, Security Trustee or any Lender shall have any further interest in, or other right with respect to, the Collateral with respect to any Aircraft when and if the principal amount of, Break Amount on, if any, interest on and other amounts due under all Loans in relation to such Aircraft held by such Lender and all other sums due to such Lender hereunder and under the other Operative Documents in respect of such Aircraft shall have been finally and indefeasibly paid in full; provided, however, that the interests and rights of the Lenders in and with respect to the mortgage and security interests created by the Mortgage shall continue (except with respect to any Aircraft as to which the related Loans have been repaid) after all such amounts have been paid in full so long as no Event of Default has occurred and is continuing and the Commitments have not terminated. Upon payment in full of any Loans relating to an Aircraft, the Security Trustee shall release that portion of the Collateral which relates solely to the applicable Aircraft from the Lien of the Mortgage and such Aircraft shall thereafter cease to be an "Aircraft" for the purposes of the Operative Documents.

7. **BORROWER'S REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that on the date hereof and on each Borrowing Date:

- (a) the Borrower is a Cayman Islands exempted company, duly organized and validly existing pursuant to the laws of the Cayman Islands; is duly qualified to do business as a foreign corporation in each jurisdiction in which its operations or the nature of its business requires, except where the failure to be so qualified would not have a Material Adverse Effect; and has the corporate power and authority to purchase the Aircraft under the Assigned Purchase Agreement and to enter into and perform its obligations under the Operative Documents to which it is or shall be a party;
- (b) the execution, delivery and performance by the Borrower of the Operative Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Borrower, do not require any shareholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of the Borrower except such as have been duly obtained and are in full force and effect, and none of the execution, delivery or performance by the Borrower of such Operative Documents contravenes any law, judgment, government rule, regulation or order binding on the Borrower or the memorandum and articles of association of the Borrower or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of the Borrower under, any indenture, mortgage, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound;

- (c) neither the execution and delivery by the Borrower of the Operative Documents to which it is a party nor the performance by the Borrower of its obligations thereunder requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any Federal, state or foreign government authority or agency, except for those specified in the opinions referred to in Clause 4.1(g) or those that would not have a Material Adverse Effect (the "**Permits**");
- (d) the Operative Documents to which the Borrower is a party each constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with the terms thereof except as such enforceability may be limited by equitable principles or applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;
- (e) there is no pending or (to the best of Borrower's knowledge) threatened action or proceeding before any court, arbitrator or administrative agency that individually (or in the aggregate in the case of any group of related actions or proceedings) is expected by the Borrower to have a Material Adverse Effect;
- (f) except as specified in the opinions referred to in Clause 4.1(g), no further action, including any filing or recording of any document, is necessary or advisable in order to establish and perfect the first ranking Lien on the Collateral in favor of the Security Trustee pursuant to the Mortgage;
- (g) there has not occurred any event which constitutes a Default or an Event of Default, in each case, which is presently continuing;
- (h) the Assigned Purchase Agreement and the Engine Agreements are in full force and effect and none of the Borrower or, to the knowledge of the Borrower, Airbus or any Engine Manufacturer is in default of any of its material obligations thereunder. Neither the Borrower nor any Guarantor has assigned or granted any Lien in its rights under the Assigned Purchase Agreement in respect of any of the Aircraft or the Engine Agreements or the Engines;
- (i) the Borrower has filed or caused to be filed all state, local and foreign tax returns which are required to be filed and has paid or caused to be paid or provided adequate reserves for the payment of all taxes shown to be due and payable on such returns or (except to the extent being contested in good faith and by appropriate proceedings and for the payment of which adequate reserves have been provided in accordance with generally accepted accounting principles) on any assessment received by the Borrower, to the extent that such taxes have become due and payable, except such returns or taxes as to which the failure to file or pay, as the case may be, could not be reasonably expected to materially and adversely affect the assets, operations or financial condition, of the Borrower;
- (j) the Borrower is not in violation of any law, order, injunction, decree, rule or regulation applicable to the Borrower of any court or administrative body, which default or violation would reasonably be expected to materially and adversely affect the operations or financial condition of the Borrower or the Borrower's ability to execute, deliver and perform its obligations under the Operative Documents;
- (k) the Borrower is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940;

- (l) none of the information furnished by or on behalf of the Borrower to the Facility Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any misstatement of a material fact or omits any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (m) the Borrower is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the Operative Documents;
- (n) no Liens have been granted or created by any Person and exist over any of the Collateral except Permitted Liens; and
- (o) Each of the dates in the column entitled "Borrowing Date" in the table set out in Schedule III is the date on which the Advance to which such date is expressed to correspond in such table is due and payable to Airbus in accordance with the Assigned Purchase Agreement.

8. GENERAL INDEMNITY.

8.1 Subject to the next following paragraph, the Borrower hereby agrees to indemnify each Indemnitee against, and agrees to protect, save and keep harmless each of them from any and all Expenses imposed on, incurred by or asserted against any Indemnitee arising out of or directly resulting from:

- (a) following delivery of any Aircraft, Airframe or Engine, the operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, or sale of any such Aircraft, Airframe or Engine, or any engine used in connection with any such Airframe or any part of any of the foregoing, any lessee or any other Person whatsoever, including, without limitation, claims for death, personal injury or property damage or other loss or harm to any person whatsoever and claims relating to any laws, rules or regulations pertaining to such operation, possession, use, maintenance, overhaul, testing, registration, re-registration, delivery, non-delivery, lease, non-use, modification, alteration, sale or return including environmental control, noise and pollution laws, rules or regulations;
- (b) following delivery of any Aircraft, Airframe or Engine, the manufacture, design, purchase, acceptance, rejection, delivery, or condition of any such Aircraft, Airframe or Engine, any engine used in connection with any such Airframe, or any part of any of the foregoing including, without limitation, latent and other defects, whether or not discoverable, or trademark or copyright infringement;
- (c) any breach of or failure to perform or observe, or any other noncompliance with, any covenant or agreement to be performed, or other obligation of any Obligor under any of the Operative Documents, or the falsity of any representation or warranty of any Obligor in any of the Operative Documents;
- (d) assuming the Lenders are making Loans and Line of Credit Borrowings in the ordinary course of their business for their own accounts, the offer, sale and delivery by the Borrower or anyone acting on behalf of the Borrower of any Loan Certificates or successor debt obligations issued in connection with the refunding or refinancing thereof (including, without limitation, any claim arising out of the

Securities Act, the Securities Exchange Act of 1934, as amended, or any other federal or state statute, law or regulation, or at common law or otherwise relating to securities (collectively "**Securities Liabilities**") (the indemnity provided in this Clause 8.1(d) to extend also to any Person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of clause 15 of the Securities Act); and

- (e) purchasing any Aircraft following an Event of Default, including any costs incurred after purchasing such Aircraft and prior to resale of such Aircraft and the recovery of all other amounts owing hereunder following an Event of Default or the enforcement against the Borrower or any other Obligor of any of the terms thereof (including, without limitation, pursuant to clause 5 of the Mortgage) and including any amounts payable by any Indemnitee pursuant to clause 11.2 of the Step-In Agreement.

8.2 The foregoing indemnity shall not extend to any Expense of any Indemnitee to the extent attributable to one or more of the following:

- (a) acts or omissions involving the willful misconduct or gross negligence of such Indemnitee;
- (b) any Tax, or increase in Tax liability under any Tax law (such matter being subject to the indemnity in Clause 5.3); provided, however, that this clause (b) shall not apply to (A) Taxes which have arisen as a result of or while an Event of Default has occurred and is continuing; (B) Taxes taken into consideration in making any payments on an After-Tax Basis or (C) to any license, documentation, registration or filing fees imposed upon or in connection with the execution, delivery, registration or filing in connection with the Mortgage as otherwise contemplated in the Operative Documents;
- (c) except to the extent attributable to acts or events occurring prior thereto, acts or events (other than acts or events related to the performance by any Obligor of its obligations pursuant to the terms of the Operative Documents) that occur after the Mortgage is required to be terminated in accordance with clause 7.1 of the Mortgage; provided, that nothing in this clause (c) shall be deemed to exclude or limit any claim that any Indemnitee may have under Applicable Law by reason of an Event of Default or for damages from any Obligor for breach of any Obligor's covenants contained in the Operative Documents or to release any Obligor from any of its obligations under the Operative Documents that expressly provide for performance after termination of the Mortgage;
- (d) to the extent attributable to any transfer by or on behalf of such Indemnitee of any Loan Certificate or interest therein, except for Expenses incurred as a result of any such transfer after an Event of Default, pursuant to the exercise of remedies under any Operative Document;
- (e) to the extent solely attributable to the incorrectness or breach of any representation or warranty of such Indemnitee or any related Indemnitee contained in or made pursuant to any Operative Document;
- (f) to the extent solely attributable to the failure by such Indemnitee or any related Indemnitee to perform or observe any agreement, covenant or condition on its part to be performed or observed in any Operative Document;

- (g) to the extent solely attributable to the offer or sale by such Indemnitee or any related Indemnitee of any interest in the Collateral, the Loan Certificates, or any similar interest in violation of the Securities Act or other applicable federal, state or foreign securities laws (other than any thereof caused by acts or omissions of any Obligor);
 - (h) to the extent attributable to any amount which such Indemnitee expressly agrees with the Borrower to pay or such Indemnitee expressly agrees with the Borrower shall not be paid by or be reimbursed by the Borrower; or
 - (i) for any Lien attributable to such Indemnitee or any related Indemnitee other than any Lien created pursuant to any Operative Document.
- 8.3 For purposes of this Clause 8, a Person shall be considered a "related" Indemnitee with respect to an Indemnitee if such Person is an Affiliate or employer of such Indemnitee, a director, officer, employee, agent, or servant of such Indemnitee or any such Affiliate or a successor or permitted assignee of any of the foregoing.
- 8.4 The Borrower further agrees that any payment or indemnity pursuant to this Clause 8 in respect of any "Expense" shall be on an After-Tax Basis.
- 8.5 If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall after receiving such notice give notice of such claim to the Borrower; provided that the failure to provide such notice shall not release the Borrower from any of its obligations to indemnify hereunder except to the extent that the Borrower is prejudiced as a result of the failure to give such notice, and no payment by the Borrower to an Indemnitee pursuant to this Clause 8 shall be deemed to constitute a waiver or release of any right or remedy which the Borrower may have against such Indemnitee for any actual damages as a result of the failure by such Indemnitee to give the Borrower such notice.
- 8.6 Notwithstanding any other provision of this Clause 8 to the contrary, in the case of any Expense indemnified by the Borrower hereunder which is covered by a policy of insurance maintained by the Borrower, it shall be a condition of such indemnity with respect to any particular Indemnitee that such Indemnitee shall cooperate (at no cost or liability to itself, and (if so requested) subject to being indemnified by the Borrower with respect to any liabilities it may incur as a result of an insurer's investigation, defense or compromise) with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim.
- 8.7 To the extent of any payment of any Expense pursuant to this Clause 8, the Borrower, without any further action, shall be subrogated to any claims the Indemnitee may have relating thereto. The Indemnitee agrees to give such further assurances or agreements and to cooperate with the Borrower to permit the Borrower to pursue such claims, if any, to the extent reasonably requested by the Borrower at no cost or liability to itself, and (if so requested) subject to being indemnified with respect to the Borrower's pursuit of such claims.
- 8.8 In the event that the Borrower shall have paid an amount to an Indemnitee pursuant to this Clause 8, and such Indemnitee subsequently shall be reimbursed in respect of such indemnified amount from any other Person, such Indemnitee shall promptly pay the Borrower the amount of such reimbursement, including interest received attributable

thereto (but net of costs, if any, of recovery of such amounts), provided that no Default or Event of Default has occurred and is continuing.

8.9 The Borrower will pay to each Indemnitee on demand, to the extent permitted by Applicable Law, interest on any amount of indemnity not paid when due pursuant to this Clause 8 until the same shall be paid, at the Past Due Rate.

9. INDEMNITY TO THE FACILITY AGENT

The Borrower shall promptly indemnify the Facility Agent against any actual cost, loss or liability incurred by the Facility Agent as a result of investigating any event which it reasonably believes is an Event of Default and upon such investigation such event transpires to be a Default or an Event of Default other than any cost, loss or liability resulting from the Facility Agent willful misconduct or gross negligence.

10. COVENANTS OF THE BORROWER.

The Borrower hereby covenants for the benefit of all Lenders, as follows:

10.1 **Transfer:** Except as expressly contemplated by the Operative Documents the Borrower shall not (and the Borrower shall procure that each other Obligor shall not) directly or indirectly assign, convey or otherwise transfer any of its right, title or interest in and to the Collateral or this Agreement or any of the other Operative Documents.

10.2 **Taxes and Adequate Records:** The Borrower will (and will procure that each other Obligor will):

- (a) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;
- (b) (other than in respect of itself) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied; and
- (c) permit representatives of any Lender, the Facility Agent or the Security Trustee, during normal business hours and upon reasonable prior notice, to examine, copy and make extracts from its books and records and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender, the Facility Agent or the Security Trustee (as the case may be).

10.3 **Special Purpose:** The Borrower will not:

- (a) have any employees earning compensation;
- (b) except for the Loans and Line of Credit Borrowings and as expressly contemplated by the Operative Documents, incur or contract to incur any indebtedness;
- (c) engage in any activity other than the execution, delivery and performance of the Operative Documents to which it is a party and activities incidental thereto, as well as ordinary corporate housekeeping activities;

- (d) except as required to perform its obligation under the Operative Documents to which it is a party, make or agree to make any capital expenditure;
- (e) create or own any subsidiary;
- (f) except as required to perform its obligation under the Operative Documents to which it is a party, make any investments;
- (g) except as required to perform its obligation under the Operative Documents to which it is a party, declare or make any dividend payment or distribution to its shareholders; or
- (h) enter into any contracts with, incur any material obligation to, or grant any security interest, pledge or lien to, any third party (excluding any contracts entered into in connection with, any payment or other obligation incurred pursuant to, and any liens granted pursuant to, the Operative Documents).

10.4 **Operative Documents:** The Borrower shall ensure that the Servicing Agreement, the Option Agreement and the Subordinated Loan Agreement remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Borrower shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement or the Subordinated Loan Agreement.

10.5 **Assigned Purchase Agreement and Engine Agreements:** The Borrower shall:

- (a) duly perform all of its obligations under the Assigned Purchase Agreement and the Engine Agreements, and take all actions necessary to keep the Assigned Purchase Agreement and the Engine Agreements in full force and effect;
- (b) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any material default (whether by the Borrower, Airbus or an Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of the Assigned Purchase Agreement or an Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
- (c) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of the Assigned Purchase Agreement or an Engine Agreement;
- (d) not accept delivery of any Aircraft from Airbus before or concurrently repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
- (e) not enter into or consent to any change order or other amendment, modification or supplement to the Assigned Purchase Agreement or an Engine Agreement, in relation to the Aircraft, without the written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement; and

- (f) provide to the Security Trustee promptly after the execution of the same copies, certified by the Borrower, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreement that would require the consent of the Security Trustee under the Step-In Agreement or under this Agreement.
- 10.6 **Leasing or Sale of Aircraft:** The Borrower shall not enter into any binding agreement for the leasing or sale of any Aircraft other than pursuant to the Option Agreement.
- 10.7 **Further Assurances:** The Borrower covenants and agrees with each Agent and the Lenders as follows:
- (a) The Borrower will cause to be done, executed, acknowledged and delivered all further documents and agreements and assurances as reasonably necessary and as any Lender shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents;
 - (b) The Borrower, at its expense, will take, or cause to be taken, all actions (including the filing of financing statements under the Uniform Commercial Code in all applicable jurisdictions and perfection in any other jurisdiction in relation to any Operative Document) to (A) cause the security interest granted in respect of the Collateral to at all times be and remain perfected, (B) establish the priority of the Mortgage with respect to the Mortgage Collateral, (C) cause the lien of the Mortgage to at all times be and remain a perfected Lien, (D) establish the priority of the Mortgage; and (E) establish the priority of the share charge with respect to the shares of the Borrower and (F) establish the priority of the Security Trustee's security interest in the Aircraft to the extent possible or feasible prior to delivery (or when manufacturer's serial numbers are available in respect of the Airframe and the Engines are anticipated as being delivered and there is a possibility that such equipment may be delivered by Airbus before the Lenders are repaid the Loans in respect of an Aircraft), including by, subject to the terms of the Step-In Agreement, making filings in respect of one or more of prospective international interests, international interests or associated rights with the International Registry.
 - (c) The Borrower shall pay all reasonable costs and expenses (including costs and disbursements of counsel) incurred by each Agent and the Lenders after the Original Signing Date in connection with (A) any supplements or amendments of the Operative Documents (including, without limitation, any related recording costs) (other than any supplement or amendment associated with the syndication or transfer of the Loan Certificates or the sale of participation interests therein), (B) any Default and any enforcement or collection proceedings resulting therefrom or in connection with the negotiation of any restructuring or "work-out" (whether or not consummated), or (C) the enforcement of this Clause 10.
- 10.8 **Conduct of Business, Maintenance of Existence:** The Borrower shall: (i) engage in business solely for the purpose of fulfilling its obligations under the Operative Documents; (ii) preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of business of the Borrower; provided that the Borrower shall not be required to maintain any such rights, privileges or franchises, if the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and (iii) comply with all contractual obligations and requirements of law, except to the extent that failure to comply therewith could not reasonably be expected to result in a

Material Adverse Effect; and comply with the provisions of its Memorandum and Articles of Association.

- 10.9 **Increase in Lender's Net Price:** The Borrower shall not amend the detail specification for an Aircraft or consent to the amendment of the detail specification for an Aircraft, including, without limitation, by issuing an SCN, if such amendment would cause the purchase price of the Aircraft to exceed the Lender's Net Price payable upon a Step-In pursuant to the Step-In Agreement.
- 10.10 **BFE:** the Borrower shall not agree to any change in the specification of BFE to be installed on the Aircraft on or prior to the Delivery Date, which is listed in Schedule VI, if such amendment would result in the cost of the BFE outstanding to be paid on the Delivery Date in respect of such Aircraft to exceed the BFE Budget (as escalated in accordance with the escalation formula set out in Schedule VI).
- 10.11 **Change in Configuration or Specification as a Passenger Carrying Aircraft:** The Borrower shall not alter the configuration or specification of any Aircraft as a commercial passenger carrying aircraft and shall ensure that the Aircraft is at all times required to be delivered by Airbus in the Required Specification.
- 10.12 **Extension of Scheduled Delivery Date:** The Borrower shall not agree to extend the Scheduled Delivery Date of any Aircraft beyond the end of the applicable Scheduled Delivery Month; *provided* that if and to the extent that there is a delay in the delivery of an Aircraft by Airbus arising out of circumstances beyond the control of Frontier Airlines or the Borrower and which Airbus is entitled to impose upon Frontier Airlines or the Borrower without their consent pursuant to the terms of the Assigned Purchase Agreement including an "Excusable Delay" and a "Non-Excusable Delay" under (and as defined in) the Assigned Purchase Agreement (any such delay, a "**Relevant Delay**"), then the Scheduled Delivery Date for such Aircraft may be delayed by no more than [***] from the last day of the Scheduled Delivery Month specified for such Aircraft in Schedule III.
- 10.13 **Liens:** The Borrower will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any of its assets including the Mortgage Collateral or the Slot Collateral except:
- (a) the rights of the Borrower as provided in the Mortgage, the rights of Frontier Airlines as provided in the Slot Security Agreement, the Liens thereof and any other rights existing pursuant to the Operative Documents;
 - (b) Liens arising out of any lease or sublease of, or use or license agreements with respect to, the Slot Collateral to the extent agreed to in the sole discretion of the Majority Lenders;
 - (c) Liens for Taxes of the Borrower and Frontier Airlines either not yet due or being contested in good faith by appropriate proceedings (and for which adequate reserves have been provided in accordance with GAAP), so long as the continuing existence of such Liens during such proceedings do not involve any material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral;
 - (d) Liens arising out of any judgment or award against the Borrower or Frontier Airlines with respect to which an appeal or proceeding for review is being prosecuted diligently and in good faith, so long as such Liens do not result in a

material risk of the termination, sale, forfeiture or loss of, the Assigned Purchase Agreement, an Engine Agreement or the Slot Collateral; and

- (e) any other Lien with respect to which the Borrower or Frontier Airlines shall have provided a bond or other security in an amount and under terms reasonably satisfactory to the Security Trustee.

The Borrower will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any Lien not excepted above if the same shall arise at any time.

10.14 **Amendments, Supplements, Etc.:** Forthwith upon the execution and delivery of any amendment to the Mortgage, if an applicable legal system having jurisdiction over the Borrower or the Mortgage Collateral is in existence that permits for filing and/or recording of the Mortgage and amendments or supplements thereto, the Borrower will cause such amendment to be duly filed and recorded, and maintained of record, in accordance with all Applicable Laws. In addition, the Borrower will promptly and duly execute and deliver to the Security Trustee such further documents and take such further action as the Security Trustee may from time to time reasonably request in order to more effectively carry out the intent and purpose of the Mortgage and establish and protect the rights and remedies created or intended to be created in favor of the Security Trustee under the Mortgage and the other Operative Documents, including, without limitation, if requested by the Security Trustee, at the expense of Borrower, the execution and delivery of supplements or amendments hereto, each in recordable form, in accordance with the laws of such jurisdiction as the Security Trustee may reasonably request.

10.15 **Access to or Furnishing of Information:** The Borrower agrees to furnish to the Facility Agent and to each Lender:

- (a) as soon as available, but not later than [***] after the close of each fiscal year of Frontier Group Holdings occurring after the Original Signing Date, an audited and consolidated balance sheet and related statements of Frontier Group Holdings and its subsidiaries at and as of the end of such fiscal year, together with an audited and consolidated statement of income for such fiscal year, each of which shall be prepared in accordance with GAAP;
- (b) as soon as available, but not later than [***] after the close of (i) each of the first three quarters of each fiscal year of Frontier Group Holdings and (ii) the fourth fiscal quarter of Frontier Group Holdings for the fiscal year ended December 31, 2022, an unaudited and consolidated balance sheet of Frontier Group Holdings and its subsidiaries at and as of the end of such quarter, together with an unaudited and consolidated statement of income for such quarter, each of which shall be prepared in accordance with GAAP;
- (c) as soon as available, but not later than [***] after the close of each fiscal year of Frontier Group Holdings occurring while amounts are outstanding under this Agreement or any Loan Certificate, a certificate of the chief financial officer, Treasurer, any Vice President, or other officer of Frontier Group Holdings stating that such authorized officer has reviewed the activities of the Borrower and itself and that, to the best of the knowledge of such authorized officer, there exists no Default or Event of Default or event which would require the prepayment of any loans pursuant to Clause 5.9(c), (d) or (e);

- (d) from time to time, notification of any material changes to BFE, optional features or SCNs with respect to any Aircraft, and such other information as the Facility Agent or any Lender may reasonably request;
- (e) promptly after the occurrence thereof and actual knowledge thereof by a responsible officer of the Borrower, notice of any Default or Event of Default;
- (f) promptly after the occurrence thereof, any Aviation Authority required modifications in respect of the Aircraft that the Borrower is aware of, and any optional changes effected in the prior calendar month, that would lead to an increase in the Lender's Net Price; and
- (g) promptly upon receiving notification thereof from Airbus, the Scheduled Delivery Date of an Aircraft.

10.16 **Maintenance of Separate Existence:** The Borrower shall maintain certain policies and procedures relating to its existence as a separate company as follows and shall do all things necessary to maintain their corporate existence separate and distinct from any other Person. The Borrower shall:

- (a) observe all formalities necessary to remain a legal entity separate and distinct from each Guarantor and any other Person;
- (b) maintain its assets and liabilities separate and distinct from those of each Guarantor and any other Person in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (c) maintain records, books and accounts separate from those of each Guarantor and any other Person (other than as otherwise specified in the Operative Documents);
- (d) pay its obligations in the ordinary course of business as a legal entity separate from each Guarantor and any other Person;
- (e) keep its funds separate and distinct from any funds of each Guarantor and any other Person, and receive, deposit, withdraw and disburse such funds separately from any funds of each Guarantor and any other Person;
- (f) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of, any Guarantor or any other Person except as otherwise permitted under the Operative Documents;
- (g) not hold out that it is a division of any Guarantor or any other Person or that any Guarantor or any other Person is a division of it;
- (h) not induce any third party to rely on the creditworthiness of any Guarantor or any other Person in order that such third party will contract with it (other than the guarantee of the Guarantors in favor of Airbus made in connection with the Assigned Purchase Agreement);
- (i) allocate and charge fairly and reasonably any common overhead shared with any Guarantor or any other Person;
- (j) hold itself out as a separate entity, and correct any known misunderstanding regarding its separate identity;

- (k) conduct business in its own name and ensure that all communications are made solely in its name;
- (l) not acquire the securities of any Guarantor or any Affiliate thereof;
- (m) prepare separate financial statements, if required to prepare such pursuant to Applicable Law, and separate tax returns and pay any Taxes required to be paid under applicable Tax law (provided that each Guarantor and its Affiliates may publish financial statements that consolidate those of such Guarantor and its Affiliates, and subsidiaries of such Guarantor may file consolidated Tax returns with such Guarantor and its Affiliates for Tax purposes provided that so doing does not give rise to any incremental Tax liabilities on the part of the Borrower); and
- (n) not enter into any transaction between itself and any Guarantor or their Affiliates that is more favorable to either such Guarantor or any of their Affiliates than transactions that either such Guarantor and its Affiliates would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party, or vice versa.

For the avoidance of doubt, the Borrower is authorized to engage in any activity or other undertaking expressly required or expressly authorized by the Operative Documents.

10.17 **Independent Director:** The Borrower shall have at least one Independent Director whose vote shall be required to take any Material Action with respect to the Borrower (it being understood that this Agreement shall not require the vote of an Independent Director for any other matter other than a Material Action).

10.18 **Management and Control; COMI:** Management and control of, and the principal place of business of the Borrower shall be located in the Cayman Islands. The Borrower shall ensure that it does not have a Center of Main Interests (as defined in EU Insolvency Regulations) in the European Union.

10.19 **Subordinated Loan:** The Borrower shall not pay or repay any amount under the Subordinated Loan Agreement while the Secured Obligations remain outstanding provided that upon delivery of an Aircraft and following payment and repayment of principal, interest, breakage costs and the amounts allocable to such Aircraft and all other amounts due and owing under the Mortgage, the Borrower may repay amounts payable under the Subordinated Loan Agreement to the extent of available funds at such time.

10.20 **LTV and Fixed Charge Coverage Ratio:**

- (a) In this Clause 10.20 the following capitalized terms have the following meaning

"**Annualized FCCR**" means as of any applicable FCCR Test Date, the ratio of, (a) the sum of (i)(A) in the case of the first FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Consolidated EBITDAR of Frontier Group Holdings for the fiscal quarter immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Section 10.15(a), and (ii)(A) in the case of the first FCCR Test Date in 2022, [***], (B) in the case of

the second FCCR Test Date in 2022, the Consolidated EBITDAR of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Consolidated EBITDAR of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022, and (D) thereafter, the sum of the Consolidated EBITDAR of Frontier Group Holdings for each of the three fiscal quarters of Frontier Group Holdings immediately preceding the applicable fiscal quarter referred to in clause (a)(i)(B), to (b)(i)(A) in the case of the first FCCR Test Date in 2022, the Fixed Charges of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings ended December 31, 2021 or (B) in the case of each FCCR Test Date thereafter, the Fixed Charges of Frontier Group Holdings for the fiscal quarter of Frontier Group Holdings immediately preceding such FCCR Test Date for which financial statements were delivered pursuant to Section 10.15(a) and (ii)(A), in the case of the first FCCR Test Date in 2022, [***], (B) in the case of the second FCCR Test Date in 2022, the Fixed Charges of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021 and March 31, 2022, (C) in the case of the third FCCR Test Date in 2022, the sum of the Fixed Charges of Frontier Group Holdings for each of the fiscal quarters of Frontier Group Holdings ended December 31, 2021, March 31, 2022 and June 30, 2022 and (D) thereafter, the sum of the Fixed Charges of Frontier Group Holdings for each of the three fiscal quarters of Frontier Group Holdings immediately preceding the applicable fiscal quarter referred to in clause (b)(i)(B); *provided*, in each case that amortization and settlements of warrants of Frontier Group Holdings, Inc. to the US Treasury Department shall be excluded from each determination.

"**LTV**" means as of any applicable LTV Test Date for an Aircraft or the Aircraft Pool, the percentage equivalent of a fraction determined by the formula of $AP - (PPI - LA - AEC) / BV$ where:

- (i) "**AP**" means the Assignable Price of such Aircraft or the sum of the Assignable Prices of all Aircraft in the Aircraft Pool;
- (ii) "**PPI**" means an amount equal to the aggregate of all Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of such Aircraft or the sum of the Purchase Price Installments paid to Airbus as of the applicable LTV Test Date in respect of all Aircraft in the Aircraft Pool;
- (iii) "**LA**" means the aggregate amount of all Loans made in respect of such Aircraft, as of the applicable LTV Test Date (if any) or the sum of the Loans made in respect of all Aircraft in the Aircraft Pool, as of the applicable LTV Test Date;
- (iv) "**AEC**" means the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to such Aircraft or the sum of the engine credits assigned to the Security Trustee pursuant to the Mortgage in respect of the Engines relating to all Aircraft in the Aircraft Pool; and
- (v) "**BV**" means the Base Value of such Aircraft, as stated in the Aircraft Appraisal prepared in respect of such LTV Test Date or the sum of the

Base Values of all Aircraft in the Aircraft Pool, as stated in the Aircraft Appraisal for each Aircraft prepared in respect of such LTV Test Date.

"**Maximum LTV**" means on any LTV Test Date, [***]

- (b) The Borrower shall ensure that as of each LTV Test Date, with respect to an Aircraft or the Aircraft Pool (as the case may be), the LTV in respect of each applicable Aircraft or the Aircraft Pool (as the case may be) in respect of which a Loan is outstanding does not exceed an amount equal to the Maximum LTV for such Aircraft or the Aircraft Pool (as the case may be) (the "**LTV Test**") provided that the Borrower shall not be deemed to have breached the LTV Test if it is in compliance with its obligation set forth in Clause (c) below.
- (c) In the event of an LTV Test failure, the Borrower shall, within [***] of the LTV Test Date on which such failure occurred either:
 - (i) prepay the applicable Loans in accordance with Clause 5.9(b); or
 - (ii) pay to the Security Trustee cash, or provide such other Cash Equivalent collateral in such form as the Facility Agent in its sole discretion agrees, ("**LTV Collateral**") in an amount, or with a value, equal to that which if applied to prepay the Loan or Loans relating to the Aircraft in respect of which the failure of the LTV Test has occurred, would reduce the principal outstanding thereto in order that a failure of the LTV Test would not occur if it were calculated following such prepayment. Upon provision LTV Collateral in the amount required pursuant to this Clause (ii) or prepayment of the applicable Loan(s) in accordance with Clause (i) above, the relevant failure of the LTV Test shall not constitute a Default.
- (d) Except as expressly specified in this Clause 10.20(d), the Borrower shall have no entitlement to receive payment of any part of the LTV Collateral. Following the provision by the Borrower of any LTV Collateral, the Security Trustee shall, if the Borrower is in compliance with the LTV Test as of any LTV Test Date following provision of any LTV Collateral and provided no Default is continuing, within [***] after such LTV Test Date, release to the Borrower (at the request and cost of the Borrower), by way of release of such LTV Collateral from the related Eligible Account, an amount or value equal to that by which the amount or value of LTV Collateral provided by the Borrower exceeds the amount or value required in order to not be in any breach of the LTV Test as of such LTV Test Date.
- (e) The Borrower agrees that any LTV Collateral shall be deposited in an Eligible Account.
- (f) Following the occurrence of an Event of Default which is continuing, in addition to all rights and remedies of the Security Trustee elsewhere in this Agreement or under Law or pursuant to any Operative Document, the Security Trustee may immediately or at any time thereafter, without notice to the Borrower, use, enforce, apply and/or retain all or part of the LTV Collateral in or towards the payment or discharge of any matured obligation owed by the Borrower under this Agreement or any other Operative Documents, in such order as the Security Trustee sees fit.

- (g) If the Security Trustee exercises any of the rights described in Clause (f) above and the LTV in respect of any Aircraft or the Aircraft Pool (as the case may be) exceeds the Maximum LTV in respect of such Aircraft or the Aircraft Pool (as the case may be) after such exercise, the Borrower shall, within [***] of demand in writing from the Security Trustee, perform one of the options in (c) to the extent necessary for the LTV Test.
- (h) The Borrower shall notify the Facility Agent promptly if Frontier Group Holdings' Unrestricted Cash and Cash Equivalents have at any time fallen below the threshold required by clause 9(f) of the Frontier Group Holdings Guarantee at such time.

10.21 **Equity Contribution:** The Borrower shall pay an amount equal to each Equity Contribution in respect of an Aircraft to Airbus on or before the Borrowing Date to which such Equity Contribution corresponds as set out in Schedule III; provided that, if, on any Borrowing Date, the aggregate of the future Equity Contributions as set forth in Schedule III and the available undrawn Commitment is not sufficient to satisfy all future Advances payable under the terms of the Assigned Purchase Agreement, such shortfall shall be paid by the Borrower.

10.22 In respect of the Incremental A321neo Aircraft, the Facility Agent shall have received the following prior to July 1, 2022, in each case in form and substance satisfactory to it:

- (a) an officer's certificate from an officer of Frontier Airlines (A) certifying as to the identity of the related Engine Manufacturer and the related Required Specifications, and (B) attaching a copy of the fully executed and effective Incremental A321neo Engine Purchase Agreement;
- (b) the related Incremental A321neo Engine Consent duly authorized, executed and delivered by the parties thereto and shall be in full force and effect; and
- (c) an incumbency certificate together with a company extract evidencing the signing authority of the persons named in the incumbency certificate or such other evidence as shall be reasonably satisfactory to the Finance Parties as regards the signing authority of the Engine Manufacturer.

11. **THE FACILITY AGENT**

The provisions of Schedule IV (*Facility Agent*) shall apply to this Agreement.

12. **THE SECURITY TRUSTEE**

The provisions of Schedule V (*The Security Trustee*) shall apply to this Agreement.

13. **CONDUCT OF BUSINESS BY THE FINANCE PARTIES**

13.1 No provision of this Agreement or any other Operative Document will:

- 13.1.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- 13.1.2 without limiting the obligations of the Finance Parties to mitigate or otherwise take actions contained in this Agreement, oblige any Finance Party to investigate

or claim any credit, relief, remission or repayment available to it in respect of Tax or to investigate the extent, order and manner of any such claim; or

13.1.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or, except as otherwise required by Clauses 5.3 and 5.11, any computations in respect of Tax.

14. SUPPLEMENTS AND AMENDMENTS TO THIS AGREEMENT AND OTHER DOCUMENTS

14.1 Instructions of Majority; Limitations

- (a) At any time and from time to time, at the request of the Borrower, the Facility Agent (but only on the written direction of the Majority Lenders) shall (x) execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Agreement or any other Operative Document as specified in such request or (y) provide a consent when required by the terms of any Operative Document, provided that, except as permitted in Clause 5.14, without the consent of each Lender adversely affected thereby, no such amendment of or supplement to any such document, or waiver or modification of the terms of any thereof, shall:
- (i) modify any of the provisions of this Clause 14.1 or the definitions of the terms, "Majority Lenders" or "Operative Documents", contained herein or in any other Operative Document;
 - (ii) increase the principal amount of any Loan Certificate or reduce the amount or extend the time of payment of any amount owing or payable under any Loan Certificate or (except as provided in the Operative Documents) increase or reduce the Break Amount or interest payable on any Loan Certificate (except that only the consent of the Lender shall be required for any decrease in any amounts of or the rate of Break Amount or interest payable on such Loan Certificate or any extension for the time of payment of any amount payable under such Loan Certificate);
 - (iii) reduce, modify or amend any indemnities in favor of any Lender or in favor of or to be paid by the Borrower or alter the definition of "Indemnitee" to exclude any Lender; or
 - (iv) release the Borrower from its obligations in respect of the payment of the principal and interest then outstanding (or other amounts payable therewith) or change any of the circumstances under which any amounts payable pursuant to this Agreement and the other Operative Documents are payable.
- (b) Notwithstanding the foregoing, without the consent of each Lender, no such supplement to this Agreement, the Mortgage or the Share Charge, or waiver or modification of the terms hereof or of any other agreement or document shall expressly permit the creation of any Lien on the Collateral or any part thereof, except as herein expressly permitted, or deprive any Lender of the benefit of the Lien of the Mortgage on the Collateral or the Lien of the Share Charge except in connection with the exercise of remedies under Clause 7 of the Mortgage or under equivalent provisions of the Share Charge.

- (c) Except as provided in this Clause 14.1, the Security Trustee shall not amend, supplement or waive the terms of this Agreement, the Mortgage, the Share Charge or any other Operative Documents.

14.2 Facility Agent Protected

If, in the reasonable opinion of the institution acting as the Facility Agent hereunder any document required to be executed pursuant to the terms of Clause 14.1 affects any right, duty, immunity or indemnity with respect to it under this Agreement or any other Operative Document, the Facility Agent may in its reasonable discretion decline to execute such document.

14.3 Documents Mailed to Lenders

Promptly after the execution by the Facility Agent of any document entered into pursuant to Clause 14.1, the Facility Agent shall mail, by certified mail, postage prepaid, a conformed copy thereof to each Lender at its address shown on the Certificate Register, but the failure of the Borrower or Facility Agent, to mail such conformed copies shall not impair or affect the validity of such document.

15. NOTICES

- 15.1 All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by facsimile or electronic mail, or by prepaid courier service, and shall be effective upon receipt.
- 15.2 Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Clause 15, notices, demands, instructions and other communications in writing shall be given to or made upon the parties hereto at their addresses (or to their facsimile numbers) as follows: (a) if to the Borrower or the Security Trustee, to the addresses specified in clause 7.6 of the Mortgage, (b) if to a Lender or the Facility Agent to the address specified on Schedule I, or (c) if to any subsequent Lender, addressed to such Lender at its address specified in the Certificate Register maintained pursuant to Clause 5.6.

16. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; AGENT FOR SERVICE OF PROCESS.

- 16.1 THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.
- 16.2 The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and the Borrower irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Agent or any Lender may

otherwise have to bring any action or proceeding relating to this Agreement against another party or its properties in the courts of any jurisdiction.

- 16.3 The Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Clause 16.2. The Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- 16.4 Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Clause 15. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.
- 16.5 EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.
- 16.6 The Borrower hereby irrevocably appoints and designates Corporation Service Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Borrower agrees that service of process upon such party shall constitute personal service of such process on such person. The Borrower shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Agreement shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Borrower shall immediately designate and shall promptly deliver to the Facility Agent evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

17. INVOICES AND PAYMENT OF EXPENSES

Each Agent and the Lenders shall promptly submit to the Borrower copies of invoices of the Transaction Expenses (as defined below) as they are received. The Borrower agrees to pay Transaction Expenses promptly upon receipt of detailed invoices of such Transaction Expenses regardless as to whether or not the Effective Date occurs (except in circumstances where such failure to occur is as a result of the breach by any Lender of its obligations hereunder following satisfaction by the Borrower of the Conditions Precedent set out in Clause 4 (*Conditions*)). For the purposes hereof, "Transaction Expenses" means:

- (a) with respect to the preparation, negotiation, execution and delivery of this Agreement and the payment or anticipated drawing of each Loan and Line of Credit, as applicable, on each Borrowing Date, the reasonable fees, expenses and disbursements of Clifford Chance US LLP, special counsel to the Lenders and the Facility Agent, as well as the reasonable fees and expenses of special Cayman Islands counsel and any counsel to the Security Trustee (subject to any agreed caps);
- (b) all fees, taxes (including license, documentary, stamp, excise and property taxes) and other charges payable in connection with the recording or filing of instruments and financing statements;
- (c) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to the negotiation and closing of this transaction (with any travel expenses requiring prior notice to the Borrower);
- (d) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to any release of any Collateral or the delivery of the Aircraft contemplated hereby (including the reasonable fees, expenses and disbursements of legal counsel and with any travel expenses requiring prior notice to the Borrower); and
- (e) each Agent's and each Lender's reasonable out-of-pocket costs and expenses relating to any waiver, amendment or modification of the Operative Documents (including (i) the reasonable fees, expenses and disbursements of legal counsel, (ii) any travel expenses requiring prior notice to the Borrower and (iii) for the avoidance of doubt, costs and expenses reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with Clause 5.14).

18. CONFIDENTIALITY

Each of the Lenders and each Agent covenants and agrees to keep confidential, and not to disclose to any third parties, the Operative Documents and all non-public information received by it from the Borrower, Airbus or the Engine Manufacturer pursuant to the Operative Documents or the Assigned Purchase Agreement or an Engine Agreement, if any is so delivered, provided that, to the extent permitted by any applicable confidentiality agreement with Airbus or the Engine Manufacturer, such information may be made available:

- (a) to any transferee or participant (or any prospective transferee or participant) of a Lender's Commitments, Loan, Line of Credit Borrowing or Loan Certificates or the Security Trustee's respective interest in the Collateral, in each case so long as such transferee or participant (or prospective transferee or participant) first executes and delivers to the respective Lender a confidentiality agreement consistent with the foregoing or is otherwise bound by a substantially similar obligation of confidentiality;
- (b) to any Lender's counsel or independent certified public accountants, independent insurance advisors or other agents who agree to hold such information confidential on the terms provided;
- (c) as may be required by Applicable Law or by any statute, court or administrative order or decree or governmental ruling or regulation (or, in the case of any Lender, to any bank examiner or other regulatory personnel); or

(d) as may be necessary for purposes of enforcement of any Operative Document.

Notwithstanding anything to the contrary herein or in any other Operative Document, none of Borrower, Frontier Airlines, Frontier Holdings or the Facility Agent shall be required to provide any confidential information (including any copy of any related Engine Agreement) to any Lender regarding any Engine manufactured by CFM International, Inc. unless such Lender has entered into a non-disclosure agreement with CFM International, Inc. with respect to such confidential information.

19. MISCELLANEOUS

19.1 The representations, warranties, indemnities and agreements of the Borrower provided for in this Agreement and each party's obligations under any and all thereof, shall survive the expiration or other termination of this Agreement or any other Operative Document, except as expressly provided herein or therein.

19.2 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party or parties thereto.

19.3

(a) This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns including each successive holder of any Loan Certificate(s) issued and delivered pursuant to this Agreement. Each Lender, by its acceptance of its Loan Certificate, agrees to be bound by all of the provisions of this Agreement and the other Operative Documents applicable to a Lender.

(b) The Borrower may not assign any of its rights or obligations under this Agreement or the other Operative Documents except to the extent expressly provided thereby.

(c) (i) Each Lender, at no cost to any Obligor, may assign any of its Loans, its Line of Credit Borrowings, its Loan Certificates and its Commitments to any Person with, unless a Default is continuing, the consent of the Borrower and the Guarantors, in each case, such consent not to be unreasonably withheld or delayed; provided that (i) each such assignment by a Lender of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment shall be made in such manner so that the same portion of its Loans, Line of Credit Borrowings, Loan Certificates and Commitment is assigned to the respective assignee; (ii) no assignment shall be permitted if such would result in the Borrower or any Guarantor incurring any increased liability or cost under the Operative Documents as a result of such assignment based on laws in effect as of the date of such arrangement; and (iii) such assignment shall be effected by the execution and delivery by the assignee and assignor of an agreement in the form of the Loan Assignment Agreement attached as Exhibit B hereto. Upon execution and delivery by the assignee to the Borrower, the Facility Agent and the Security Trustee of the Loan Assignment Agreement pursuant to which such assignee agrees to become a "Lender" hereunder (if not already a Lender) having the Commitment and/or Loan or Line of Credit Borrowing amount specified in such instrument, and upon consent thereto by the Borrower and, the Facility Agent, to

the extent required above, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Borrower, the Security Trustee and the Facility Agent), the obligations, rights and benefits of a Lender hereunder holding the Commitment and/or Loan and Line of Credit Borrowing (or portions thereof) assigned to it (in addition to the Commitment and, Loan, if any, and Line of Credit Borrowing, if any, theretofore held by such assignee) and the assigning Lender shall, to the extent of such assignment, be released from the Commitment (or portion thereof) so assigned.

(ii) So long as no Default or Event of Default has occurred and is continuing, the Borrower, at its sole cost and expense, may request the Lenders or other financial institutions reasonably acceptable to the Facility Agent (each, an "**Additional Lender**") to provide additional Commitments pursuant to a Facility Increase Amendment (collectively, the "**Additional Commitments**") to be incorporated into this Agreement; provided that in no event shall the aggregate amount of all Loans, Line of Credit Borrowings and Commitments exceed [***]. From and after the date of effectiveness of any Facility Increase Amendment, the Commitment of each applicable Lender shall be amended pursuant to the Facility Increase Amendment and any Additional Lender not previously party hereto shall have the Commitment specified in the Facility Increase Amendment and shall become a party hereto and have the rights and obligations of a Lender under this Agreement and the other Operative Documents. Any requirements contained in this Agreement in respect of minimum borrowing, pro rata borrowing and pro rata payments shall not apply to the transactions effected pursuant to the immediately preceding sentence.

- (d) Each Lender may sell or agree to sell to one or more other Persons a participation in all or any part of the Loan or Line of Credit Borrowing held by it, or in its Commitments, in which event each purchaser of a participation (a "**Participant**") shall be entitled to the rights and benefits of the provisions hereof with respect to its participation in such Loan, Line of Credit Borrowing and Commitments as if such Participant were a "Lender" for purposes hereof. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder or under any other Operative Document except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term, or extend the time or waive any requirement for the reduction or termination, of such Lender's Commitment, (ii) extend the date fixed for the payment of regularly scheduled principal of or interest on the Loan, Line of Credit Borrowing or any portion of any fee hereunder payable to the Lender, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Lenders, to a level below the portion of such rate or fee which the Participant is entitled to receive.
- (e) In addition to the assignments and participations permitted under the foregoing provisions of this Clause 19.3(b), any Lender may assign and pledge all or any portion of its Loan, its Line of Credit Borrowing and its Loan Certificates to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank provided that neither the Borrower nor any Guarantor would incur an increased liability or cost under the Operative Documents as a result of such arrangement or pledge based on laws in effect at the time of such sale. No such assignment shall release the assigning Lender from its obligations hereunder.

- (f) Notwithstanding the above, a Lender may not assign or transfer all or any portion of its Loan, its Line of Credit Borrowing, Commitment or any Loan Certificate or interest therein (i) in violation of the Securities Act or applicable foreign or state securities laws (ii) prior to the drawdown of the Loans and Line of Credit Borrowings, as applicable.

20. LIMITATION OF SECURITY TRUSTEE LIABILITY

It is expressly understood and agreed by the parties that (A) this document is executed and delivered by Bank of Utah, not individually or personally, but solely as Security Trustee, (B) each of the representations, undertakings and agreements herein made on the part of the Security Trustee is made and intended not as personal representations, undertakings and agreements by Bank of Utah, but only in its capacity as Security Trustee for the Facility Agent and the Lenders, (C) nothing herein contained shall be construed as creating any liability on Bank of Utah, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, and (D) under no circumstances shall Bank of Utah be personally liable for the payment of any indebtedness or expenses of the Lenders or the Facility Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Security Trustee under this Agreement, the Operative Documents or any other related documents excluding, in each case, gross negligence, willful misconduct or simple negligence in the handling of money by the Security Trustee for which it shall be liable in its individual capacity.

21. LIMITATION ON LIABILITY

- 21.1 Notwithstanding anything contained in this Agreement to the contrary, recourse against the Borrower with respect to this Agreement shall be limited to the assets of the Borrower, as they may exist from time to time and each of the Security Trustee, the Facility Agent and the Lenders agree not to seek before any court or Governmental Entity to have any shareholder, director or officer of the Borrower, held liable, in their personal or individual capacities, for any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement other than in the case of gross negligence or willful misconduct.
- 21.2 Each of the Security Trustee, the Facility Agent and the Lenders agree that with respect to any actions or inactions of the Borrower or any obligations or liability of the Borrower under this Agreement, it shall not commence any case, proceeding, proposal or other action under any existing or future law of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement in the nature of insolvency proceedings, adjustment, winding-up, liquidation, dissolution or analogous relief with respect to the Borrower.
- 21.3 Nothing in this Clause 21 shall:
- 21.3.1 be construed to limit the exercise of remedies pursuant to this Agreement in accordance with its terms; or
 - 21.3.2 be construed to waive, release, reduce, modify or otherwise limit the obligations and liabilities of any guarantor of the Borrower's obligations or liabilities hereunder.
- 21.4 The provisions of this Clause 21 shall survive the termination of this Agreement.

22. CONTRACTUAL RECOGNITION OF BAIL-IN

Notwithstanding anything to the contrary in any Operative Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Operative Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- 22.1 the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- 22.2 the effects of any Bail-in Action on any such liability, including, if applicable:
 - 22.2.1 a reduction in full or in part or cancellation of any such liability;
 - 22.2.2 a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Operative Document; or
 - 22.2.3 the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.
- 22.3 The following definitions shall apply for the purposes of this Section 22:

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Resolution Authority**" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"**Write-Down and Conversion Powers**" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

23. **ACKNOWLEDGEMENT REGARDING ANY SUPPORTED QFCs**

To the extent that the Operative Documents provide support, through a guarantee or otherwise, for interest rate hedges or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Operative Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC

Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Operative Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Operative Documents were governed by the laws of the United States or a state of the United States.

As used in this Section 23, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

24. DIVISIONS

For all purposes under the Operative Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

25. CERTAIN ERISA MATTERS.

25.1 Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other, that at least one of the following is and will be true:

- (a) such Lender is not using "plan assets" (within the meaning of 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA, or otherwise) of one or more Benefit Plans in connection with the Borrowings,

- (b) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Borrowings and this Agreement,
- (c) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Borrowings and this Agreement, (C) the entrance into, participation in, administration of and performance of the Borrowings and this Agreement satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Borrowings and this Agreement, or
- (d) such other representation, warranty and covenant as may be agreed in writing between the Facility Agent, in its sole discretion, and such Lender.

25.2 In addition, unless either (x) subclause (a) in the immediately preceding Section 25.1 is true with respect to a Lender or (y) a Lender has not provided another representation, warranty and covenant as provided in subclause (d) in the immediately preceding Section 25.1, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Facility Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Obligor, that the Facility Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Borrowings, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Facility Agent under this Agreement, any Operative Document or any documents related hereto or thereto).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

BORROWER

VERTICAL HORIZONS, LTD., Borrower

By: /s/ Evert Brunekreef
Name: Evert Brunekreef
Title: Director

SECURITY TRUSTEE

BANK OF UTAH, not in its individual capacity but solely as Security Trustee

By: /s/ Jon Croasmun
Name: Jon Croasmun
Title: Senior Vice President

FACILITY AGENT

CITIBANK, N.A., as Facility Agent

By: /s/ Joseph Shanahan
Name: Joseph Shanahan
Title: Vice President

ARRANGER

CITIBANK, N.A., as Arranger

By: /s/ Joseph Shanahan
Name: Joseph Shanahan
Title: Vice President

LENDERS

CITIBANK, N.A., as a Lender

By: /s/ Joseph Shanahan
Name: Joseph Shanahan
Title: Vice President

BARCLAYS BANK PLC, as a Lender

By: /s/ Craig Malloy
Name: Craig Malloy
Title: Director

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Philip Tancorra
Name: Philip Tancorra
Title: Vice President

###-###-####

By: /s/ Jessica Lutrario
Name: Jessica Lutrario
Title: Associate

###-###-####

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Alysha Salinger
Name: Alysha Salinger
Title: Vice President

Schedule I
NOTICE & ACCOUNT INFORMATION

Lenders Citibank, N.A.
1615 Brett Road
Building 111
New Castle, DE 19720

Attention: [***]
Fax: +# ### ### #####
Email: ###

With a copy to:

Citibank, N.A.
388 Greenwich Street, 32nd Floor
New York, NY 10013

Attention: [***]
Email: ###

Barclays Bank PLC
745 7th Avenue, New York, NY 10019
Email: ###;
###

Deutsche Bank AG New York Branch
1 Columbus Circle, New York, NY 10019
Email: ###;
###

Morgan Stanley Senior Funding, Inc.
1585 Broadway, New York, NY 10036
Email: ###;
###

Facility Agent Citibank, N.A.
388 Greenwich Street
New York, NY 10013

Attention: [***]
Phone: (###) ###-#####
Email: ###

With a copy to:

Citibank, N.A.
1 Penns Way
OPS 2/2
Global Loans
New Castle, DE 19720
Attn: [***]
Ref: [***]

Phone: (###) ###-####
Fax: (###) ###-####
Borrower inquiries only: ###
Borrower notifications: ###
Disclosure Team Mail (Financial Reporting): ###
Investor Relations Team (investor inquiries only): ###

Account Details: Bank Name: Citibank, N.A.

ABA: [***]
Account Name: [***]
Account No.: [***]
Reference: [***]

**SCHEDULE II
COMMITMENTS**

Lender	Participation Percentage	Maximum Commitment
Citibank, N.A.	62.5%	US\$125,000,000
Barclays Bank PLC	12.5%	US\$25,000,000
Deutsche Bank AG New York Branch	12.5%	US\$25,000,000
Morgan Stanley Senior Funding, Inc.	12.5%	US\$25,000,000

The amounts set forth above are subject to amendment in accordance with Clause 19.3(c)(ii) of the Credit Agreement; provided that the aggregate Maximum Commitment does not exceed [***].

**SCHEDULE III
ADVANCES**

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[Citi/Frontier A320neo/A321neo PDP Seventh Amended and Restated Credit Agreement]

**SCHEDULE IV
THE FACILITY AGENT**

1. Appointment of the Facility Agent

- 1.1 Each of the Lenders appoints the Facility Agent to act as its agent under and in connection with the Operative Documents.
- 1.2 Each of the Lenders authorizes the Facility Agent to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under or in connection with the Operative Documents together with any other incidental rights, powers, authorities and discretions.
- 1.3 Unless expressly provided otherwise in the Operative Documents, each of the Lenders shall exercise its rights through the Facility Agent or the Security Trustee.

2. Duties of the Facility Agent

- 2.1
 - (a) The Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
 - (b) Paragraph (a) above shall not apply to any assignment agreement executed pursuant to clause 19.3(b)(i) or (ii).
- 2.2 The Facility Agent shall promptly forward to each of the Lenders a copy of any document or notice which is delivered to the Facility Agent by the Security Trustee.
- 2.3 If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Lenders.
- 2.4 The Facility Agent shall promptly notify the Lenders of any Default (in relation to which it has actual knowledge) arising under Clause 4(a) (*Non Payment*) of the Mortgage.
- 2.5 The Facility Agent's duties under the Operative Documents are solely mechanical and administrative in nature.
- 2.6 Except where an Operative Document expressly and specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

3. No fiduciary duties

- 3.1 Nothing in this Agreement constitutes the Facility Agent as a trustee or fiduciary of any other Person.
- 3.2 The Facility Agent shall not be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

4. Business with the Borrower

The Facility Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

5. Rights and discretions of the Facility Agent

5.1 The Facility Agent may rely on:

- (a) any representation, notice or document believed by it to be genuine, correct and appropriately authorized; and
- (b) any statement made by a director, authorized signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

5.2 The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

- (a) no Default has occurred (unless it has actual knowledge of a Default arising under clause 4(a) (*Non-Payment*) of the Mortgage); and
- (b) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

5.3 The Facility Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts **provided that** such engagement shall not cause any additional expense or cost to the Borrower or any Guarantor unless approved in advance in writing by either such Guarantor.

5.4 The Facility Agent may act in relation to the Operative Documents through its personnel and agents.

5.5 The Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

5.6 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

6. Majority Lenders' instructions

6.1 Unless a contrary indication appears in an Operative Document, the Facility Agent shall act in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from acting or exercising any right, power, authority or discretion vested in it as Facility Agent) and shall not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Majority Lenders.

6.2 Unless a contrary indication appears in an Operative Document, any instructions given by the Majority Lenders will be binding on all the Lenders.

6.3 The Facility Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it

may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

- 6.4 In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Facility Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- 6.5 The Facility Agent is not authorized to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Operative Document.

7. **Responsibility for documentation**

The Facility Agent is not (i) responsible for the legality, validity, effectiveness, adequacy or enforceability of any Operative Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Operative Document or (ii) responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by Applicable Law or regulation relating to insider dealing or otherwise, unless the Facility Agent is informed by the Borrower or any Guarantor in writing that specific information being provided to the Facility Agent is non-public information.

8. **Exclusion of liability**

- 8.1 Without limiting sub-clause 8.2, the Facility Agent will not be liable for any action taken by it under or in connection with any Operative Document, unless directly caused by its gross negligence or willful misconduct.
- 8.2 No Party may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Operative Document and any officer, employee or agent of the Facility Agent may rely on this sub-clause. Any third party referred to in this sub-clause 8.2 may enjoy the benefit of and enforce the terms of this sub-clause 8.2.
- 8.3 The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Operative Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Facility Agent for that purpose.
- 8.4 Nothing in this Agreement shall oblige the Facility Agent to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent.

9. **Lenders' indemnity to the Facility Agent**

Each Lender shall (in proportion to its share of the total Commitments or, if the total Commitments are then zero, to its share of the total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within [***] of demand, against any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the

Facility Agent's gross negligence or willful misconduct) in acting as Facility Agent under the Operative Documents (unless the Facility Agent has been reimbursed by the Borrower pursuant to an Operative Document).

10. **Resignation of the Facility Agent**

- 10.1 The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.
- 10.2 Alternatively, the Facility Agent may resign with the consent of the Borrower (such consent not to be unreasonably withheld or delayed and **provided that**, such consent shall not be required if there shall have occurred and be continuing an Event of Default) by giving notice to the Lenders, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Facility Agent.
- 10.3 If the Majority Lenders have not appointed a successor Facility Agent in accordance with sub-clause 10.2 within [***] after notice of resignation was given, the Facility Agent (after consultation with the Borrower) may appoint a successor Facility Agent.
- 10.4 The retiring Facility Agent shall, at its own cost, make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Operative Documents.
- 10.5 The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- 10.6 Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Operative Documents but shall remain entitled to the benefit of this Clause 10. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- 10.7 With (prior to the occurrence of an Event of Default that is continuing) the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with sub-clause 10.2. In this event, the Facility Agent shall resign in accordance with sub-clause 10.2.

11. **Confidentiality**

- 11.1 In acting as agent for the Lenders, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- 11.2 If information is received by another division or department of the Facility Agent, it may be treated as confidential to that division or department and the Facility Agent shall not be deemed to have notice of it.
- 11.3 Notwithstanding any other provision of any Operative Document to the contrary, the Facility Agent is not obliged to disclose to any other person any confidential information or any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

12. Relationship with the Lenders

The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than [***] prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

13. Credit appraisal by the Lenders

Without affecting the responsibility of the Obligors for information supplied by it or on its behalf in connection with any Operative Document and the transactions contemplated thereby, each Lender confirms to the Facility Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Operative Document including but not limited to:

- 13.1 the financial condition, status and nature of the Obligors;
- 13.2 the legality, validity, effectiveness, adequacy or enforceability of any Operative Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document;
- 13.3 whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document; and
- 13.4 the adequacy, accuracy and/or completeness of any information provided by any Party or by any other person under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document.

14. Written Directions

The Borrower shall be entitled to rely on any written direction believed by it (acting reasonably) to be given by the Facility Agent or the Security Trustee, as the case may be, as having been authorized, to the extent required by this Agreement, by all the Finance Parties.

15. Erroneous Payments

- 15.1 If the Facility Agent (x) notifies a Lender, the Security Trustee, or any Person who has received funds on behalf of a Lender, the Security Trustee (any such Lender, the Security Trustee or other recipient (and each of their respective successors and assigns), a "**Payment Recipient**") that the Facility Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding Section 15.2) that any funds (as set forth in such notice from the Facility Agent) received by such Payment Recipient from the Facility Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, the Security Trustee or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise,

individually and collectively, an "**Erroneous Payment**") and (y) demands in writing the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Facility Agent pending its return or repayment as contemplated below in this Section 15 and held in trust for the benefit of the Facility Agent, and such Lender or Security Trustee shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than [***] thereafter (or such later date as the Facility Agent may, in its sole discretion, specify in writing), return to the Facility Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by the Facility Agent) in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Facility Agent in same day funds at the greater of the Federal Funds Rate and a rate determined by the Facility Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Facility Agent to any Payment Recipient under this Section 15.1 shall be conclusive, absent manifest error.

- 15.2 Without limiting immediately preceding Section 15.1, each Lender, the Security Trustee or any Person who has received funds on behalf of a Lender or the Security Trustee (and each of their respective successors and assigns), agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Facility Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by the Facility Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Facility Agent (or any of its Affiliates), or (z) that such Lender, Issuing Bank or Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), then in each such case:
- (a) it acknowledges and agrees that (A) in the case of immediately preceding clauses (x) or (y), an error and mistake shall be presumed to have been made (absent written confirmation from the Facility Agent to the contrary) or (B) an error and mistake has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and
 - (b) such Lender or Security Trustee shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within [***] of its knowledge of the occurrence of any of the circumstances described in immediately preceding clauses (x), (y) and (z)) notify the Facility Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Facility Agent pursuant to this Section 15.2(b).

For the avoidance of doubt, the failure to deliver a notice to the Facility Agent pursuant to this Section 15.2(b) shall not have any effect on a Payment Recipient's obligations pursuant to Section 15.2(a) or on whether or not an Erroneous Payment has been made.

- 15.3 Each Lender, Issuing Bank or Secured Party hereby authorizes the Facility Agent to set off, net and apply any and all amounts at any time owing to such Lender or Financing Party under any Operative Document, or otherwise payable or distributable by the Facility Agent to such Lender or Financing Party under any Operative Document with

respect to any payment of principal, interest, fees or other amounts, against any amount that the Facility Agent has demanded to be returned under immediately preceding Section 15.1.

15.4 (i) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Facility Agent for any reason, after demand therefor in accordance with immediately preceding Section 15.1, from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "**Erroneous Payment Return Deficiency**"), upon the Facility Agent's notice to such Lender at any time, then effective immediately (with the consideration therefor being acknowledged by the parties hereto), (A) such Lender shall be deemed to have assigned its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the "**Erroneous Payment Impacted Class**") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Facility Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the "**Erroneous Payment Deficiency Assignment**") (on a cashless basis and such amount calculated at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Facility Agent in such instance)), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption Agreement (or, to the extent applicable, an agreement incorporating an Assignment and Assumption Agreement by reference pursuant to an approved electronic platform as to which the Facility Agent and such parties are participants) with respect to such Erroneous Payment Deficiency Assignment, and such Lender shall deliver any Loan Certificates evidencing such Loans to the Borrower or the Facility Agent (but the failure of such Person to deliver any such Notes shall not affect the effectiveness of the foregoing assignment), (B) the Facility Agent as the assignee Lender shall be deemed to have acquired the Erroneous Payment Deficiency Assignment, (C) upon such deemed acquisition, the Facility Agent as the assignee Lender shall become a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender, (D) the Facility Agent and the Borrower shall each be deemed to have waived any consents required under this Agreement to any such Erroneous Payment Deficiency Assignment, and (E) the Facility Agent will reflect in the Certificate Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender and such Commitments shall remain available in accordance with the terms of this Agreement.

(ii) The Facility Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Facility Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). In addition, an Erroneous Payment Return Deficiency owing by the applicable Lender (x) shall be reduced by the proceeds of prepayments or repayments of principal and interest, or other distribution in respect of principal and interest, received by the Facility Agent on or with respect to any such Loans acquired from such Lender pursuant to an Erroneous Payment Deficiency Assignment (to the extent that any such Loans are then owned by the Facility Agent) and (y) may, in the sole discretion of the Facility Agent, be reduced by any

amount specified by the Facility Agent in writing to the applicable Lender from time to time.

- 15.5 The parties hereto agree that (x) irrespective of whether the Facility Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Facility Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender, Issuing Bank or Secured Party, to the rights and interests of such Lender, Issuing Bank or Secured Party, as the case may be) under the Operative Documents with respect to such amount (the "**Erroneous Payment Subrogation Rights**") (provided that the Obligors' Secured Obligations under the Operative Documents in respect of the Erroneous Payment Subrogation Rights shall not be duplicative of such Secured Obligations in respect of Loans that have been assigned to the Facility Agent under an Erroneous Payment Deficiency Assignment) and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Secured Obligations owed by the Borrower or any other Loan Party; provided that this Section 15 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of the Borrower relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by the Facility Agent; provided, further, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Facility Agent from the Borrower for the purpose of making such Erroneous Payment.
- 15.6 To the extent permitted by applicable law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Facility Agent for the return of any Erroneous Payment received, including, without limitation, any defense based on "discharge for value" or any similar doctrine.
- 15.7 Each party's obligations, agreements and waivers under this Section 15 shall survive the resignation or replacement of the Facility Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Secured Obligations (or any portion thereof) under any Operative Document.

SCHEDULE V
THE SECURITY TRUSTEE

1. Acceptance of Trusts

The Security Trustee hereby confirms its acceptance of the trusts created under the Mortgage and the other Operative Documents and covenants and agrees to perform and observe all of its covenants and undertakings set forth in this Agreement, the Mortgage and the other Operative Documents, which shall govern the duties and responsibilities of the Security Trustee to the Finance Parties. The parties hereto agree that Bank of Utah, in its capacity as Security Trustee, acts hereunder solely as security trustee as herein provided and not in its individual capacity except as otherwise herein provided.

2. Duties and Responsibilities of the Security Trustee to the Finance Parties

- 2.1 In the event the Security Trustee shall have knowledge of an Event of Default (which shall not have been cured), the Security Trustee shall give prompt written notice of such Event of Default to the Facility Agent. Subject to the provisions of sub-clause 3.3 of this Schedule V, the Security Trustee shall take such action with respect to any Event of Default as the Security Trustee shall be instructed in writing by the Majority Lenders. If the Security Trustee shall not have received instructions as above provided within [***] after the mailing of notice of such Event of Default the Security Trustee shall, subject always to instructions received thereafter pursuant to the preceding sentence, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such Event of Default as it shall determine advisable in the best interests of the Finance Parties and shall use the same degree of care and skill in connection therewith as a prudent person would use under the circumstances in the conduct of his or her own affairs. In the absence of actual knowledge of an officer in the "Corporate Trust Department" or its equivalent of the Security Trustee, the Security Trustee shall not be deemed to have knowledge of an Event Default unless notified in writing of such Event of Default by the Facility Agent.
- 2.2 Subject to the terms of sub-clauses 2.1 and 2.3(f) of this Schedule V, with respect to the Aircraft and each Operative Document, upon the written instructions at any time and from time to time of the Majority Lenders, the Security Trustee shall take such of the following actions as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or under the Operative Documents as shall be specified in such instructions; and (ii) approve as satisfactory to the Security Trustee all matters expressly required by the terms hereof or thereof to be satisfactory to the Security Trustee, it being understood that without the written instructions of the Majority Lenders the Security Trustee shall not approve any such matter as satisfactory to the Security Trustee. The Security Trustee shall execute such documents as may be required under this Agreement or any other Operative Document as may be specified from time to time in written instructions of the Majority Lenders.
- 2.3 No provision of this Agreement shall be construed to relieve the Security Trustee from liability for the Security Trustee's own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct or the Security Trustee's simple negligence in the handling of money, except that:
- (a) the duties and obligations of the Security Trustee shall be determined solely by the express provisions of this Agreement, and the Security Trustee shall not be

liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Security Trustee;

- (b) in the exercise of good faith, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement or the other Operative Documents;
- (c) the Security Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of it, unless it shall be proved that the Security Trustee was grossly negligent in ascertaining the pertinent facts;
- (d) the Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without gross negligence (or simple negligence in the handling of money) in accordance with the direction in writing of the Majority Lenders, relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any right or power conferred upon the Security Trustee under this Agreement, and shall not be obligated to perform any discretionary act under this Agreement without the instructions in writing of the Majority Lenders;
- (e) the Security Trustee shall not be under any obligation to exercise any rights or powers or take any other action upon the instructions of the Majority Lenders (including, without limitation, the insuring, taking care of or taking possession of the Aircraft or any Engine), and no provision of this Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability, unless and until the Security Trustee shall have been fully indemnified by any person reasonably acceptable to the Security Trustee against all liability and expense in connection with the exercise of such right or power or the taking of such other action; and
- (f) the Security Trustee shall have a claim and Lien upon, the Collateral and this Agreement and the Assigned Purchase Agreement prior to the other Finance Parties for any costs or expenses incurred by the Security Trustee acting in accordance with written instructions from Facility Agent and for which the Security Trustee shall not have been reimbursed.

2.4 Promptly upon receipt by the Security Trustee from either Obligor of the financial statements, reports and other documents to be furnished by either Obligor pursuant to this Agreement or pursuant to the other Operative Documents, if any, and of all other notices and documents to be delivered by the Obligors to the Security Trustee pursuant to the other Operative Documents, the Security Trustee shall furnish copies thereof to the Facility Agent, unless such notices and documents have previously been so provided.

3. **Certain Rights of the Security Trustee**

Except as otherwise provided above:

- 3.1 the Security Trustee may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, trust certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- 3.2 whenever in the administration of this Agreement the Security Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Security Trustee (unless other evidence be herein specifically prescribed) may, in the exercise of good faith on its part, rely on a certificate of a responsible officer of any Person;
- 3.3 the Security Trustee may consult with counsel, and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in reliance thereon;
- 3.4 the Security Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement; and
- 3.5 in furtherance of any trust created hereby, the other Finance Parties shall provide the Security Trustee with all such further documents as the Security Trustee may reasonably request from time to time, in order to give effect to the trust created hereby.

4. **Application of Debt Service and Other Payment**

To the extent received and subject to Clause 5 (*Funds May Be Held by Security Trustee*) of this Schedule V, the Security Trustee covenants and agrees to apply all payments received by it under this Agreement and the other Operative Documents when and as the same shall be received in the order of priorities specified in Clause 5.4 (*Distribution of Funds Received*) of this Agreement.

5. **Funds May Be Held by Security Trustee**

Any monies, proceeds from any Collateral, until at any time paid to or property held by the Security Trustee as part of the Collateral, paid out by the Security Trustee as herein provided, shall be held by the Security Trustee on deposit in an Eligible Account, and the Security Trustee shall (unless an Event of Default shall have occurred and be continuing) account to the Borrower for interest upon any such monies so held or shall invest such monies in Cash Equivalents.

6. **Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by Other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies Held in Trust**

- 6.1 Except as otherwise provided in Clause 2 (*Duties and Responsibilities of the Security Trustee*) of this Schedule V above, the Security Trustee shall not be liable to any Person for any delay in the delivery of the Aircraft, or for any default on the part of Airbus or the Borrower, or for any defect in the Aircraft or in the title thereto or any Operative Document, nor shall anything herein be construed as a warranty on the part of the

Security Trustee in respect thereof or as a representation on the part of the Security Trustee in respect of the value thereof, or in respect of the title thereto or adequacy thereof, except to the extent provided in sub-clause 6.2 of this Schedule V.

- 6.2 Except as otherwise provided in Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee*) above, the Security Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint, and shall be answerable for only its own acts, gross negligence, willful misconduct (or mere negligence in the handling of money), and not for the default or misconduct of any attorney, agent or servant appointed by it with due care. The Security Trustee shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement or any other Operative Document.
- 6.3 Subject to any limitations set forth in a Fee Letter, the Security Trustee shall be entitled to receive payment of its reasonable expenses and disbursements hereunder (except expenses and disbursements incurred pursuant to sub-clause 8.1 of this Schedule V but including its expenses and disbursements in connection with the enforcement of its rights as Security Trustee for the relevant Collateral, in enforcing remedies hereunder, under the Agreement or under the other Operative Documents, or in collecting upon, maintaining, refurbishing or preparing for sale any portion of the Collateral) and to receive compensation for all services rendered by it in performing its duties in accordance with the terms of this Agreement. All such fees, expenses and disbursements shall be paid by the Borrower (unless paid by a Guarantor) in accordance with the relevant Fee Letter.
- 6.4 Any monies or proceeds from any Collateral at any time held by the Security Trustee hereunder or any other Operative Document shall, until paid out by the Security Trustee as herein provided, be held by it in trust as herein provided for the benefit of the Finance Parties.

7. **Successor Security Trustee**

7.1 **Persons Eligible for Appointment as Security Trustee**

There shall at all times be a Security Trustee hereunder, which shall be a banking institution, trust company or corporation having a combined capital and surplus of at least [***], and in the case of a corporation, which is authorized under Applicable Law to exercise corporate trust powers and is subject to supervision or examination by federal or state banking authority. If any such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Clause 7.1, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Security Trustee shall cease to be eligible in accordance with the provisions of this Clause 7.1, the Security Trustee shall resign immediately in the manner and with the effect specified in Clause 8 (*Resignation and Removal; Appointment of Successor Security Trustee*) of this Schedule V below.

8. **Resignation and Removal; Appointment of Successor Security Trustee**

- 8.1 The Security Trustee may at any time resign by giving written notice of resignation to the Facility Agent, with a copy to the Borrower and the Facility Agent shall promptly notify the Lenders thereof. Upon receipt by the Lenders of such written notice of resignation, the Lenders shall promptly appoint a successor agent, by written instrument, which successor shall be reasonably acceptable to the Borrower so long as no Event of Default

shall have occurred and be continuing, in which case, one copy of which instrument shall be delivered to the Security Trustee so resigning, one copy to the successor agent and one copy to each of the Finance Parties. If no successor agent shall have been so appointed and have accepted appointment within [***] after the giving of such notice of resignation, the resigning agent may petition any court of competent jurisdiction for the appointment of a successor agent, or the Finance Parties may petition any such court for the appointment of a successor agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor agent reasonably acceptable to Facility Agent.

8.2 With the consent of the Borrower (such consent not to be unreasonably withheld or delayed), the Majority Lenders may, by notice to the Security Trustee, require it to resign in accordance with Clause 8.1 of this Schedule V. In this event, the Security Trustee shall resign in accordance with Clause 8.1 of this Schedule V.

8.3 Any resignation or removal of the Security Trustee and appointment of a successor trustee pursuant to any of the provisions of this Clause 8 shall become effective upon acceptance of appointment by the successor trustee as provided in Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) below.

9. **Acceptance of Appointment by Successor Security Trustee**

Any successor trustee appointed as provided in Clause 8 of this Schedule V (*Resignation and Removal; Appointment of Successor Security Trustee*) above shall execute, acknowledge and deliver to the relevant beneficiaries, and to its predecessor agent an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the title, rights, powers, duties and obligations of its predecessor hereunder and under the Operative Documents to which its predecessor was a party, with like effect as if originally named as the "Security Trustee" herein and therein, and every provision hereof or thereof applicable to the retiring trustee shall apply to such successor trustee with like effect as if such successor trustee had been originally named herein and therein in the place and instead of the Security Trustee; but nevertheless, on the written request of a Finance Party, or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall transfer and deliver to such successor all monies, if any, the Aircraft, the Collateral, the Operative Documents and other property held by the trustee so ceasing to act, shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act, and shall execute and deliver such instruments of transfer as may be reasonably requested by such successor trustee or required by any Applicable Law. Upon request of any such successor trustee, the relevant beneficiary shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers and recognizing the transfer of title as aforesaid, and shall do and perform any and all acts necessary to establish and maintain the title and rights of the successor trustee in and to the Aircraft, the Collateral, the Operative Documents and other property in the Collateral. Any trustee ceasing to act shall, nevertheless, retain a Security Interest upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Clause 6 of this Schedule V (*Security Trustee Not Liable for Delivery Delays or Defects in the Aircraft or Title or any Operative Document; May Perform Duties by other Finance Parties; Reimbursement of Expenses; Holding of the Operative Documents; Monies held in Trust*). No successor trustee shall accept appointment as provided in this Clause 9 of this Schedule V (*Acceptance of Appointment by Successor Security Trustee*) unless at the time of such acceptance such successor trustee shall be

eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*). Upon acceptance of appointment by a successor trustee as provided in this Clause 9 of this Schedule V such successor trustee shall mail notice of the succession of such trustee hereunder to the Finance Parties.

10. Merger or Consolidation of Security Trustee

Any corporation into which the Security Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or conversion or consolidation to which the Security Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Security Trustee, shall be the successor of the Security Trustee hereunder, provided such corporation shall be eligible under the provisions of Clause 7.1 of this Schedule V (*Persons Eligible for Appointment as Security Trustee*), without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. Appointment of Additional and Separate Security Trustees

If at any time or times the Security Trustee shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which the Aircraft, the Collateral or any Operative Document shall be situated or in which any of the same is expected to be enforced, or the Security Trustee shall be advised by counsel that it is so necessary or prudent in the interest of the beneficiaries or the beneficiaries shall in writing so request the Security Trustee, the Security Trustee shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Security Trustee, the Facility Agent and, while no Default is continuing, the Borrower (such consent not to be unreasonably withheld or delayed) which is a reputable financial institution either to act as additional trustee or trustees of the Aircraft, the Collateral or the Operative Documents, jointly with the Security Trustee originally named herein or any successor or successors, or to act as separate agent or agents of the Aircraft, the Collateral or the Operative Documents, in any such case with such powers as may be provided in such supplemental agreement, and to vest in such bank, trust company or Person as such additional agent or separate agent, as the case may be, any property, title, right or power of the Security Trustee deemed necessary or advisable, subject to the remaining provisions of this sub-clause. The Security Trustee may execute, deliver and perform any deed, conveyance, assignment or other instrument in writing as may be required by any additional agent or separate agent for more fully and certainly vesting in and confirming to it or him any property, title, right or powers which by the terms of such supplemental agreement are expressed to be conveyed or conferred to or upon such additional agent or separate agent. Every additional agent and separate agent hereunder shall, to the extent permitted by law, be appointed and act as and be such, and the Security Trustee and its successors as the Security Trustee shall act as and be such, subject to the following provisions and conditions:

- 11.1 all powers, duties, obligations and rights conferred upon the Security Trustee in respect of the receipt, custody and payment of monies shall be exercised solely by the Security Trustee or its successor as Security Trustee;
- 11.2 all other rights, powers, duties and obligations conferred or imposed upon the Security Trustee shall be conferred or imposed upon and exercised or performed by the Security Trustee or its successor as Security Trustee and such additional agent or agents and separate agent or agents jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Security Trustee or its

successor as Security Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Aircraft in any such jurisdiction) shall be exercised and performed by such additional agent or agents or separate agent or agents;

11.3 no power hereby given to, or which it is hereby provided may be exercised by, any such additional agent or separate agent shall be exercised hereunder by such additional agent or separate agent except jointly with, or with the consent of, the Security Trustee or its successor as Security Trustee, anything herein contained to the contrary notwithstanding; and

11.4 no agent hereunder shall be personally liable by reason of any act or omission of any other agent hereunder.

If at any time the Security Trustee shall deem it no longer necessary or prudent in order to conform to any such law or shall be advised by such counsel that it is no longer so necessary or prudent in the interest of the Finance Parties then the Facility Agent shall in writing so request the Security Trustee, and the Security Trustee shall execute and deliver all instruments and agreements necessary or proper to remove any additional agent or separate agent. Any additional agent or separate agent may at any time by an instrument in writing constitute the Security Trustee his agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion which he is authorized or permitted to do or exercise, for and in his behalf and in his name. In case any such additional agent or separate agent shall die, become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional agent or separate agent, as the case may be, so far as permitted by law, shall vest in and be exercised by the Security Trustee, without the appointment of a new successor to such additional agent or separate agent, unless and until a successor is appointed in the manner hereinbefore provided. Any request, approval or consent in writing by the Security Trustee to any additional agent or separate agent shall be sufficient warrant to such additional agent or separate agent, as the case may be, to take such action as may be so requested, approved or consented to. Each additional agent and separate agent appointed pursuant to this Clause 11 (*Appointment of Additional and Separate Security Trustees*) shall be subject to, and shall have the benefit of, Clause 2 of this Schedule V (*Duties and Responsibilities of the Security Trustee to the Finance Parties*) and Clause 3 of this Schedule V (*Certain Rights of the Security Trustee*).

12. **Dealing with Parties**

The Security Trustee may accept deposits from, lend money to and generally engage in any kind of banking activities or other business with any party to the Operative Documents and any Affiliate of such party.

**SCHEDULE VI
BFE**

[***]

[***]

**EXHIBIT A
FUNDING NOTICE**

_____, 20__

Citibank, N.A., Facility Agent

Re: Predelivery Deposit Payment Financing for Vertical Horizons, Ltd.

Ladies and Gentlemen:

Reference is hereby made to that certain Seventh Amended and Restated Credit Agreement dated as of December 28, 2021 (the "**Credit Agreement**"; capitalized terms used herein without definition shall have the definitions specified in the Credit Agreement) entered into among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the institutions listed on Schedule I thereto, as lenders (the "**Lenders**"), Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank, N.A., as facility agent.

1. Pursuant to Clause 2.3(a) of the Credit Agreement, Borrower hereby requests a [Loan/Line of Credit Borrowing] in accordance with the following parameters:
 - (1) [In the case of a Loan, Aircraft Number: ____ [_____]]
 - (2) Initial Borrowing/Borrowing Date: _____
 - (3) [Loan/Line of Credit Borrowing]: \$_____
 - (4) [In the case of a Loan, Equity Contribution: \$_____]
2. [The Borrower confirms that all Equity Contributions for the Aircraft the subject of this Loan have been made or will be made by the Borrowing Date.]
3. Please distribute the proceeds of the [Loan/Line of Credit Borrowing] as follows: [Insert payment instructions]
4. Borrower hereby confirms that the representations and warranties of the Borrower in clause 7 of the Credit Agreement are true and accurate on the date hereof as though made on the date hereof except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and accurate on and as of such earlier date).
5. In consideration of the Lenders making their funds available on the Borrowing Date specified in this Funding Notice, in the event that the [Loan/Line of Credit Borrowing] does not take place on the Borrowing Date specified in this Funding Notice or in the event the [Loan/Line of Credit Borrowing] takes place on any Delayed Borrowing Date, the Borrower shall compensate the Lenders for their net loss on such funds, including any

Break Amounts, by paying the Lenders interest on the aggregate amount thereof (calculated on the basis of a 360-day year and actual days elapsed) at a rate equal to the Lenders' cost of funds plus the Applicable Margin for the period from and including the Borrowing Date specified in this Funding Notice to but excluding the earlier of (x) the Business Day on which the Borrowing Date shall actually occur, (y) the Business Day on which the Borrower shall notify the Lenders that the Borrowing will not occur prior to the Delayed Borrowing Date (if such notice is given prior to [***] or if later, until the Business Day subsequent to such notice date), or (z) the Delayed Borrowing Date.

For the purposes of the first Loan under this Funding Notice, the Credit Agreement shall be treated as executed and delivered even if it is yet to be executed and delivered. By signing below the Borrower indemnifies the Lenders against any loss they may incur in respect of the first Loan under this Funding Notice.

The terms and provisions of this Funding Notice shall be binding upon and inure to the benefit of the Lenders and the Borrower and their successors and assigns.

THIS FUNDING NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,

VERTICAL HORIZONS, LTD.

By: _____

Name:

Title:

EXHIBIT B
LOAN ASSIGNMENT AGREEMENT

LOAN ASSIGNMENT AGREEMENT dated as of _____, ____ between _____ (the "Assignee") and _____ (the "Assignor") [_____ (the "Borrower") and, _____ (the "Guarantors")].

RECITALS

WHEREAS, the Assignor is the holder of the Loan Certificate No. ____ dated as of _____, ____ (the "**Assignor's Loan Certificate**") issued under the Seventh Amended and Restated Credit Agreement, dated as of December 28, 2021 (the "**Credit Agreement**") among Vertical Horizons, Ltd. ("**Borrower**"), the Lenders party thereto, Bank of Utah, not in its individual capacity but solely as Security Trustee, and Citibank N.A, as Facility Agent (the "**Facility Agent**");

WHEREAS, the Assignor proposes to assign to the Assignee \$_____ of the \$_____ Assignor's Loan Certificate and a pro rata portion of all of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents (as defined below) in respect thereof, on the terms and subject to the conditions specified herein, and the Assignee proposes to accept the assignment of such rights and obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. **Definitions**

Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

2. **Assignment**

- (a) On _____, ____ (the "**Effective Date**"), and on the terms and subject to the conditions specified herein, the Assignor will sell, assign and transfer to the Assignee, without recourse to or representation, express or implied, by the Assignor (except as expressly specified in Paragraph 5 hereof), a \$_____ portion of the Assignor's Loan Certificate and a pro rata portion of the rights and obligations of the Assignor under the Credit Agreement and the other Operative Documents in respect thereof (but not with respect to any indemnity or other claim, interest thereon at the Past Due Rate and breakage amounts, if any, accrued and unpaid as of the Effective Date or thereafter payable to the Assignor in respect of the period prior to the Effective Date), and the Assignee shall accept such assignment from the Assignor and assume all of the obligations of the Assignor accruing from and after the Effective Date under the Credit Agreement and the other Operative Documents relating to the Assignor's Loan Certificate on such terms and subject to such conditions.
- (b) Upon the satisfaction of the conditions specified in Paragraph 4, (A) the Assignee shall, on the Effective Date, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement and the other Operative Documents, and (B) the Assignor shall be released from its obligations under the

Credit Agreement and the other Operative Documents accrued from and after the Effective Date, in each case to the extent such obligations have been assumed by the Assignee.

3. Payments

As consideration for the sale, assignment and transfer contemplated in Paragraph 2 hereof, the Assignee shall pay to the Assignor, on the Effective Date, in lawful currency of the United States and in immediately available funds, to the account specified below its signature on the signature pages hereof, an amount equal to \$_____.

4. Conditions

This Assignment Agreement shall be effective upon the due execution and delivery of this Assignment Agreement by the Assignor and the Assignee and the effectiveness of the assignment contemplated by Paragraph 2 hereof is subject to:

- (a) the receipt by the Assignor of the payment provided for in Paragraph 3;
- (b) the delivery to the Facility Agent of the Assignor's Loan Certificate, duly endorsed for [partial] transfer to the Assignee, together with a request in the form attached hereto as Exhibit A that a new Loan Certificate be issued to the Assignee and Assignor; and
- (c) the notification by the Assignee to the Borrower of its identity and of the country of which the Assignee is a resident for tax purposes.

5. Representations and Warranties of the Assignor

The Assignor represents and warrants as follows:

- (a) the Assignor has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;
- (b) the Assignor's interest in the Assignor's Loan Certificate is free and clear of any and all Liens created by or through the Assignor;
- (c) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms; and
- (d) the Assignor has received no written notice of any Default having occurred and continuing on the date of execution hereof.

6. Representations and Warranties of the Assignee

The Assignee hereby represents and warrants to the Assignor and Borrower that:

- (a) the Assignee has full power and authority, and has taken all action necessary to execute and deliver this Assignment Agreement and any and all other documents

required or permitted to be executed or delivered by it in connection with this Assignment Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Assignment Agreement, and no governmental authorizations or other authorizations are required in connection therewith;

- (b) this Assignment Agreement constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with its terms; and
- (c) the Assignee has fully reviewed the terms of the Operative Documents and has independently and without reliance upon the Assignor and based on such information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Assignment Agreement.

7. **Further Assurances**

The Assignor and the Assignee hereby agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Assignment Agreement.

8. **Governing Law**

THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

9. **Notices**

All communications between the parties or notices in connection herewith shall be in writing, hand-delivered or sent by ordinary mail or facsimile, addressed as specified on the signature pages hereof. All such communications and notices shall be effective upon receipt.

10. **Binding Effect**

This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. **Integration of Terms**

This Assignment Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and other writings with respect to the subject matter hereof.

12. **Counterparts**

This Assignment Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Assignment Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNEE]

By: ___
Name:
Title:

Address for Notices:
Wire Instructions:

[ASSIGNOR]

By: ___
Name:
Title:

Address for Notices:
Wire Instructions:

[BORROWER]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

[GUARANTOR]

By: ___
Name:
Title:

EXHIBIT C
FORM OF STEP-IN AGREEMENT

24002487714-v6

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80-40605773

[Citi/Frontier A320neo/A321neo PDP Seventh Amended and Restated Credit Agreement]

EXHIBIT D-1
FORM OF CFM ENGINE AGREEMENT A320NEO

24002487714-v6

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80-40605773

[Citi/Frontier A320neo/A321neo PDP Seventh Amended and Restated Credit Agreement]

EXHIBIT D-2
FORM OF IAE ENGINE AGREEMENT A321 NEO

24002487714-v6

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80-40605773

[Citi/Frontier A320neo/A321neo PDP Seventh Amended and Restated Credit Agreement]

**EXHIBIT E
FORM OF LOAN CERTIFICATE**

VERTICAL HORIZONS, LTD.

LOAN CERTIFICATE

No.
Up to \$

New York, New York
[Effective Date]

Vertical Horizons, Ltd. (the "**Borrower**") hereby promises to pay to [_____] (the "**Lender**"), or registered transferees, the principal sum of _____ (\$ _____), or, if less, the aggregate unpaid principal amount of all Loans and Line of Credit Borrowings made by Lender to Borrower pursuant to that certain Seventh Amended and Restated Credit Agreement dated as of December 28, 2021 (the "**Credit Agreement**") among the Borrower, Bank of Utah, not in its individual capacity but solely as security trustee as Security Trustee, and Citibank, N.A., as Facility Agent (the "**Facility Agent**") and certain lenders named therein, payable in full on the final Termination Date, together with interest on the unpaid principal amount hereof from time to time outstanding from and including the Original Signing Date until such principal amount is paid in full. The applicable interest rate for the Loans and Line of Credit Borrowings evidenced by this note can vary in accordance with the definition of "Applicable Rate" in the Credit Agreement. Interest shall accrue with respect to each Interest Period at the Applicable Rate in effect for such Interest Period and shall be payable in arrears on each Interest Payment Date and on the date this Loan Certificate is paid in full. This Loan Certificate shall bear interest at the Past Due Rate on any principal hereof, and, to the extent permitted by Applicable Law, interest and other amounts due hereunder, not paid when due (whether at stated maturity, by acceleration or otherwise), for any period during which the same shall be overdue, payable on demand by the Lender.

Interest shall be payable with respect to the first but not the last day of each Interest Period and shall be payable from (and including) the date of a Loan or Line of Credit Borrowing or the immediately preceding Interest Payment Date, as the case may be, to (and excluding) the next succeeding Interest Payment Date. Interest shall be calculated on the basis of a year of 360 days and actual number of days elapsed. If any sum payable hereunder falls due on a day which is not a Business Day, then such sum shall be payable on the next succeeding Business Day.

Borrower hereby acknowledges and agrees that this note is one of the Loan Certificates referred to in, evidences indebtedness incurred under, and is subject to the terms and provisions of, the Credit Agreement including, without limitation, the repayment in full of the Loans made in respect of an Aircraft upon the Delivery Date of such Aircraft the Line of Credit Borrowing in accordance with Sections 5.2(d) and 5.9(a) of the Credit Agreement. The Credit Agreement, to which reference is hereby explicitly made, sets forth said terms and provisions, including those under which this Loan Certificate may or must be paid prior to its due date or may have its due date accelerated.

All payments of principal, Break Amount, if any, and interest and other amounts to be made to the Lender or under the Credit Agreement and that certain Seventh Amended and Restated Mortgage and Security Agreement dated as of December 28, 2021 (as amended or supplemented

from time to time, the "**Mortgage**") among the Borrower, the Facility Agent and the Security Trustee, shall be made in accordance with the terms of the Credit Agreement and the Mortgage.

Principal and interest and other amounts due hereon shall be payable in Dollars in immediately available funds prior to [***], on the due date thereof, to the Facility Agent and the Facility Agent shall, subject to the terms and conditions of the Credit Agreement and the Mortgage, remit all such amounts so received by it to the Lender in accordance with the terms of the Credit Agreement and the Mortgage at such account or accounts at such financial institution or institutions situated in New York as the Lender hereof shall have designated to the Facility Agent in writing, in immediately available funds. In the event the Facility Agent shall fail to make any such payment as provided in the immediately foregoing sentence after its receipt of funds at the place and prior to the time specified above, the Facility Agent agrees to compensate the Lender hereof for loss of use of funds in a commercially reasonable manner. All such payments by the Borrower and the Facility Agent shall be made free and clear of and without reduction for or on account of all wire or other like charges.

The Lender, by its acceptance of this Loan Certificate, agrees to be bound by all provisions of the Operative Documents applicable to Lenders and that, except as otherwise expressly provided in the Credit Agreement or the Mortgage, each payment received by the Facility Agent in respect hereof shall be applied, **first** to the payment of interest hereon (as well as any interest on overdue principal and, to the extent permitted by law, interest and other amounts payable hereunder or under the Operative Documents) due and payable hereunder, **second**, to the payment in full of the outstanding principal of this Loan Certificate then due, and **third**, in the manner specified in clause "third" of Clause 5.4(c) of the Credit Agreement; provided that following an Event of Default, all amounts actually received by the Security Trustee in respect of this Loan Certificate shall be applied in accordance with Clause 5.4(e) of the Credit Agreement.

This Loan Certificate is one of the Loan Certificates referred to in, and issued pursuant to, the Credit Agreement and the Mortgage. The Collateral is held by the Security Trustee as security, in part, for the Loan Certificates. Reference is hereby made to the Credit Agreement and the Mortgage for a statement of the rights and obligations of the Lender, and the nature and extent of the security for this Loan Certificate and of the rights and obligations of the other Lenders, and the nature and extent of the security for the other Loan Certificates, as well as for a statement of the terms and conditions of the trusts created by the Mortgage, to all of which terms and conditions in the Credit Agreement and the Mortgage each Lender agrees by its acceptance of this Loan Certificate.

There shall be maintained a Certificate Register for the purpose of registering transfers and exchanges of Loan Certificates at the office of the Facility Agent specified in the Credit Agreement or at the office of any successor Facility agent in the manner provided in clause 5.6 of the Credit Agreement. As provided in the Credit Agreement and the Mortgage and subject to certain limitations specified therein, this Loan Certificate or any interest herein may, subject to the next following paragraph, be assigned or transferred, and the Loan Certificates are exchangeable for a like aggregate original principal amount of Loan Certificates of any authorized denomination, as requested by the Lender surrendering the same.

Prior to the due presentment for registration or transfer of this Loan Certificate, the Borrower and the Facility Agent shall deem and treat the person in whose name this Loan Certificate is registered on the Certificate Register as the absolute owner of this Loan Certificate and the Lender for the purpose of receiving payment of all amounts payable with respect to this Loan Certificate and for all other purposes whether or not this Loan Certificate is overdue, and neither the Borrower nor the Facility Agent shall be affected by notice to the contrary.

This Loan Certificate is subject to prepayment as permitted by clauses 5.9 and 5.10 of the Credit Agreement and to acceleration by the Facility Agent as provided in clause 5 of the Mortgage, and the Lender, by its acceptance of this Loan Certificate, agrees to be bound by said provisions.

Terms defined in the Credit Agreement and in the Mortgage have the same meaning when used in this Loan Certificate.

THIS LOAN CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Borrower has caused this Loan Certificate to be executed in its corporate name by its officer thereunto duly authorized, as of the date hereof.

VERTICAL HORIZONS, LTD.

By: ___
Name:
Title:

EXHIBIT F
FORM OF COMPLIANCE CERTIFICATE

24002487714-v6

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80-40605773

[Citi/Frontier A320neo/A321neo PDP Seventh Amended and Restated Credit Agreement]

ANNEX A

Definitions

For all purposes of the Credit Agreement and the Mortgage and Security Agreement the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined). Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time in accordance with the applicable provisions thereof and of the other Operative Documents. Unless otherwise specified, Clause references are to Clauses of the Credit Agreement or the Mortgage.

"**A320neo Aircraft**" means any or all, as the context may require, of Aircraft 93, Aircraft 94, Aircraft 95, Aircraft 96, Aircraft 97, Aircraft 98, Aircraft 99, Aircraft 100 and Aircraft 101, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"**A321neo Aircraft**" means Aircraft 102, Aircraft 103, Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 119, Aircraft 120, Aircraft 121, Aircraft 122, Aircraft 123, Aircraft 124, Aircraft 125, Aircraft 126, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 132, Aircraft 133, Aircraft 134, Aircraft 135, Aircraft 137, Aircraft 138, Aircraft 139, Aircraft 140, Aircraft 141, Aircraft 142, Aircraft 144, Aircraft 145, Aircraft 147, Aircraft 148, Aircraft 149, Aircraft 150, Aircraft 151, Aircraft 152, Aircraft 153, Aircraft 236, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240, Aircraft 241 and Aircraft 242 but only so long as there is an Advance (or any other amount or a Commitment outstanding in respect of such Aircraft.

"**A321neo Engine Purchase Agreement**" means the PW1100G-JM Engine Purchase and Support Agreement by and between Frontier Airlines and the Engine Manufacturer for the A321neo Aircraft.

"**Accounts**" means any bank accounts, deposit accounts or other accounts in the name of the Borrower.

"**Additional Aircraft**" means any or all, as the context may require, of Aircraft 125, Aircraft 126, Aircraft 132, Aircraft 135, Aircraft 137, Aircraft 138, Aircraft 139, Aircraft 140, Aircraft 141, Aircraft 142, Aircraft 144, Aircraft 145, Aircraft 147, Aircraft 148, Aircraft 149, Aircraft 150, Aircraft 151, Aircraft 152, Aircraft 153, Aircraft 236, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240, Aircraft 241 and Aircraft 242, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"**Additional Commitments**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Additional Lender**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Additional Lender Effective Date**" has the meaning specified in Clause 19.3(c)(ii) of the Credit Agreement.

"**Administration Agreement**" means the administration agreement between the Borrower and the Agent dated as of December 18, 2014, together with the administrator fee letter dated as of December 18, 2014, to which, *inter alia*, Frontier Airlines is a party.

"Advance" means each Purchase Price Installment paid or payable by or on behalf of the Borrower in respect of each Aircraft in accordance with the terms of the Assigned Purchase Agreement which, for each Purchase Price Installment due on or after the Original Signing Date, is in the amount and payable on the date specified in Schedule III to the Credit Agreement.

"Affected Financial Institution" has the meaning specified in Section 22.3 of the Credit Agreement.

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or under common control with, such Person. The term "control" means the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" means on a basis that any payment to be received or receivable by any Person (the "original payment") is supplemented by a further payment or payments to such Person so that the sum of all such payments (including the original payment), after deducting the net amount of all Taxes payable by such Person or any of its Affiliates under any law or required by Governmental Entity as a result of the receipt or accrual of such payments (after reduction by the amount of current Taxes saved by such Person as a result of the event or item for which such payments are being made to such Person), is equal to the original payment due to such Person.

"Agents" means collectively the "**Security Trustee**" and the "**Facility Agent**" (each an "**Agent**").

"Airbus" means Airbus S.A.S., in its capacity as manufacturer of the Aircraft, and its successors and assigns.

"Airbus Purchase Agreement" means, with respect to each Aircraft, the A320neo aircraft purchase agreement dated as of September 30, 2011 between Airbus and Frontier Airlines, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), to the extent related to such Aircraft and as the same may be further amended and supplemented from time to time.

"Aircraft" means any or all, as the context may require, of each Existing Aircraft and each Additional Aircraft, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"Aircraft Pool" has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"Aircraft 93" means the A320neo aircraft (Airframe 72) as more specifically described in Schedule III to the Credit Agreement on line No. 93 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"Aircraft 94" means the A320neo aircraft (Airframe 73) as more specifically described in Schedule III to the Credit Agreement on line No. 94 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"Aircraft 95" means the A320neo aircraft (Airframe 74) as more specifically described in Schedule III to the Credit Agreement on line No. 95 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 96**" means the A320neo aircraft (Airframe 75) as more specifically described in Schedule III to the Credit Agreement on line No. 96 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 97**" means the A320neo aircraft (Airframe 76) as more specifically described in Schedule III to the Credit Agreement on line No. 97 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 98**" means the A320neo aircraft (Airframe 77) as more specifically described in Schedule III to the Credit Agreement on line No. 98 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 99**" means the A320neo aircraft (Airframe 78) as more specifically described in Schedule III to the Credit Agreement on line No. 99 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 100**" means the A320neo aircraft (Airframe 79) as more specifically described in Schedule III to the Credit Agreement on line No. 100 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 101**" means the A320neo aircraft (Airframe 80) as more specifically described in Schedule III to the Credit Agreement on line No. 101 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 102**" means the A321neo aircraft (Airframe 81) as more specifically described in Schedule III to the Credit Agreement on line No. 102 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 103**" means the A321neo aircraft (Airframe 82) as more specifically described in Schedule III to the Credit Agreement on line No. 103 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 104**" means the A321neo aircraft (Airframe 83) as more specifically described in Schedule III to the Credit Agreement on line No. 104 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 108**" means the A321neo aircraft (Airframe 87) as more specifically described in Schedule III to the Credit Agreement on line No. 108 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 109**" means the A321neo aircraft (Airframe 88) as more specifically described in Schedule III to the Credit Agreement on line No. 109 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 112**" means the A321neo aircraft (Airframe 91) as more specifically described in Schedule III to the Credit Agreement on line No. 112 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 113**" means the A321neo aircraft (Airframe 92) as more specifically described in Schedule III to the Credit Agreement on line No. 113 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 114**" means the A321neo aircraft (Airframe 93) as more specifically described in Schedule III to the Credit Agreement on line No. 114 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 115**" means the A321neo aircraft (Airframe 94) as more specifically described in Schedule III to the Credit Agreement on line No. 115 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 116**" means the A321neo aircraft (Airframe 95) as more specifically described in Schedule III to the Credit Agreement on line No. 116 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 117**" means the A321neo aircraft (Airframe 96) as more specifically described in Schedule III to the Credit Agreement on line No. 117 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 118**" means the A321neo aircraft (Airframe 97) as more specifically described in Schedule III to the Credit Agreement on line No. 118 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 119**" means the A321neo aircraft (Airframe 98) as more specifically described in Schedule III to the Credit Agreement on line No. 119 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 120**" means the A321neo aircraft (Airframe 99) as more specifically described in Schedule III to the Credit Agreement on line No. 120 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 121**" means the A321neo aircraft (Airframe 100) as more specifically described in Schedule III to the Credit Agreement on line No. 121 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 122**" means the A321neo aircraft (Airframe 101) as more specifically described in Schedule III to the Credit Agreement on line No. 122 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 123**" means the A321neo aircraft (Airframe 102) as more specifically described in Schedule III to the Credit Agreement on line No. 123 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 124**" means the A321neo aircraft (Airframe 103) as more specifically described in Schedule III to the Credit Agreement on line No. 124 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 125**" means the A321neo aircraft (Airframe 104) as more specifically described in Schedule III to the Credit Agreement on line No. 125 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 126**" means the A321neo aircraft (Airframe 105) as more specifically described in Schedule III to the Credit Agreement on line No. 126 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 127**" means the A321neo aircraft (Airframe 106) as more specifically described in Schedule III to the Credit Agreement on line No. 127 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 128**" means the A321neo aircraft (Airframe 107) as more specifically described in Schedule III to the Credit Agreement on line No. 128 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 130**" means the A321neo aircraft (Airframe 109) as more specifically described in Schedule III to the Credit Agreement on line No. 130 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 131**" means the A321neo aircraft (Airframe 110) as more specifically described in Schedule III to the Credit Agreement on line No. 131 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 132**" means the A321neo aircraft (Airframe 111) as more specifically described in Schedule III to the Credit Agreement on line No. 132 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 133**" means the A321neo aircraft (Airframe 112) as more specifically described in Schedule III to the Credit Agreement on line No. 133 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 134**" means the A321neo aircraft (Airframe 113) as more specifically described in Schedule III to the Credit Agreement on line No. 134 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 135**" means the A321neo aircraft (Airframe 114) as more specifically described in Schedule III to the Credit Agreement on line No. 135 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 137**" means the A321neo aircraft (Airframe 116) as more specifically described in Schedule III to the Credit Agreement on line No. 137 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 138**" means the A321neo aircraft (Airframe 117) as more specifically described in Schedule III to the Credit Agreement on line No. 138 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 139**" means the A321neo aircraft (Airframe 118) as more specifically described in Schedule III to the Credit Agreement on line No. 139 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 140**" means the A321neo aircraft (Airframe 119) as more specifically described in Schedule III to the Credit Agreement on line No. 140 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 141**" means the A321neo aircraft (Airframe 120) as more specifically described in Schedule III to the Credit Agreement on line No. 141 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 142**" means the A321neo aircraft (Airframe 121) as more specifically described in Schedule III to the Credit Agreement on line No. 142 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 144**" means the A321neo aircraft (Airframe 123) as more specifically described in Schedule III to the Credit Agreement on line No. 144 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 145**" means the A321neo aircraft (Airframe 124) as more specifically described in Schedule III to the Credit Agreement on line No. 145 of the table appearing in such schedule

including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 147**" means the A321neo aircraft (Airframe 126) as more specifically described in Schedule III to the Credit Agreement on line No. 147 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 148**" means the A321neo aircraft (Airframe 127) as more specifically described in Schedule III to the Credit Agreement on line No. 148 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 149**" means the A321neo aircraft (Airframe 128) as more specifically described in Schedule III to the Credit Agreement on line No. 149 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 150**" means the A321neo aircraft (Airframe 129) as more specifically described in Schedule III to the Credit Agreement on line No. 150 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 151**" means the A321neo aircraft (Airframe 130) as more specifically described in Schedule III to the Credit Agreement on line No. 151 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 152**" means the A321neo aircraft (Airframe 131) as more specifically described in Schedule III to the Credit Agreement on line No. 152 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 153**" means the A321neo aircraft (Airframe 132) as more specifically described in Schedule III to the Credit Agreement on line No. 153 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 236**" means the A321neo aircraft (Airframe 215) as more specifically described in Schedule III to the Credit Agreement on line No. 236 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 237**" means the A321neo aircraft (Airframe 216) as more specifically described in Schedule III to the Credit Agreement on line No. 237 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 238**" means the A321neo aircraft (Airframe 217) as more specifically described in Schedule III to the Credit Agreement on line No. 238 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 239**" means the A321neo aircraft (Airframe 218) as more specifically described in Schedule III to the Credit Agreement on line No. 239 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 240**" means the A321neo aircraft (Airframe 219) as more specifically described in Schedule III to the Credit Agreement on line No. 240 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 241**" means the A321neo aircraft (Airframe 220) as more specifically described in Schedule III to the Credit Agreement on line No. 241 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft 242**" means the A321neo aircraft (Airframe 221) as more specifically described in Schedule III to the Credit Agreement on line No. 242 of the table appearing in such schedule including (i) the relevant Airframe, (ii) the Engines attached thereto and where the context admits and (iii) the Manuals and Technical Records.

"**Aircraft Appraisal**" means, with respect to an Aircraft, the appraised value of such Aircraft determined by the Facility Agent using valuation information prepared by the Appraisers.

"**Airframe**" means each of nine (9) A320neo aircraft and fifty (50) A321neo aircraft, as described in Schedule III of the Credit Agreement (excluding the Engines) together with any and all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Date therefor.

"**Amendment No. 2 Signing Date**" means January 14, 2016.

"**Annualized FCCR**" has the meaning specified in Clause 10.20 of the Credit Agreement.

"**Applicable Law**" means all applicable laws, treaties, judgments, decrees, injunctions, writs, conventions actions and orders of any Governmental Entity and all applicable rules, guidelines, regulations, orders, directives, licenses and permits of any Governmental Entity and all applicable interpretations thereof.

"**Applicable Margin**" means, for any Interest Period (a) if no Benchmark Replacement exists, [***] and (b) if a Benchmark Replacement exists any change to such margin mutually agreed in writing by the Lenders and the Borrower as of the date the Benchmark Replacement becomes effective; provided that the Applicable Margin shall remain [***] unless and until any such agreement is reached.

"**Applicable Rate**" means, for any Interest Period, (a) a rate per annum equal to LIBOR for such Interest Period plus the Applicable Margin, (b) if a Market Disruption Event is continuing, the applicable Mismatch Interest Rate plus the Applicable Margin, or (c) if a Benchmark Replacement exists, the applicable Benchmark Replacement plus the Applicable Margin.

"**Appraisers**" means collectively, Ascend, Oriel and Morten, Beyer and Agnew or any such other independent aircraft appraiser selected by the Facility Agent in its absolute discretion.

"**AR No. 2 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 3 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 4 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 5 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR No. 6 Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**AR Signing Date**" has the meaning given to it in the first whereas clause of the Credit Agreement.

"**Assignable Price**" means, in respect of an Aircraft, the "Purchase Price" (as such term is defined in the relevant form of Assigned Airbus Purchase Agreement or Replacement Purchase Agreement, as applicable) of such Aircraft as may be increased from time pursuant to the escalation provisions set out in the Assigned Purchase Agreement and the related Engine Agreement, plus the cost of the BFE in respect of such Aircraft and as may be decreased pursuant to any credit letter or memorandum issued by Airbus in favor of the Initial Lender.

"**Assigned Purchase Agreement**" means the Airbus Purchase Agreement as assigned and transferred to the Borrower and amended and restated in the terms set forth in Schedule 3 to the Assignment and Assumption Agreement.

"**Assignment and Assumption Agreement**" means the Amended and Restated Assignment and Assumption Agreement dated as of March 19, 2020, as amended by the Amendment Agreement dated May 4, 2020, as further amended by the Assignment, Re-Assignment and Amendment Agreement dated as of December 15, 2020, and as further amended by the Amendment to Re-Assignment and Assumption Agreement dated as of December 15, 2020, in each case entered into among Frontier Airlines, the Borrower and Airbus in respect of the assignment, in part, of the Airbus Purchase Agreement to the Borrower in respect of the Aircraft.¹

"**associated rights**" is defined in the Cape Town Convention.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Available Tenor**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Bail-In Action**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Bail-In Legislation**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Base Value**" means, with respect to an Aircraft, the lower of the mean and median of the desktop value of such Aircraft made available by each of the Appraisers to reflect the market value of such Aircraft on the applicable LTV Test Date on the assumption that the Aircraft is delivered in the condition required pursuant to the Assigned Purchase Agreement, and in full life condition, on the date that such Base Value is calculated.

¹ To be determined whether each of these documents will be further amended as of the Effective Date.

"**Basel II**" means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of the Credit Agreement (but excluding any amendment arising out of Basel III).

"**Basel III**" means the agreements on capital requirements, leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision on December 16, 2010 in the form existing on the date of the Mortgage or any other applicable law or regulation implementing such paper (whether such implementation, application or compliance is by a Governmental Entity, any Lender or holding company of a Lender).

"**Benchmark**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Benchmark Replacement**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Benchmark Replacement Conforming Changes**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Benchmark Transition Event**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Benefit Plan**" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"**BFE Budget**" means, in respect of (a) the A320neo Aircraft, an amount equal to [***] in respect of each such Aircraft delivered in 2022, in each case made by the Borrower to Airbus in respect of BFE and (b) in respect of the A321neo Aircraft, an amount equal to (i) [***] in respect of each such Aircraft delivered in 2022, (ii) [***] in respect of each such Aircraft delivered in 2023 and (iii) [***] in respect of each such Aircraft delivered in 2024, in each case made by the Borrower to Airbus in respect of BFE.

"**BHC Act Affiliate**" has the meaning specified in Section 23.1 of the Credit Agreement.

"**Borrower**" means Vertical Horizons, Ltd., a Cayman Islands exempted company, and its successors and permitted assigns.

"**Borrowing Date**" means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, (g) the AR No. 5 Signing Date, (h) the AR No. 6 Signing Date, (i) the Initial Borrowing Date, (j) each date on which an Advance is payable in respect of an Aircraft under the Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (k) each date on which a Line of Credit is requested by the Borrower.

"**Break Amount**" means (A) where the Applicable Rate is not based on LIBOR, the amount, if any, required to compensate each Lender for any losses, costs or expenses (excluding loss of profit) which it may incur as the result of the prepayment or acceleration (or the failure to make any such prepayment on the date irrevocably scheduled therefor) of any Loan Certificate held by it on a date other than the last day of the then current Interest Period therefor, including, without

limitation, losses, costs or expenses incurred in connection with unwinding or liquidating any deposits or funding or financing arrangement with its funding sources, as reasonably determined by such Lender and (B) where the Applicable Rate is based on LIBOR, an amount equal to the excess, if any, of (i) the amount of interest which otherwise would have accrued on the principal amount so prepaid or accelerated to the last day of such Interest Period (the "**Break Period**") at LIBOR therefor in excess of (ii) the interest component of the amount the affected Lender would have bid in the London interbank market for Dollar deposits of leading banks in amounts comparable to such principal amount and with maturities comparable to the Break Period (as reasonably determined by such Lender).

"**Business Day**" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, if such day relates to the giving of notices or quotes in connection with LIBOR, Business Day shall mean a day on which commercial banks are required or authorized to stay open in London England only.

"**Buyer Furnished Equipment**" or "**BFE**" means those items of equipment which are identified in the specification of an Aircraft in the Assigned Purchase Agreement as being furnished by the "Buyer".

"**Cape Town Convention**" means the English language version of the Convention on International Interests in Mobile Equipment (the "**Convention**") and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the "**Protocol**"), both signed in Cape Town, South Africa on November 16, 2001, together with any protocols, regulations, rules, orders, agreements, instruments, amendments, supplements, revisions or otherwise that have or will be subsequently made in connection with the Convention and/or the Protocol by the "**Supervisory Authority**" (as defined in the Protocol), the "**International Registry**" or "**Registrar**" (as defined in the Convention) or an appropriate "**registry authority**" (as defined in the Protocol) or any other international or national body or authority.

"**Cash Equivalents**" means the following securities (which shall mature within [***] of the date of purchase thereof): (a) direct obligations of the U.S. Government; (b) obligations fully guaranteed by the U.S. Government; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, the Facility Agent or any bank, trust company or national banking association incorporated or doing business under the laws of the United States or any state thereof having a combined capital and surplus and retained earnings of at least [***] and having a rating of Aa or better by Moody's or AA or better by Standard & Poor's; (d) commercial paper of any issuer doing business under the laws of the United States or one of the states thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's of at least A-1 or its equivalent or by Moody's of at least P-1 or its equivalent; or (e) money market funds which are rated at least Aaa by Moody's, at least AAAm or AAAm-G by Standard and Poor's or at least AAA by Fitch, Inc., including funds which meet such rating requirements for which the Facility Agent or an Affiliate of the Facility Agent serves as an investment advisor, administrator, administrator, shareholder servicing agent and/or custodian or subcustodian.

"**Certificate Register**" has the meaning specified in Clause 5.6 of the Credit Agreement.

"**CFM Engine Agreement A320neo**" means the CFM Engine general terms agreement entered into between CFM International, Inc. and Frontier Airlines for the A320neo Aircraft.

"**Charged Property**" has the meaning given to it in the Share Charge.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collateral**" means, collectively, (i) the Mortgage Collateral, (ii) the Charged Property and (iii) the Slot Collateral.

"**Commitment**" has the meaning specified in Clause 2.1 of the Credit Agreement.

"**Commitment Fee**" means [***] of the outstanding unutilized Maximum Commitment of each Lender, as cancelled or reduced pursuant to Clause 3.3 of the Credit Agreement.

"**Commitment Termination Date**" means the later of (i) December 31, 2024 and (ii) the Extension Date in the most recent Extension Notice.

"**Consolidated EBITDAR**" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the Consolidated Net Income of Frontier Group Holdings for such period plus, without duplication:

- (1) an amount equal to any extraordinary loss plus any net loss realized by Frontier Group Holdings or any of its subsidiaries in connection with any disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus
- (2) provision for taxes based on income or profits of Frontier Group Holdings and its consolidated subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (3) the Fixed Charges of Frontier Group Holdings and its consolidated subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus
- (4) any foreign currency translation losses (including losses related to currency remeasurements of Financial Indebtedness) of Frontier Group Holdings and its consolidated subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus
- (5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non cash charges and expenses (excluding any such non cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of Frontier Group Holdings and its consolidated subsidiaries to the extent that such depreciation, amortization and other non cash charges or expenses were deducted in computing such Consolidated Net Income; plus
- (6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus
- (7) deductions for grants to any employee of Frontier Group Holdings and its consolidated subsidiaries of any equity interests during such period to the extent deducted in computing such Consolidated Net Income; plus
- (8) any net loss arising from the sale, exchange or other disposition of capital assets by Frontier Group Holdings and its consolidated subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of

- fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus
- (9) any losses arising under fuel hedging arrangements entered into prior to the Effective Date and any losses actually realized under fuel hedging arrangements entered into after the Effective Date, in each case to the extent deducted in computing such Consolidated Net Income; plus
 - (10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus
 - (11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger, disposition, incurrence of Financial Indebtedness, issuance of equity interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus
 - (12) non cash items, other than the accrual of revenue in the ordinary course of business, to the extent such amount increased such Consolidated Net Income; minus
 - (13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the aggregate of the net income (or loss) of Frontier Group Holdings and its consolidated subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

- (1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan); curtailments or modifications to pension and post retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out of pocket expenses), cost savings, costs or charges incurred in connection with any issuance of securities, acquisitions, dispositions, recapitalizations or incurrences or repayments of Financial Indebtedness (in each case whether or not successful) and (c) gains and losses realized in connection with any sale of assets (other than the gains realized with the sale of any aircraft and/or the sale of any engines), the disposition of securities, the early extinguishment of Financial Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;
- (2) the net income (but not loss) of any Person that is not Frontier Group Holdings or a consolidated subsidiary of Frontier Group Holdings or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to Frontier Group Holdings or a consolidated subsidiary of Frontier Group Holdings;

- (3) the net income (but not loss) of any subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that subsidiary or its stockholders;
- (4) the cumulative effect of a change in accounting principles on Frontier Group Holdings and its consolidated subsidiaries will be excluded;
- (5) the effect of non cash gains and losses of Frontier Group Holdings and its consolidated subsidiaries resulting from Hedging Obligations, including attributable to movement in the mark to market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;
- (6) any non cash compensation expense recorded from grants by Frontier Group Holdings and its consolidated subsidiaries of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;
- (7) the effect on Frontier Group Holdings and its consolidated subsidiaries of any non cash items resulting from any write up, write down or write off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction or any other non cash impairment charges incurred subsequent to the Effective Date resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;
- (8) any provision for income tax reflected on Frontier Group Holdings' financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by Frontier Group Holdings and its consolidated subsidiaries; and
- (9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

"**Control**" means, with respect to a Person:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of such Person;
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of such Person; and

- (iii) give directions with respect to the operating and financial policies of such Person which the directors or other equivalent officers of such Person are obliged to comply with,

and

- (b) the holding of more than one-half of the issued share capital of such Person (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

"Cost of Funds" means (i) for any "stub" Interest Period described in clause (x) of the definition of "LIBOR", a percentage per annum that equals the cost of funds of each Lender for such Period (as determined by the Facility Agent from cost-of-funds quotations provided by the Lenders, as certificated thereby), and (ii) with respect to any other Interest Period, a rate per annum equal to the Lender's cost of funds for such Interest Period determined in accordance with Clause 5.13 of the Credit Agreement and calculated on the basis of a year of 360 days and the actual number of days elapsed.

"Covered Entity" has the meaning specified in Section 23.1 of the Credit Agreement.

"Covered Person" has the meaning specified in Section 23.1 of the Credit Agreement.

"Credit Agreement" means that certain Seventh Amended and Restated Credit Agreement dated as of December 28, 2021, among the Borrower, the Lenders, the Facility Agent and the Security Trustee, as amended and supplemented from time to time.

"Daily Simple SOFR" has the meaning specified in Section 5.14 of the Credit Agreement.

"Deeds of Confirmation" means (a) that certain Deed of Confirmation dated December 28, 2021, (b) that certain Deed of Confirmation dated December 22, 2020, (c) that certain Deed of Confirmation dated March 19, 2020 (d) that certain Deed of Confirmation dated January 29, 2019, (e) that certain Deed of Confirmation dated May 31, 2018, (f) that certain Deed of Confirmation dated December 29, 2017, (g) that certain Deed of Confirmation dated December 16, 2016, (h) that certain Deed of Confirmation dated January 14, 2016, (i) that certain Deed of Confirmation dated August 11, 2015 and (j) any other Deed of Confirmation delivered in connection with an increase in Commitments pursuant to Clause 2.5 of the Credit Agreement, each relating to the Share Charge and each between the Parent and the Security Trustee.

"Default" means any event which with the giving of notice or the lapse of time or both if not timely cured or remedied would become an Event of Default pursuant to Clause 4 of the Mortgage.

"Default Right" has the meaning specified in Section 23.1 of the Credit Agreement.

"Delivery Date" means, for any Aircraft, the date on which such Aircraft is to be delivered by Airbus and accepted by Borrower or its permitted assignee under the Assigned Purchase Agreement.

"Dollars", "Dollar" and "\$" means the lawful currency of the United States of America.

"Early Opt-In Effective Date" has the meaning specified in Section 5.14 of the Credit Agreement.

"**Early Opt-In Election**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**EEA Financial Instituion**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**EEA Member Country**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**EEA Resolution Authority**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Effective Date**" means the date of the execution and delivery of the Credit Agreement and the satisfaction of the conditions precedent in Clause 4.1 thereof.

"**Eligible Account**" means an account established by and with an Eligible Institution at the request of the Security Trustee, which institution (a) agrees, by entering into an account control agreement, for all purposes of the New York UCC, including Article 8 thereof, that (i) such account shall be a "securities account" (as defined in Section 8-501 of the New York UCC), (ii) such institution is a "securities intermediary" (as defined in Section 8-102(a)(14) of the New York UCC), (iii) all property (other than cash) credited to such account shall be treated as a "financial asset" (as defined in Section 8-102(9) of the New York UCC), (iv) the Security Trustee shall be the "entitlement holder" (as defined in Section 8-102(7) of the New York UCC) in respect of such account, (v) it will comply with all entitlement orders issued by the Security Trustee to the exclusion of the Borrower, (vi) it will waive or subordinate in favor of the Security Trustee all claims (including without limitation claims by way of security interest, lien, right of set-off or right of recoupment), and (vii) the "securities intermediary jurisdiction" (under Section 8-110(e) of the New York UCC) shall be the State of New York, or (b) otherwise enters into an account control agreement, charge over a bank account or similar document that is satisfactory to the Security Trustee.

"**Eligible Institution**" means (a) the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating from Moody's of at least A3 or its equivalent and from Standard & Poor's of at least A- or its equivalent, or (b) a banking institution in another jurisdiction that is satisfactory to the Security Trustee.

"**Engine**" means in respect of each Airframe, each of the engines delivered with such Airframe under the Assigned Purchase Agreement.

"**Engine Agreement**" means, (i) in respect of the A320neo Aircraft, each of (a) the Engine Manufacturer consent agreement dated as of March 19, 2020, (b) the Engine Manufacturer consent agreement dated as of January 29, 2019, (c) the Engine Manufacturer consent agreement dated as of December 16, 2016 and (d) the Engine Manufacturer consent agreement dated as of August 11, 2015, (ii) in respect of the A321neo Aircraft other than the Incremental A321neo Aircraft, (a) the engine benefits agreement dated as of December 22, 2020 and (b) the engine benefits agreement dated as of September 28, 2020, and (iii) in respect of the Incremental A321neo Aircraft, the Incremental A321neo Engine Consent, in each case among, *inter alios*, the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the applicable form attached as Exhibit D to the Credit Agreement.

"**Engine Manufacturer**" means (a) in respect of the A320neo Aircraft, CFM International, Inc., (b) in respect of the A321neo Aircraft, International Aero Engines, LLC other than the Incremental A321neo Aircraft, and (c) in respect of the Incremental A321neo Aircraft, the

engine manufacturer certified by Frontier Airlines to the Facility Agent in respect of an A321neo Aircraft.

"**Equity Contribution**" means the amount required to be paid by the Borrower to Airbus with respect to an Aircraft on the Applicable Borrowing Date or determined by reference to the table set out in Schedule III to the Credit Agreement.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"**Erroneous Payment**" has the meaning assigned to it in Section 15.1 in Schedule IV of the Credit Agreement.

"**Erroneous Payment Deficiency Assignment**" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"**Erroneous Payment Impacted Class**" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"**Erroneous Payment Return Deficiency**" has the meaning assigned to it in Section 15.4(i) in Schedule IV of the Credit Agreement.

"**Erroneous Payment Subrogation Rights**" has the meaning assigned to it in Section 15.5 in Schedule IV of the Credit Agreement.

"**EU Bail-In Legislation Schedule**" has the meaning specified in Section 22.3 of the Credit Agreement.

"**Event of Default**" has the meaning specified in Clause 4 of the Mortgage.

"**Excluded Taxes**" means, with respect to the Facility Agent, the Security Trustee, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) any Taxes imposed on all or part of the net income, net profits, or net gains (whether worldwide, or only insofar as such income, profits, or gains are considered to arise in or relate to a particular jurisdiction or otherwise) of such Person or any franchise, net worth, or net capital Taxes imposed on such Person, in each such cases as a result of such Person being organized in, maintaining its principal place of business or lending office in, or conducting activities unrelated to the transactions contemplated by the Operative Documents in the jurisdiction imposing such Taxes and in each such cases other than a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise, or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes, (b) any Taxes imposed on all or part of the gross income or gross receipts (other than Taxes in the nature of a sales, use, property, value added, stamp, registration, documentary, goods and services, license, excise or, except as provided in Clause 5.3(a) of the Credit Agreement withholding Taxes) of such Person, in each such case as a result of such Person being organized in, or maintaining its principal place of business or lending office in the jurisdiction imposing such Taxes, (c) any Taxes imposed as a result of such Person's failure to comply with Clause 5.3(d) of the Credit Agreement or (d) any U.S. federal withholding Taxes imposed under FATCA.

"**Existing Aircraft**" means any or all, as the context may require, of Aircraft 77, Aircraft 79, Aircraft 82, Aircraft 83, Aircraft 84, Aircraft 85, Aircraft 86, Aircraft 87, Aircraft 88, Aircraft 89, Aircraft 90, Aircraft 91, Aircraft 92, Aircraft 93, Aircraft 94, Aircraft 95, Aircraft 96, Aircraft 97, Aircraft 98, Aircraft 99, Aircraft 100, Aircraft 101, Aircraft 102, Aircraft 103,

Aircraft 104, Aircraft 108, Aircraft 109, Aircraft 112, Aircraft 113, Aircraft 114, Aircraft 115, Aircraft 116, Aircraft 117, Aircraft 118, Aircraft 122, Aircraft 123, Aircraft 124, Aircraft 127, Aircraft 128, Aircraft 130, Aircraft 131, Aircraft 133 and Aircraft 134, but only so long as there is an Advance (or any other amount) or a Commitment outstanding in respect of such Aircraft.

"**Expense**" or "**Expenses**" means any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses) of whatever kind and nature but excluding Taxes, any amounts that would be included in Break Amounts, and overhead of whatsoever kind and nature.

"**Extension Date**" means [***] and if the Lenders give an Extension Notice pursuant to, and in accordance with, Clause 5.2(g) of the Credit Agreement, the anniversary thereof set forth in such Extension Notice.

"**Extension Notice**" means each extension notice delivered by the Lenders to the Borrower pursuant to, and in accordance with Clause 5.2(g) of the Credit Agreement, extending the Commitment Termination Date.

"**Facility Agent**" means Citibank, N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

"**Facility Amount**" means the Maximum PDP Loan Amount as cancelled or changed in accordance with the Credit Agreement.

"**Facility Increase Amendment**" means an amendment and accession agreement in form and substance reasonably acceptable to the Initial Lender, the Facility Agent and the Borrower pursuant to which an Additional Lender becomes a party to the Credit Agreement and agrees to provide an Additional Commitment in accordance with Clause 19.3(c)(ii) of the Credit Agreement and Schedule II to the Credit Agreement is amended to reflect such Additional Lender and Additional Commitment.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of the Credit Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"**FCCR Test Date**" means (i) the date that is [***] following December 31, 2021 and (ii) each date falling [***] after the last day of each fiscal quarter or fiscal year, as the case may be, of Frontier Group Holdings thereafter commencing with the second fiscal quarter of 2022.

"**Federal Funds Rate**" means for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by Facility Agent in its reasonable discretion, which determination shall be presumptively correct (absent manifest error).

"**Fee Letter**" means collectively (i) that certain Letter Agreement dated December 23, 2014 among the Borrower, the Security Trustee and the Facility Agent (ii) that certain Letter Agreement dated August 11, 2015 among the Borrower, the Security Trustee and the Facility Agent, (iii) that certain Letter Agreement dated December 16, 2016 among the Borrower and the Facility Agent, (iv) that certain Letter Agreement dated December 29, 2017 among the Borrower, the Security Trustee and the Facility Agent, (v) that certain Letter Agreement dated May 31, 2018 among the Borrower, the Security Trustee and the Facility Agent, (vi) that certain

Letter Agreement dated January 29, 2019 among the Borrower, the Security Trustee and the Facility Agent, (vii) that certain Letter Agreement dated March 19, 2020 among the Borrower, the Security Trustee and the Facility Agent and (viii) each Letter Agreement dated December 28, 2021 among the Borrower, the Lender party thereto and the Facility Agent.

"Finance Parties" means together the Lenders, the Facility Agent and the Security Trustee (each a **"Finance Party"**).

"Financed Amount" means, with respect to an Aircraft and a Borrowing Date, the amount set out in the column entitled "Financial Amount" and which corresponds to such Aircraft and Borrowing Date, in the table set out in Schedule III to the Credit Agreement.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, lease purchase, installment sale, conditional sale, hire purchase or credit sale or other similar arrangement (whether in respect of aircraft, machinery, equipment, land or otherwise) entered into primarily as a method of raising finance or for financing the acquisition of the relevant asset;
- (e) payments under any lease with a term, including optional extension periods, if any, capable of exceeding [***] (whether in respect of aircraft, machinery, equipment, land or otherwise) characterized or interpreted as an operating lease in accordance with the relevant accounting standards but either entered into primarily as a method of financing the acquisition of the asset leased or having a termination sum payable upon any termination of such lease;
- (f) any amount raised by receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) including any bill discounting, factoring or documentary credit facilities;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) obligations (whether or not conditional) arising from a commitment to purchase or repurchase shares or securities where such commitment is or was in respect of raising finance;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) through (j) above.

"Fixed Charges" means, with respect to Frontier Group Holdings and its consolidated subsidiaries for any fiscal quarter of Frontier Group Holdings, the sum, without duplication, of:

- (1) the consolidated interest expense (net of interest income) of Frontier Group Holdings and its subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus
- (2) the interest component of leases that are capitalized in accordance with GAAP of Frontier Group Holdings and its subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus
- (3) any interest expense actually paid in cash for such period by Frontier Group Holdings or Frontier Airlines on Financial Indebtedness of another Person that is guaranteed by Frontier Group Holdings or its subsidiaries or secured by a Lien on assets of Frontier Group Holdings or its subsidiaries; plus
- (4) the product of (A) all cash dividends accrued on any series of preferred stock of Frontier Group Holdings or its subsidiaries for such period, other than to Frontier Group Holdings or a subsidiary of Frontier Group Holdings, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Frontier Group Holdings and its subsidiaries, as applicable to such portion of dividends, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus
- (5) the aircraft rent expense of Frontier Group Holdings and its subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

"Frontier Airlines" means Frontier Airlines, Inc.

"Frontier Group Holdings" means Frontier Group Holdings, Inc.

"Frontier Holdings" means Frontier Airlines Holdings, Inc.

"GAAP" means generally accepted accounting principles, as in effect in the United States of America from time to time.

"Governmental Entity" means and includes (a) any national government, political subdivision thereof, or state or local jurisdiction therein, (b) any board, commission, department, division, organ, instrumentality, taxing authority, regulatory body, court or judicial body, central bank or agency of any entity referred to in (a) above, however constituted, and (c) any association, organization or institution (international or otherwise) of which any entity mentioned in (a) or (b) above is a member.

"Group" means Frontier Group Holdings and its subsidiaries at any time.

"Guarantee" means each Guarantee and Seventh Amended and Restated Guarantee, as the context may require, dated as of the Effective Date and entered into by a Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

"Guarantor" means each of Frontier Airlines, Frontier Holdings and Frontier Group Holdings.

"Hedging Obligations" means, with respect to any Person, all obligations and liabilities of such Person under:

- (k) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (l) other agreements or arrangements designed to manage interest rates or interest rate risk; and

other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

"Incremental A321neo Aircraft" means any or all, as the context may require, of Aircraft 236, Aircraft 237, Aircraft 237, Aircraft 238, Aircraft 239, Aircraft 240 and Aircraft 241.

"Incremental A321neo Engine Consent" means in respect of the Incremental A321neo Aircraft, the consent and agreement of the applicable Engine Manufacturer to be entered into among the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee on terms and conditions acceptable to the Facility Agent.

"Incremental A321neo Engine Purchase Agreement" means the purchase agreement, general terms agreement or similar agreement entered or to be entered into between Frontier Airlines and the Engine Manufacturer for the Incremental A321neo Aircraft.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" or **"Indemnitees"** means the Security Trustee, the Facility Agent, the Lenders and each of their Affiliates, successors, permitted assigns, directors, officers, and employees.

"Independent Director" means a director who at the time of their appointment or at any time when such Person is serving as an Independent Director is not, and has not been for the five (5) years prior to its appointment as an Independent Director, (i) an employee, officer, director, consultant, customer or supplier, or the beneficial owner (directly or indirectly) of the Borrower or any Guarantor; provided, however, that such person may serve as a trustee, director, servicer independent director or manager, independent servicer or non-economic director or in a similar capacity for any other affiliate such Person, or (ii) a spouse of, or Person related to (but not more remote than first cousins), a Person referred to in clause (i) above.

"Initial Borrowing Date" means the date on which the first Funding Notice following the Effective Date is given by the Borrower to the Facility Agent in accordance with Clause 2.3(b) of the Credit Agreement.

"Initial Lender" means Citibank, N.A.

"Interest Payment Date" means, the date falling [***] after the Original Signing Date and each such date which falls at [***] intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date.

"Interest Period" means, (1) in respect of a Loan (a) initially, the period commencing on the Original Signing Date or on the date that such Loan is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, the first to occur of the Delivery Date of the Aircraft funded by such Loan and the Termination Date and (2) in respect of a Line of Credit (a) initially, the period commencing on the date that such Line of Credit is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, and the Termination Date.

"International interest" is defined in the Cape Town Convention.

"International Registry" is defined in the Cape Town Convention.

"Lender" means each Lender identified in Schedule I to the Credit Agreement and any assignee or transferee of such Lender.

"Lender's Net Price" means, in respect of an Aircraft, the amount specified in the column headed "Lender's Net Price" which corresponds to such Aircraft in the table set out in Schedule III to the Credit Agreement which is inclusive of all credits in respect of the Engines to be made available pursuant to the relevant Engine Agreement and subject to escalation from the date hereof in an amount equal to any escalation of the Airframe purchase price or SCN cost in accordance with the Assigned Purchase Agreement, the Engine purchase price as agreed in the relevant Engine Agreement and the BFE Budget in accordance with the Credit Agreement.

"LIBOR" means, with respect to any Interest Period, a rate per annum equal to (x) for the first (if for a period of less than one month) Interest Period and for any Interest Period under the last two sentences of Clause 5.2(d) of the Credit Agreement, the rate certified by the Lenders as their Cost of Funds for such period and (y) otherwise, the rate per annum which results from interpolating on a linear basis between the longest maturity for which a Screen Rate is available that is shorter than such Interest Period and the applicable Screen Rate for the shortest maturity for which a screen rate is available that is longer than such Interest Period, which "Screen Rate" shall be the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) for a period equal or comparable to such Interest Period as of 11:00 A.M. (London time) on the day [***] London business days prior to the first day of such Interest Period, and if, in any case, that rate is less than zero, LIBOR shall be deemed to be zero.

"Lien" means any mortgage, pledge, lien, claim, encumbrance, lease, security interest or other lien of any kind on property.

"Line of Credit" means the borrowing made by the Borrower on the Borrowing Date in accordance with Clause 4.3 of the Credit Agreement.

"Liquidity Threshold" has the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"Loan" in respect of any Advance means the borrowing made by the Borrower on the Borrowing Date with respect to such Advance from each Lender.

"**Loan Certificates**" means the loan certificates issued pursuant to Clause 5.2(a) of the Credit Agreement and any such certificates issued in exchange or replacement therefor pursuant to Clause 5.6 or 5.7 of the Credit Agreement.

"**LTV**" has, in respect of an Aircraft, the meaning given to it in Clause 10.20(a) of the Credit Agreement.

"**LTV Collateral**" has the meaning given to it in Clause 10.20(c)(ii) of the Credit Agreement.

"**LTV Test**" has the meaning given to it in Clause 10.20(b) of the Credit Agreement.

"**LTV Test Date**" means each FCCR Test Date on which the FCCR is less than [***].

"**Majority Lenders**" means, as of any date of determination, the Lenders of not less than 51% in aggregate outstanding principal amount of all Loan Certificates as of such date. For all purposes of the foregoing definition, in determining as of any date the then aggregate outstanding principal amount of Loan Certificates, there shall be excluded any Loan Certificates, if any, held by the Borrower, any Guarantor or any of their Affiliates (unless such Persons own all Loan Certificates then outstanding).

"**Manuals and Technical Records**" means together, those records, logs, manuals, technical data and other materials and documents relating to each Aircraft, together with any amendments thereto, as shall be delivered pursuant to the Assigned Purchase Agreement.

"**Market Disruption Event**" means, for each Interest Period:

- (a) the Facility Agent (acting on the advice of the Lenders) determines (which determination shall be binding and conclusive on all parties) that, by reason of circumstances affecting the London interbank market or any other applicable financial market generally, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period; or
- (b) one or more Lenders collectively holding at least [***] of the principal amount of the Loans and Lines of Credit advises the Facility Agent that (by reason of circumstances affecting the London interbank market or any other applicable financial market generally) LIBOR for such Interest Period will not adequately and fairly reflect the cost to such Lender of maintaining or funding its Loan and Line of Credit for such Interest Period,

and, in either case, no Benchmark Transition Event has occurred.

"**Material Action**" means, with respect to any Person, to consolidate or merge such Person with or into any other Person, or sell all or substantially all of the assets of such Person or to institute proceeding to have such Person be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against such Person or file a petition seeking, or consent to, reorganization or relief with respect to such Person under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such Person or a substantial part of its property, or make any assignment for the benefit of creditors of such Person, or admit in writing such Person's inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate such Person.

"**Material Adverse Effect**" means a material adverse effect on the business, operations, properties or financial condition of the Borrower or any Guarantor, taken as a whole, or a

material adverse effect on the ability of the Borrower or the Guarantors to observe or perform its obligations, liabilities and agreements under any Operative Document to which it is a party.

"Material Event of Default" means the occurrence of an "Event of Default" or "Termination Event" or such similar event howsoever described pursuant to any agreement in respect of Financial Indebtedness (or any agreement guaranteeing Financial Indebtedness) in an amount equal to at least [***] entered into by any Guarantor excluding any such event:

- (a) which is technical and is due to an administrative error; or
- (b) which is curable and the applicable Guarantor taking all necessary steps to cure such event and such has not been continuing for more than [***] days beyond any grace period provided for in the applicable agreement.

"Maximum Commitment" means, in respect of a Lender, such Lender's Participation Percentage multiplied by the Maximum PDP Loan Amount.

"Maximum LTV" has, in respect of an Aircraft the, meaning given to it in Clause 10.20(a) of the Credit Agreement.

"Maximum PDP Loan Amount" means, initially, an amount equal to [***], as such amount may be increased to an amount not to exceed [***] in accordance with Section 19.3(c)(ii) of the Credit Agreement.

"Mismatch Interest Rate" means, for any Interest Period and for any Lender (i) in the case of paragraph (a) of the definition of "Market Disruption Event", such Lender's Cost of Funds rate (in lieu of LIBOR) or (ii) in the case of paragraph (b) of the definition of "Market Disruption Event", a rate of interest equal to the amount by which such Lender's Cost of Funds rate for such Interest Period exceeds the sum of (x) LIBOR for such Interest Period; plus (y) [***], and in each case, calculated on the basis of a year of 360 days and the actual number of days elapsed.

"Mortgage" means the Fourth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

"Mortgage Collateral" means the Collateral as defined in the Granting clause of the Mortgage.

"Obligors" means each of the Borrower and each Guarantor (each an "Obligor").

"Operative Documents" means the Administration Agreement, the Credit Agreement, the Mortgage, the Loan Certificates, the Share Charge, the Guarantees, the Slot Security Agreement, the Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Incremental A321neo Engine Consents, the Option Agreement, the Servicing Agreement, the Subordinated Loan Agreement, any Fee Letter and any amendments or supplements of any of the foregoing.

"Option Agreement" means the Option Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower.

"Original Credit Agreement" has the meaning specified for such term in the recitals to the Credit Agreement.

"Original Signing Date" means December 23, 2014.

"**Parent**" means Intertrust SPV (Cayman) Limited, a Cayman Islands company (as trustee of the Trust.).

"**Part**" means an appliance, component, part, instrument, accessory, furnishing or other equipment of any nature, including Buyer Furnished Equipment and Engines which is installed in, attached to or supplied with an Aircraft on the Delivery Date thereof.

"**Participant**" has the meaning specified in Clause 19.3(d) of the Credit Agreement.

"**Participation Percentage**" means in respect of each Lender, the percentage set forth for such Lender in Schedule II of the Credit Agreement.

"**Party**" means a party to the Credit Agreement.

"**Past Due Rate**" means a per annum rate equal to the Applicable Rate plus [***]% calculated on the basis of a year of 360 days and actual number of days elapsed.

"**Payment Recipient**" has the meaning assigned to it in Section 15.1 in Schedule IV of the Credit Agreement.

"**PDP Funding Date Deficiency**" means, as of any date, any excess of (x) the sum of (i) the Loans then outstanding and (ii) any Financed Amount due to be paid on such date as set forth on Schedule III over (y) the Maximum PDP Loan Amount, after giving effect to any Equity Contribution scheduled to take place on such date and any repayment of the Loans on such date.

"**Permitted Lien**" means any Lien permitted under Clause 10.13 of the Credit Agreement.

"**Person**" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, estate or trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Process Agent Appointment**" means an appointment and acceptance of process agent pursuant to which the Borrower appoints Corporation Service Company as agent for service of process in connection with the transactions contemplated by the Operative Documents.

"**Prospective International Interest**" is defined in the Cape Town Convention.

"**PTE**" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"**Purchase Price Installment**" has the meaning given to the term Pre-Delivery Payment Amount in the Assigned Purchase Agreement.

"**QFC**" has the meaning specified in Section 23.1 of the Credit Agreement.

"**QFC Credit Support**" has the meaning specified in Section 23 of the Credit Agreement.

"**Regulation D**" means Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

"**Regulatory Change**" means, with respect to any Lender, any change that occurs after the Original Signing Date in Federal, state or foreign law or regulations (including Regulation D) or

the adoption or making after such date of any interpretation, directive or request applying to a class of banks or financial institutions including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful so long as compliance therewith is standard banking practice in the relevant jurisdiction) by any court or governmental or monetary authority charged with the interpretation or administration thereof. For the avoidance of doubt, the coming into effect of any applicable law or regulations, policies, orders, directives or guidelines issued by any governmental body, central bank, monetary authority or other regulatory organization (whether or not having the force of law) with respect to, arising out of, or in connection with (a) Basel II, (b) Basel III or (c) the Dodd Frank Wall Street Reform and Consumer Protection Act shall be deemed a Regulatory Change.

"Relevant Delay" has the meaning specified in Clause 10.12 of the Credit Agreement.

"Relevant Governmental Body" has the meaning specified in Section 5.14 of the Credit Agreement.

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them.

"Replacement Benchmark" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for LIBOR by

(i) the administrator of LIBOR (provided that the market or economic reality that such benchmark rate measures is the same as that measured by LIBOR); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above; or

(b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to LIBOR; or

(c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to LIBOR.

"Replacement Purchase Agreement" means collectively, the Airbus Purchase Agreement as amended and restated in the terms set forth in Schedule 4 to the Step-In Agreement.

"Required Specification" means:

(a) in respect of each A320neo Aircraft, a maximum takeoff weight of [***] tonnes and with CFM Leap-X1A engines installed thereon;

(b) in respect of the A321neo Aircraft other than an Incremental A321neo Aircraft, a maximum takeoff weight of [***] tonnes with PW1133GA-JM engines installed thereon; and

- (c) in respect of an Incremental A321neo Aircraft, (i) a maximum takeoff weight of [***] tonnes with (ii) manufacturer and model of Engines installed thereon, in the case of clause (ii), reasonably acceptable to the Facility Agent and certified by Frontier Airlines in writing in respect of an Incremental A321neo Aircraft.

"Reserve Requirement" means, for any Loan Certificate, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during the Interest Period in respect of such Loan Certificate under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement includes any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which LIBOR is to be determined or (ii) any category of extensions of credit or other assets that includes the Loan Certificates.

"Resolution Authority" has the meaning specified in Section 22.3 of the Credit Agreement.

"Scheduled Delivery Date" means, for each Aircraft, the date notified by Airbus to the Borrower provided that such date may not be any later than the last day of the Scheduled Delivery Month in respect of such Aircraft.

"Scheduled Delivery Month" means, in respect of an Aircraft, the month which corresponds to such Aircraft in the column entitled "Scheduled Delivery Month" in the table set out in Schedule III to the Credit Agreement.

"SCN" means a "Specification Change Notice" as defined in the Aircraft Purchase Agreement.

"Secured Obligations" means any and all moneys, liabilities and obligations which are now or at any time hereafter may be expressed to be due, owing or payable by the Borrower, the Parent and each Guarantor to the Lenders and/or any Agent in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever under any Operative Document or as a consequence of any breach, non-performance, disclaimer or repudiation by the Borrower, any Guarantor or the Parent (or by a liquidator, receiver, administrative receiver, administrator, or any similar officer in respect of any of them) of any of their obligations to the Lenders and/or any Agent under any Operative Document.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Trustee" means Bank of Utah, not in its individual capacity but solely as Security Trustee on behalf of the Facility Agent and the Lenders under the Credit Agreement, and any successor thereto in such capacity.

"Security Trustee Fee Letter" means the Bank of Utah fee letter dated on or about the Original Signing Date by the Security Trustee.

"Servicing Agreement" means the Amended and Restated Servicing Agreement dated as of August 11, 2015, between the Borrower and Frontier Airlines.

"Share Charge" means the Share Charge dated the Original Signing Date, among the Parent and the Security Trustee, as confirmed pursuant to each Deed of Confirmation.

"Slot Collateral" means the Collateral as defined in the Granting clause of the Slot Security Agreement.

"Slot Security Agreement" means the security agreement dated as of December 22, 2020 between Frontier Airlines and the Security Trustee securing the Line of Credit Borrowings.

"SOFR" has the meaning specified in Section 5.14 of the Credit Agreement.

"Step-In Agreement" means the Amended and Restated Step-In Agreement dated as of March 19, 2020, as amended by the Amendment dated as of May 4, 2020, as further amended by the Amendment to Step-In Agreement dated as of December 15, 2020 and as further amended by the Amendment to Step-In Agreement dated as of the Effective Date among the Borrower, as assignor, the Security Trustee, as assignee, and Airbus in the form of Exhibit C to the Original Credit Agreement.

"Step-In Event" has the meaning given to it in the Step-In Agreement.

"Subordinated Loan Agreement" means the Subordinated Loan Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower and the Subordinated Promissory Note dated the Original Signing Date, issued by the Borrower thereunder.

"Supported QFC" has the meaning specified in Section 23 of the Credit Agreement.

"Tax" or **"Taxes"** means any and all present or future fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon.

"Term SOFR" has the meaning specified in Section 5.14 of the Credit Agreement.

"Termination Date" means the date that is 6 months following the then-current Commitment Termination Date.

"Transferee" means any person to whom the Collateral or any of it is transferred in accordance with the terms of the Credit Agreement, the Mortgage or the Step-In Agreement.

"Trust" means the Vertical Horizons, Ltd. Charitable Trust.

"U.S. Special Resolution Regimes" has the meaning specified in Section 23 of the Credit Agreement.

"UK Financial Institution" has the meaning specified in Section 22.3 of the Credit Agreement.

"UK Resolution Authority" has the meaning specified in Section 22.3 of the Credit Agreement.

"Unrestricted Cash and Cash Equivalents" means at any date in respect of Frontier Group Holdings, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of Frontier Group Holdings on a consolidated based, that may be in each case (i) classified as "unrestricted" in accordance with GAAP on the consolidated balance sheets of

Frontier Group Holdings or (ii) classified in accordance with GAAP as “restricted” on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if Frontier Group Holdings agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

"**USD LIBOR**" has the meaning specified in Section 5.14 of the Credit Agreement.

"**VAT**" means a consumption tax, value added tax, goods and services tax or similar tax, however it may be described.

"**Withholding Taxes**" means a deduction or withholding for or on account of Tax from a payment under an Operative Document.

"**Write-Down and Conversion Powers**" has the meaning specified in Section 22.3 of the Credit Agreement.

EXECUTION VERSION

DATED AS OF DECEMBER 28, 2021
FRONTIER AIRLINES INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

SEVENTH AMENDED AND RESTATED GUARANTEE IN RESPECT OF
THE PDP FINANCING OF NINE (9) AIRBUS A320NEO AIRCRAFT AND
FIFTY (50) AIRBUS A321NEO AIRCRAFT

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THIS SEVENTH AMENDED AND RESTATED GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of December 28, 2021, is made

BY:

- (1) **FRONTIER AIRLINES, INC.**, incorporated in Colorado (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of

- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Seventh Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) This Guarantee amends and restates in its entirety the Sixth Amended and Restated Guarantee dated as of December 22, 2020, as amended by the Omnibus Amendment No. 1 dated May 6, 2021, by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of nine (9) Airbus A320neo and fifty (50) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. **GUARANTEE**

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and

compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security

Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;

- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled “Benchmark Replacement Setting” under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above

or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security

Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. SUBROGATION

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. RIGHTS OF THIRD PARTIES; SET-OFF

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

- (a) **Access to Information**

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) Organization

It is a company duly organized and validly existing under the laws of the state of Colorado, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) Power and Authority; Due Authorization

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) Binding Obligations

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) No Violation

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law, judgment, writ, injunction, decree or any order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) Not Insolvent

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an

unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) No Default under Airbus Purchase Agreements or Engine Agreements

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by Frontier Airlines or Frontier Holdings under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement, the Incremental A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. COVENANTS

(a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
- (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;

- (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
 - (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
 - (d) The Guarantor shall:
 - (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the

Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
 - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

10. SUCCESSORS AND ASSIGNS

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. NOTICES

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:

Frontier Airlines, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (###) ###-####
Email: ###

- (b) if to the Security Trustee:

50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ### ###-####
Facsimile: ### ###-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. GOVERNING LAW; COUNTERPARTS

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. JURISDICTION

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.
- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Jon Croasmun
Name: Jon Croasmun
Title: Senior Vice President

[Signature Page – Seventh Amended and Restated Guarantee]

EXECUTION VERSION

DATED AS OF DECEMBER 28, 2021
FRONTIER AIRLINES HOLDINGS, INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

SEVENTH AMENDED AND RESTATED GUARANTEE IN RESPECT OF
THE PDP FINANCING OF NINE (9) AIRBUS A320NEO AIRCRAFT AND
FIFTY (50) AIRBUS A321NEO AIRCRAFT

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THIS SEVENTH AMENDED AND RESTATED GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of December 28, 2021, is made

BY:

- (1) **FRONTIER AIRLINES HOLDINGS, INC.**, a Delaware corporation (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of
- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Seventh Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) This Guarantee amends and restates in its entirety the Sixth Amended and Restated Guarantee dated as of December 22, 2020, as amended by the Omnibus Amendment No. 1 dated May 6, 2021, by the Guarantor in favor of the Security Trustee;
- (B) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of nine (9) Airbus A320neo and fifty (50) Airbus A321neo Aircraft; and
- (C) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. DEFINITIONS

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. GUARANTEE

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and

compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security

Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;

- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;
- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled "Benchmark Replacement Setting" under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above

or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security

Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. SUBROGATION

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. RIGHTS OF THIRD PARTIES; SET-OFF

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

(a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) Organization

It is a company duly organized and validly existing under the laws of the state of Delaware, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) Power and Authority; Due Authorization

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) Binding Obligations

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) No Violation

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law or any judgment, writ, injunction, decree, order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency

or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) Not Insolvent

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

(h) No Default under Airbus Purchase Agreements or Engine Agreements

No event is continuing in respect of the Guarantor which would constitute an incipient or actual default by Frontier Airlines or Frontier Holdings under any Airbus Purchase Agreement, the A321neo Engine Purchase Agreement, the Incremental A321neo Engine Purchase Agreement or the CFM Engine Agreement A320neo.

9. COVENANTS

(a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:

- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
- (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
- (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
- (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
- (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
- (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
- (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
- (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
- (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;

- (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
 - (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;
 - (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.
- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
- (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of

the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;

- (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and
 - (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.

10. SUCCESSORS AND ASSIGNS

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. NOTICES

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

- (a) if to the Guarantor:

Frontier Airlines Holdings, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (###) ###-####
Email: ###

- (b) if to the Security Trustee:

Bank of Utah
50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ###-###-####
Facsimile: ###-###-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. GOVERNING LAW; COUNTERPARTS

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. JURISDICTION

- (a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.

- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER AIRLINES HOLDINGS, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Jon Croasmun
Name: Jon Croasmun
Title: Senior Vice President

[Signature Page – Seventh Amended and Restated Guarantee]

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

C L I F F O R D
C H A N C E

Exhibit 10.28
CLIFFORD CHANCE US LLP

EXECUTION VERSION

DATED AS OF DECEMBER 28, 2021
FRONTIER GROUP HOLDINGS, INC.
AS GUARANTOR

AND

BANK OF UTAH
NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY
AS SECURITY TRUSTEE

GUARANTEE IN RESPECT OF THE PDP FINANCING OF NINE (9)
AIRBUS A320NEO AIRCRAFT AND FIFTY (50) AIRBUS A321NEO
AIRCRAFT

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THIS GUARANTEE (as amended, modified or supplemented in accordance with the terms hereof, this "**Guarantee**"), dated as of December 28, 2021, is made

BY:

- (1) **FRONTIER GROUP HOLDINGS, INC.**, a Delaware corporation (together with its successors and its permitted assigns, the "**Guarantor**");

in favor of

- (2) **BANK OF UTAH**, not in its individual capacity but solely, as security trustee (in such capacity, the "**Security Trustee**") for and on behalf of itself, the Facility Agent (as defined in the Credit Agreement referred to below) and each lender (each a "**Lender**" and collectively, the "**Lenders**") which is a party to the Seventh Amended and Restated Credit Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "**Credit Agreement**"), among Vertical Horizons, Ltd., as borrower (the "**Borrower**"), the Facility Agent, the Lenders and the Security Trustee.

WITNESSETH:

WHEREAS:

- (A) The Borrower entered into the Credit Agreement for the purpose of financing certain pre-delivery payment obligations in respect of nine (9) Airbus A320neo and fifty (50) Airbus A321neo Aircraft; and
- (B) It is a condition precedent to the entering into of the transactions contemplated by the Credit Agreement that the Guarantor shall have executed and delivered this Guarantee.

NOW, THEREFORE, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. **DEFINITIONS**

- (a) Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Credit Agreement.
- (b) Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be modified, amended or supplemented from time to time in accordance with its terms and the terms of each other agreement restricting the modification, amendment or supplement thereof.

2. **GUARANTEE**

- (a) The Guarantor hereby irrevocably, absolutely and unconditionally guarantees, as primary obligor and as a guarantor of payment and not merely as surety or guarantor of collection, to the Security Trustee, the Facility Agent and each Lender, (i) the full and prompt payment by the Borrower when due of the Secured Obligations incurred by the Borrower and pursuant to the Operative Documents, strictly in accordance with the terms of the Operative Documents, and (ii) the full and timely performance of, and compliance with, each and every duty, agreement, undertaking, indemnity and obligation of the Borrower under the Operative Documents strictly in accordance with the terms thereof, in each case, however created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several and whether now or hereafter existing or due or to become due (such payment and other

obligations described in paragraphs (i) and (ii) being referred to herein as the "**Liabilities**").

- (b) The Guarantor further agrees to pay any and all reasonable costs and expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Security Trustee, the Facility Agent and/or one or more of the Lenders in enforcing any rights with respect to, or collecting, any or all of the Liabilities or enforcing any rights with respect to, or collecting against, the Guarantor hereunder together with interest at the Past Due Rate specified in the Credit Agreement from the date when such expenses are so incurred to the date of actual payment thereof. Without limiting the generality of the foregoing, the liability of the Guarantor hereunder shall extend to all amounts which constitute part of the Liabilities and would be owed by the Borrower but for the fact that such amounts are unenforceable or not allowable due to any circumstance whatsoever or due to the existence of a bankruptcy, suspension of payments, reorganization or similar proceeding involving the Borrower.

3. **GUARANTEE ABSOLUTE**

- (a) This Guarantee shall constitute a guarantee of payment and of performance and not of collection, and the Guarantor specifically agrees that it shall not be necessary, and that the Guarantor shall not be entitled to require, before or as a condition of enforcing the obligations of the Guarantor under this Guarantee or requiring payment or performance of the Liabilities by the Guarantor hereunder, or at any time thereafter, that any Person: (i) file suit or proceed to obtain or assert a claim for personal judgment against the Borrower or any other Person that may be liable for any Liabilities; (ii) make any other effort to obtain payment or performance of any Liabilities from the Borrower or any other Person that may be liable for such Liabilities; (iii) foreclose against or seek to realize upon the Collateral or any other security now or hereafter existing for such Liabilities; (iv) exercise or assert any other right or remedy to which such Person is or may be entitled in connection with any Liabilities or any security or other guarantee therefor; or (v) assert or file any claim against the assets of any other Person liable for any Liabilities. Notwithstanding anything herein to the contrary, no provision of this Guarantee shall require the Guarantor to pay, perform or discharge any Liabilities prior to the time such Liabilities are due and payable. When making any demand hereunder against the Guarantor, none of the Security Trustee, the Facility Agent or any Lender need make a similar demand on the Borrower; **provided that** any failure by the Security Trustee, the Facility Agent or any Lender to make any such demand or to collect any payments from the Borrower shall not relieve the Guarantor of its obligations or liabilities hereunder and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Security Trustee, the Facility Agent and/or such Lender against the Guarantor. The Security Trustee, the Facility Agent and/or the Lenders may in all events pursue its rights under this Guarantee prior to or simultaneously with pursuing its various rights referred to in the Credit Agreement and the other Operative Documents, as the Security Trustee, the Facility Agent and/or such Lender may determine.
- (b) The Guarantor agrees that this Guarantee shall be continuing until the indefeasible payment in full of all Secured Obligations and the Guarantor guarantees that the Liabilities will be paid and performed strictly in accordance with the terms of the Operative Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Security Trustee, the Facility Agent and/or the Lenders with respect thereto. If for any reason the Borrower shall fail to fully and timely pay or perform and discharge any Liabilities to be paid or performed by the Borrower (whether affirmative or negative in character), the Guarantor shall promptly on demand by the Security Trustee, the Facility Agent and/or any Lender pay or perform or cause to be paid or performed, as

the case may be, such Liabilities. Each of the obligations of the Guarantor under this Guarantee is separate and independent of each other obligation of the Guarantor under this Guarantee and separate and independent of the Liabilities, and the Guarantor agrees that a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guarantee, irrespective of whether any action is brought against the Borrower is joined in any such action or actions. The obligations of the Guarantor shall be continuing and irrevocable, absolute and unconditional, primary and original and immediate and not contingent and shall remain in full force and effect without regard to and not be released, discharged or in any way affected by any circumstance or condition (other than by payment in full of the Liabilities) including, without limitation, the occurrence of any one or more of the following:

- (i) any lack of validity or enforceability of any of the Liabilities under the Operative Documents or any document entered into in connection with the transactions contemplated thereby, any provision thereof, or any other agreement or instrument relating thereto or the absence of any action to enforce the same;
- (ii) any failure, omission, delay or lack on the part of the Security Trustee, the Facility Agent and/or the Lenders to enforce, assert or exercise any right, power, privilege or remedy conferred on the Security Trustee, the Facility Agent and/or the Lenders in the Credit Agreement, the Security Agreement, or any other Operative Document, or the inability of the Security Trustee, the Facility Agent and/or the Lenders to enforce any provision of any Operative Document for any reason, or any other act or omission on the part of the Security Trustee, the Facility Agent or any Lender;
- (iii) any change in the time, manner or place of performance or of payment, or in any other term of, all or any of the Liabilities, or any other modification, supplement, amendment or waiver of or any consent to departure from the terms and conditions of any of the Operative Document or any document entered into in connection with the transactions contemplated thereby;
- (iv) any taking, exchange, release or non-perfection of the Collateral or any other collateral or security, or any taking, release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Liabilities or the acceptance of any security therefor;
- (v) the waiver by the Security Trustee, the Facility Agent and/or any Lender of the performance or observance by the Borrower of any of the Liabilities, the waiver of any default in the performance or observance thereof, any extension by the Security Trustee, the Facility Agent and/or any Lender of the time for payment or performance and discharge by the Borrower of any Liabilities or any extension, indulgence or renewal of any Liabilities;
- (vi) any bankruptcy, suspension of payments, insolvency, sale of assets, winding-up, dissolution, liquidation, receivership or reorganization of, or similar proceedings involving, the Borrower or its assets or any resulting release or discharge of any of the Liabilities;
- (vii) the recovery of any judgment against any Person or any action to enforce the same;
- (viii) any failure or delay in the enforcement of the Liabilities of any Person under the Operative Documents or any document entered into in connection with the transactions contemplated by the Operative Documents or any provision thereof;

- (ix) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to any Liabilities and, to the extent permitted by applicable law, irrespective of any other circumstances that might otherwise limit recourse by or against the Guarantor or any other Person;
- (x) the obtaining, the amendment or the release of or consent to any departure from the primary or secondary obligation of any other Person, in addition to the Guarantor, with respect to any Liabilities;
- (xi) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of any Operative Document or any document entered into in connection with the transactions contemplated by any Operative Document, or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof (including, without limitation, any Benchmark Replacement Conforming Changes or any other modifications or other amendments delivered or otherwise implemented or effected (automatically or otherwise) in accordance with or in furtherance of this Section titled "Benchmark Replacement Setting" under the Credit Agreement);
- (xii) any manner of application of Collateral or Proceeds thereof, to all or any of the Liabilities, or any manner of sale or other disposition of any Collateral, or any furnishing or acceptance of additional collateral;
- (xiii) any change in control in the ownership of the Borrower, any change, merger, demerger, consolidation, restructuring or termination of the corporate structure or existence of the Borrower;
- (xiv) to the fullest extent permitted by applicable law, any other circumstance which might otherwise constitute a defense available to, or a discharge of, a guarantor or surety with respect to any Liabilities;
- (xv) any default, failure or delay, whether as a result of actual or alleged force majeure, commercial impracticability or otherwise, in the performance of the Liabilities, or by any other act or circumstances which may or might in any manner or to any extent vary the risk of the Guarantor, or which would otherwise operate as a discharge of the Guarantor;
- (xvi) the existence of any other obligation of the Guarantor, or any limitation thereof, in any Operative Document;
- (xvii) any regulatory change or other governmental action (whether or not adverse); or
- (xviii) the partial payment or performance of the Liabilities (whether as a result of the exercise of any right, remedy, power or privilege or otherwise) or the invalidity of any payment for any reason whatsoever.

Should any money due or owing under this Guarantee not be recoverable from the Guarantor due to any of the matters specified in paragraphs (i) through (xviii) above or for any other reason, then, in any such case, such money shall nevertheless be recoverable from the Guarantor as though the Guarantor were principal debtor in respect thereof and not merely a guarantor and shall be paid by the Guarantor forthwith.

- (c) This Guarantee shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Liabilities is rescinded or must otherwise be restored or returned by the Security Trustee, the Facility Agent and/or any Lender for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made, and the Guarantor agrees that it will indemnify the Security Trustee, the Facility Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and disbursement of counsel) incurred by any such Person in connection with such rescission or restoration. If an event permitting the exercise of remedies under the Operative Documents shall at any time have occurred and be continuing and such exercise, or any consequences thereof provided in any Operative Document, shall at such time be prevented by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, the Guarantor agrees that, for purposes of this Guarantee and its obligations hereunder, amounts payable under the Operative Documents shall be deemed to have been declared in default, with all attendant consequences as provided in the Operative Documents as if such declaration of default and the consequences thereof had been accomplished in accordance with the terms of the Credit Agreement and the other Operative Documents, and the Guarantor shall forthwith pay any amounts guaranteed hereunder, without further notice or demand.

4. **WAIVER**

To the fullest extent permitted by applicable law, the Guarantor hereby expressly and irrevocably waives diligence, promptness, demand for payment or performance, filing of claims with any court, any proceeding to enforce any provision of the Operative Documents, notice of acceptance of and reliance on this Guarantee by the Security Trustee, the Facility Agent and each Lender, notice of the creation of any liabilities of the Borrower, any requirement that the Security Trustee, the Facility Agent or any Lender protect, secure, perfect or insure any security interest or Lien on the Collateral or any property subject thereto, any right to require a proceeding first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or entity or any collateral or otherwise, any diligence in collection or protection of or realization upon any Liabilities, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses, set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

5. **CERTAIN ACTIONS**

The Security Trustee, the Facility Agent and each Lender may, from time to time at its sole discretion and without notice to the Guarantor, take any or all of the following actions without affecting the obligations of the Guarantor hereunder: (i) retain or obtain a lien upon a security interest in any substitutions or replacements to the Collateral; (ii) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the Guarantor, with respect to any of the Liabilities or any obligation hereunder; (iii) with consent of the Borrower, extend or renew for one or more periods (regardless of whether longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of the Guarantor hereunder or any obligation of any nature of any other obligor (including the Security Trustee) with respect to any of the Liabilities; (iv) release or fail to perfect any Lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (regardless of whether longer than the original period) or release, compromise, alter or exchange any

obligations of any nature of any obligor with respect to any such property; and (v) resort to the Guarantor for payment of any of the Liabilities, regardless of whether the Security Trustee, the Facility Agent or the Lender, as the case may be, shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

6. SUBROGATION

Any amounts received by the Security Trustee, the Facility Agent or any Lender from whatsoever source on account of the Liabilities may be applied by it toward the payment of such of the Liabilities, and in such order of application, as the Security Trustee, the Facility Agent or such Lender may from time to time elect. No payment made by or for the account of the Guarantor pursuant to this Guarantee shall entitle the Guarantor by subrogation, indemnity or otherwise to any payment by the Security Trustee, the Facility Agent or the Lender, as the case may be, from or out of any property of such Person, and the Guarantor shall not exercise any right or remedy against the Security Trustee, the Facility Agent or the Lender, as the case may be, or any property of such Person by reason of any performance by the Guarantor of this Guarantee.

7. RIGHTS OF THIRD PARTIES; SET-OFF

- (a) This Guarantee is made only for the benefit of, and shall be enforceable only by, the Security Trustee, the Facility Agent and each Lender, and this Guarantee shall not be construed to create any right in any Person other than the Security Trustee, the Facility Agent and each Lender to be a contract in whole or in part for the benefit of any Person other than the Security Trustee, the Facility Agent and each Lender.
- (b) Upon the occurrence of any Event of Default, the Guarantor hereby irrevocably authorizes the Security Trustee, the Facility Agent, each Lender and each of their respective Affiliates, at any time and from time to time without notice to the Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all assets, at any time held or owing by the Guarantor or any of its Affiliates to, or for the credit of the account of the Guarantor, or any part thereof in such amounts as the Security Trustee, the Facility Agent or such Lender, as the case may be, may elect, against and on account of the obligations and liabilities of the Guarantor to the Security Trustee, the Facility Agent and each Lender hereunder of every nature and description of the Security Trustee, the Facility Agent and each Lender. The Security Trustee, the Facility Agent or applicable Lender shall notify the Guarantor promptly of any such set-off and the application made by them, **provided that** the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Security Trustee, the Facility Agent and each Lender under this Clause are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Security Trustee, the Facility Agent and the Lenders may have.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to the Security Trustee, the Facility Agent and each Lender as follows:

(a) Access to Information

The Guarantor has and will continue to have independent means of obtaining information concerning the Borrower's affairs, financial condition and business. None of the Security Trustee, the Facility Agent or any Lender shall have any duty or responsibility to provide the Guarantor with any credit or other information

concerning the Borrower's affairs, financial condition or business which may come into the possession of the Security Trustee, the Facility Agent or any Lender.

(b) Organization

It is a company duly organized and validly existing under the laws of the state of Delaware, with organizational power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

(c) Due Qualification

It is duly licensed, qualified and authorized to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such license, qualification or authorization except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, financial condition or prospects of the Guarantor.

(d) Power and Authority; Due Authorization

It has (i) all necessary power, authority and legal right to execute, deliver and perform its obligations under this Guarantee and (ii) duly authorized by all necessary organizational action such execution, delivery and performance of this Guarantee.

(e) Binding Obligations

This Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(f) No Violation

The execution, delivery and performance of this Guarantee will not (i) conflict with, or result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (A) the constituent documents of the Guarantor or (B) any indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Guarantor is a party or by which it or its property is bound, (ii) result in or require the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, lease, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument or (iii) violate any law or any judgment, writ, injunction, decree, order, rule, regulation applicable to the Guarantor of any court or of any federal, state or foreign regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Guarantor or any of its properties.

(g) Not Insolvent

The execution, delivery and performance by the Guarantor of this Guarantee will not render the Guarantor insolvent, nor is it being made in contemplation of the Guarantor's insolvency; the Guarantor does not, in its reasonable judgment, have an unreasonably small capital for conducting its business as presently contemplated by it. The Guarantor is fully solvent (on a cash flow and balance sheet basis) and will be fully solvent immediately following the execution of this Agreement and the other Operative Documents.

9. COVENANTS

- (a) The Guarantor shall observe certain policies and procedures relating to the Borrower's existence as separate companies as follows and shall do all things necessary to maintain its corporate existence separate and distinct from the Borrower. The Guarantor shall:
- (i) observe all formalities necessary to remain a legal entity separate and distinct from the Borrower;
 - (ii) maintain its assets and liabilities separate and distinct from those of the Borrower in such a manner that it is not difficult to segregate, identify or ascertain such assets;
 - (iii) maintain records, books and accounts separate from those of the Borrower (other than as otherwise set forth under the Operative Documents);
 - (iv) pay its obligations in the ordinary course of business as a legal entity separate from the Borrower;
 - (v) keep its funds separate and distinct from any funds of the Borrower, and receive, deposit, withdraw and disburse such funds separately from any funds of the Borrower;
 - (vi) not agree to pay, assume, guarantee or become liable for any debt of, or otherwise pledge its assets for the benefit of the Borrower except as otherwise permitted under the Operative Documents;
 - (vii) not hold out that the Borrower is a division of the Guarantor or any other Person or that the Guarantor is a division of the Borrower or any other Person;
 - (viii) not induce any third party to rely on the creditworthiness of the Guarantor in order that such third party will contract with the Borrower (other than any guarantee of the Guarantor in favor of Airbus made in connection with the Airbus Purchase Agreements);
 - (ix) allocate and charge fairly and reasonably any common overhead shared with the Borrower;
 - (x) hold itself out as a separate entity from the Borrower, and correct any known misunderstanding regarding its separate identity;
 - (xi) not conduct business in the name of the Borrower and ensure that all communications of the Borrower are made solely in the Borrower's name as the context may require;
 - (xii) not acquire the securities of the Borrower or allow the Borrower to acquire securities of the Guarantor;
 - (xiii) prepare separate financial statements and separate tax returns from the Borrower (**provided that** the Guarantor may publish financial statements that consolidate those of the Guarantor and its subsidiaries, if to do so is required by any applicable law or accounting principles from time to time in effect and subsidiaries of the Guarantor may file consolidated Tax returns with the Guarantor and its subsidiaries for Tax purposes); and
 - (xiv) not enter into any transaction with the Borrower that is more favorable to the Guarantor than transactions that the Guarantor and its subsidiaries would have

been able to enter into at such time on an arm's-length basis with a non-affiliated third party or vice versa.

- (b) The Guarantor shall not take any action or omit to take any action that would cause an incipient or actual default under any Airbus Purchase Agreement or any Engine Agreement.
- (c) The Guarantor shall ensure that the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, and this Guarantee remain in place and in full force and effect and that neither it nor any other Obligor shall breach any of the terms of any of such documents. The Guarantor shall ensure that no amendment, variation, waiver or other change is made to its memorandum and articles of association or other constituent documents, the Servicing Agreement, the Option Agreement, the Subordinated Loan Agreement, or this Guarantee.
- (d) The Guarantor shall:
 - (i) promptly upon acquiring actual knowledge of the same, notify the Facility Agent of any default (whether by the Guarantor, any Affiliate of the Guarantor, Airbus or the Engine Manufacturer) under or cancellation, termination or rescission or purported cancellation, termination or rescission of any Airbus Purchase Agreement or any Engine Agreement specifying in reasonable detail the nature of such default, cancellation, rescission or termination;
 - (ii) not, without the Security Trustee's prior written consent, in any way modify, cancel, terminate or amend or consent to the modification, cancellation, termination or amendment of any Airbus Purchase Agreement or any Engine Agreement except to the extent permitted by the Credit Agreement;
 - (iii) not accept, and shall procure that the Borrower or any other Person does not accept, delivery of any Aircraft from Airbus before or concurrently with repaying to the Lenders all amounts owing in respect of the Loans relating to that Aircraft;
 - (iv) not enter into or consent to any change order or other amendment, modification or supplement to any Airbus Purchase Agreement or any Engine Agreement, in relation to the Aircraft, without the prior written consent and countersignature of the Security Trustee (acting at the unanimous direction of the Lenders) if such change order, amendment, modification or supplement would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (v) provide to the Security Trustee promptly after the execution of the same copies, certified by the Guarantor, of all material change orders (other than non charge change orders), amendments, modifications or supplements to the Assigned Purchase Agreements that would require the consent of the Security Trustee under the Step-In Agreement or under the Credit Agreement;
 - (vi) provide to the Security Trustee promptly upon request, such information regarding the package of product support and training services as was agreed to be provided by Airbus to the Guarantor under the Assigned Purchase Agreements and agrees not to take any action or omit to take any action which would reduce the product support and training services which would otherwise be available to Intrepid by Airbus with respect to the Aircraft under the Assigned Purchase Agreements; and

- (vii) not agree to any financial indebtedness cross default (in respect of it or any of its Affiliates) with Airbus that would give rise to a right for Airbus to terminate the Assigned Purchase Agreements.
- (e) The Guarantor shall not accept any repayment of any part of the Subordinated Loan Agreement while the Secured Obligations remain outstanding.
- (f) **Financial Covenants**

The Guarantor shall at all times ensure that it has liquidity in the form of Unrestricted Cash and Cash Equivalents in an aggregate amount of not less than [***].

The Guarantor shall, on each date on which its financial statements are required to be delivered by the Borrower pursuant to Clause 10.15(a) and (b) of the Credit Agreement and on each date on which a Funding Notice is issued under the Credit Agreement, deliver to the Facility Agent a certificate in writing (which may be provided by e-mail) confirming compliance with this Clause 9(f), such certificate to be accompanied by supporting financial information for the Guarantor and the Group (which, in respect of the confirmation to be provided on the date of a Funding Notice, shall be the group management accounts most recently prepared and the knowledge of any officer of the Guarantor) and shall otherwise promptly notify the Security Trustee of any breach by the Guarantor of any of its obligations hereunder. For purposes of this Clause 9(f), the following definitions shall apply:

"**Unrestricted Cash and Cash Equivalents**" means at any date in respect of the Guarantor, the sum of (a) the undrawn portion available under any revolving, delayed draw or similar credit facilities, in each case that have a maturity of one (1) year or more from such date, (b) available liquidity and (c) the cash and cash equivalents (in each case, as such terms are defined by GAAP) of the Guarantor on a consolidated based, that may be in each case (i) classified as "unrestricted" in accordance with GAAP on the consolidated balance sheets of the Guarantor or (ii) classified in accordance with GAAP as "restricted" on the consolidated balance sheets of the Guarantor solely in favor of the Security Trustee and the Lenders, provided that if the Guarantor agrees to any more onerous definition pursuant to any financial covenant in any agreement to which it is a party, this definition shall be deemed to be deleted and replaced with such other definition.

10. **SUCCESSORS AND ASSIGNS**

- (a) This Guarantee shall be binding upon the Guarantor and upon the Guarantor's successors and assigns and all references herein to the Guarantor or the Security Trustee shall be deemed to include any successor or successors whether immediate or remote, to such Person. The Guarantor shall not assign any of its rights or obligations hereunder without the prior written consent of the Security Trustee, the Facility Agent and each Lender.
- (b) This Guarantee shall inure to the benefit of the Security Trustee, the Facility Agent each Lender and their respective successors and assigns, and all references herein to the Security Trustee, the Facility Agent or any Lender shall be deemed to include any successors and assigns of such Person (whether or not reference in a particular provision is made to such successors and assigns).

11. **NOTICES**

All notices, demands or requests given pursuant to this Guarantee shall be in writing personally delivered, or sent by facsimile (with subsequent telephone confirmation of receipt thereof) or sent by internationally recognized overnight courier service, to the following addresses:

(a) if to the Guarantor:

Frontier Group Holdings, Inc.
7001 Tower Road
Denver, CO 80249
Attention: SVP – General Counsel
Phone: (###) ###-####
Email: ###

(b) if to the Security Trustee:

Bank of Utah
50 South 200 East, Suite 110
Salt Lake City, Utah 84111
Telephone: ### ##-####
Facsimile: ### ##-####
Email: ###

Whenever any notice in writing is required to be given by the Guarantor or the Security Trustee, such notice shall be deemed given and such requirement satisfied when such notice is received, with such notice received if such notice is mailed by certified mail, postage prepaid, or is sent by facsimile, addressed as provided above.

Either party hereto may change the address to which notices to such party will be sent by giving notice of such change to the other party.

12. GOVERNING LAW; COUNTERPARTS

THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Guarantee may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

14. JURISDICTION

(a) The Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or

enforcement of any judgment, and the Guarantor irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Security Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against another party or its properties in the courts of any jurisdiction.

- (b) The Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guarantee in any court referred to in paragraph (a) of this Clause. The Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

15. **SERVICE OF PROCESS**

Each party to this Guarantee irrevocably consents to service of process in the manner provided for the delivery of notices in Clause 11. Nothing in this Guarantee will affect the right of any party to this Guarantee to serve process in any other manner permitted by law. The Guarantor hereby irrevocably appoints and designates Corporation Services Company (the "**Agent for Service of Process**"), having an address at Corporation Service Company, 80 State Street, Albany, New York 12207-2543, as its true and lawful attorney-in-fact and duly authorized agent for the limited purpose of accepting service of legal process and the Guarantor agrees that service of process upon such party shall constitute personal service of such process on such person. The Guarantor shall maintain the designation and appointment of the Agent for Service of Process at such address until all amounts payable under this Guarantee shall have been paid in full. If the Agent for Service of Process shall cease to so act, the Guarantor shall immediately designate and shall promptly deliver to the Security Trustee evidence in writing of acceptance by another agent for service of process of such appointment, which such other agent for service of process shall have an address for receipt of service of process in the State of New York and the provisions above shall equally apply to such other agent for service of process.

[Signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the Guarantor's duly authorized officer as of the date first written above.

FRONTIER GROUP HOLDINGS, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: General Counsel

ACCEPTED and AGREED:

BANK OF UTAH
not in its individual capacity but solely
as Security Trustee

By: /s/ Jon Croasmun
Name: Jon Croasmun
Title: Senior Vice President

[Signature Page – Guarantee]

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).
Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.29

Version: Execution Dec 2021

Vertical Horizons, Ltd.
as Buyer

and

Bank of Utah
not in its individual capacity but solely as security trustee
as Security Trustee

and

Airbus S.A.S.
as Airbus

Amended and Restated Step-in Agreement
[***] Airbus A320neo Aircraft and [***] Airbus A321neo Aircraft

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AMENDED AND RESTATED STEP-IN AGREEMENT

Dated December 28, 2021

Between:

- (1) **Vertical Horizons, Ltd.**, a company incorporated pursuant to the laws of the Cayman Islands whose registered address and principal place of business is at the offices of Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands (the **Buyer**);
- (2) **Bank of Utah**, not in its individual capacity but solely as security trustee for the Facility Agent and the Lenders (the **Security Trustee**); and
- (3) **Airbus S.A.S.**, registered in France and having its registered office at 2 rond-point Emile Dewoitine, 31700 Blagnac, France (**Airbus**).

Recitals:

- (A) Pursuant to the Purchase Agreement, Airbus has agreed to sell and Frontier has agreed to purchase and take delivery of the Aircraft.
- (B) Pursuant to the Assignment and Assumption Agreement, certain rights and obligations of Frontier in respect of the Aircraft have been transferred by Frontier to the Buyer.
- (C) Pursuant to the Assigned Purchase Agreement, Airbus has agreed to sell and the Buyer has agreed to purchase and take delivery of the Aircraft.
- (D) Pursuant to the PDP Loan Agreement, the Lenders have agreed to make available to the Buyer certain facilities on the terms and conditions contained in the PDP Loan Agreement for the purposes of refinancing and financing the Pre-Delivery Payments paid or payable (as the case may be) to Airbus in relation to the Aircraft.
- (E) It is a condition of the disbursement of funds under the PDP Loan Agreement that the parties enter into this Agreement which amends and restates the Original Step-In Agreement in the form of this Agreement and sets out the terms and conditions upon which Airbus agrees to grant and the Security Trustee agrees to assume the Relevant Rights and perform the Relevant Obligations in each case in respect of the Aircraft.

It is agreed as follows:

1 Interpretation

- 1.1 In this Agreement (including the Recitals), unless the context otherwise requires or unless otherwise defined or provided for in this Agreement, the following words and expressions shall have the respective meanings ascribed to them:

A320neo Aircraft means, as the context requires, all or any of the A320neo Airframes, together with the Engines and the Manuals and Technical Records relating respectively thereto.

A320neo Airframes means, as the context requires, all or any of the [***] Airbus A320neo airframes which are the subject of this Agreement and bearing CAC-IDs [***], together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

A321neo Aircraft means, as the context requires, all or any of the A321neo Airframes, together with the Engines and the Manuals and Technical Records relating respectively thereto.

A321neo Airframes means, as the context requires, all or any of the [***] Airbus A321neo airframes which are the subject of this Agreement and bearing CAC-IDs [***] together with all Parts incorporated in, installed on or attached to such airframes on the respective Delivery Dates of such airframes.

Affected Aircraft has the meaning given to it in paragraph (a) of Clause 6.8.

Affected Amounts has the meaning given to it in paragraph (a) of Clause 6.8.

Affiliate means, with respect to any person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such person or any of the member companies of the same group as such person, as the case may be.

Agreement means this Amended and Restated Step-In Agreement and all schedules, appendices, exhibits and annexes hereto as the same may be amended or supplemented from time to time.

Airbus Termination Event means (i) the occurrence of any event or the existence of any circumstance which entitles Airbus to terminate or cancel all or any part of the Assigned Purchase Agreement; or (ii) any breach by Frontier or Frontier Holdings of its obligations under the Guarantee executed by it that are, in the opinion of Airbus (acting reasonably), material.

Airbus Termination Event Notice means a notice served by Airbus in accordance with Clause 6.4(a).

Airbus Termination Notice means a notice served by Airbus in accordance with Clause 10.2.

Aircraft means, together, the A320neo Aircraft and the A321neo Aircraft.

Assigned Purchase Agreement means the Purchase Agreement, as and to the extent assigned to and assumed by the Buyer pursuant to the Assignment and Assumption Agreement and as amended and restated by the Assignment and Assumption Agreement.

Assignment and Assumption Agreement means the amended and restated assignment and assumption agreement dated on or about the date of this Agreement and entered into between Airbus, Frontier and the Buyer in respect of the Purchase Agreement.

BFE Transfer Documents means, in respect of a Relevant Aircraft:

- (a) a BFE bill of sale pursuant to which full legal and beneficial title to the BFE free and clear of all Encumbrances is transferred to Airbus; and
- (b) a BFE indemnity letter including an acknowledgement that Airbus accepts no responsibility for the condition of the BFE and an indemnity in favour of Airbus for any Losses suffered or incurred by Airbus as a consequence of Airbus acquiring title to the BFE and/or transferring title to such BFE,

in each case in a form and substance reasonably satisfactory to Airbus issued by the Buyer and/or the Security Trustee.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for business in Toulouse, London (only in respect of determining LIBOR) and New York.

Buyer Furnished Equipment and **BFE** means all the items of equipment that are furnished by or on behalf of the Buyer and/or the Security Trustee in respect of a

Relevant Aircraft and installed on such Relevant Aircraft by Airbus on or prior to the Delivery Date applicable to that Relevant Aircraft.

Cape Town Convention means the Convention on International Interests in Mobile Equipment and its Protocol on Matters specific to Aircraft Equipment concluded in Cape Town on 16 November 2001.

Certificate of Acceptance means in respect of a Relevant Aircraft, a certificate of acceptance relating to such Relevant Aircraft in the form set out in the Assigned Purchase Agreement or the Replacement Purchase Agreement.

Decision Date means, with respect to any Relevant Aircraft, the date falling [***] after the occurrence of a Step-In Event [***]

Delivery, with respect to any Relevant Aircraft:

- (a) with regard to any time prior to a Step-In, means the delivery of such Relevant Aircraft by Airbus to (i) the Buyer or its assignee pursuant to the terms and conditions set out in the Assigned Purchase Agreement or (ii) Frontier pursuant to the terms and conditions set out in the Re-Assigned Purchase Agreement; and
- (b) with regard to any time after a Step-In, means the delivery of such Relevant Aircraft by Airbus to the “Buyer” or its assignee pursuant to the terms and conditions set out in the Replacement Purchase Agreement.

Delivery Date means, in relation to each Relevant Aircraft, the date on which title to such Relevant Aircraft is transferred to the “Buyer” or its assignee under, and in accordance with the provisions of, the Assigned Purchase Agreement, the Re-Assigned Purchase Agreement or the Replacement Purchase Agreement.

Encumbrance means:

- (a) any mortgage, charge, pledge, assignment, title retention, lien or other encumbrance securing any obligation of any person or any other agreement or arrangement having a similar effect; or
- (b) any agreement or arrangement giving effect to any of the foregoing.

Engines means:

- (a) with respect to an A320neo Airframe, collectively the set of two (2) CFM International LEAP-1A26 engines attached to such A320neo Airframe on the Delivery Date of such A320neo Airframe;
- (b) with respect to an A321neo Airframe, collectively the set of two (2) engines attached to such A321neo Airframe on the Delivery Date of such A321neo Airframe.

Facility Acceleration Event means, by reason of the occurrence of a Loan Event of Default, the exercise by the Facility Agent of its rights under the PDP Loan Agreement to declare all amounts outstanding under the PDP Loan Agreement to be immediately due and payable.

Facility Agent means Citibank, N.A. as facility agent for and on behalf of the Lenders.

Final Price means the Final Price as defined in the Assigned Purchase Agreement or the Replacement Purchase Agreement.

Finance Parties means the Security Trustee, the Facility Agent and the Lenders and Finance Party means any one of them.

Financed Pre-Delivery Payments means, in relation to a Pre-Delivery Payment, the amount equal to that Pre-Delivery Payment or that part of that Pre-Delivery Payment which has been financed or refinanced or is to be financed or refinanced by the Lenders pursuant to the PDP Loan Agreement (whether or not initially paid by the Buyer) as set out (i) in the case of the A320neo Aircraft, in column 3 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 3 of Part B of Schedule 1 and **Financed Pre-Delivery Payment** means any one (1) such payment.

Frontier means Frontier Airlines, Inc., a corporation incorporated and existing under the laws of the State of Colorado, the United States of America.

Frontier Holdings means Frontier Airlines Holdings, Inc., a corporation incorporated and existing under the laws of the State of Delaware, the United States of America.

Guarantees means, together:

- (a) the guarantee and indemnity dated 23 December 2014 between Frontier as guarantor and Airbus as beneficiary pursuant to which Frontier has agreed, amongst other things, to guarantee to Airbus the due and punctual performance by the Buyer of all of its obligations owed to Airbus under each Relevant Document to which it is a party, as amended, supplemented or confirmed from time to time; and
- (b) the guarantee and indemnity dated 23 December 2014 between Frontier Holdings as guarantor and Airbus as beneficiary pursuant to which Frontier Holdings has agreed, amongst other things, to guarantee to Airbus the due and punctual performance by the Buyer of all of its obligations owed to Airbus under each Relevant Document to which it is a party, as amended, supplemented or confirmed from time to time,

(each, a **Guarantee**).

Guarantee Confirmation means the confirmation dated on or about the date hereof and executed by Frontier and Frontier Holdings in relation to the Guarantees.

Indemnitees has the meaning given to that term in Clause 11.

Insolvency Event means, in relation to a person, the occurrence of any of the following:

- (a) such person is unable or admits inability to pay its debts as they fall due or suspends making payments on all or a substantial part of its debts;
- (b) a moratorium or other protection from its creditors is declared or imposed in respect of all or a substantial part of the indebtedness of such person;
- (c) any corporate action on the part of such person is, or legal proceedings are, taken (including the making of an application, the presentation of a petition, the filing or service of a notice or the passing of a resolution) in relation to:
 - (i) the suspension of all or a substantial part of the payments, a moratorium of all or a substantial part of the indebtedness, winding-up, dissolution or administration of such person save, in the case of a winding-up, a winding up petition which is discharged, stayed or dismissed within thirty (30) days of its presentation;

- (ii) the appointment of a liquidator, supervisor, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of such person or all or a substantial part of the assets of such person; or
- (d) any expropriation, attachment, sequestration, distress or execution affects all or a substantial part of the assets of such person; or
- (e) any analogous event or circumstance to those described in paragraphs (a) to (d) above occurs in any jurisdiction.

International Registry means the registry established pursuant to the Cape Town Convention.

Lenders means the banks and financial institutions which are party to the PDP Loan Agreement as lenders from time to time, being as at the date of this Agreement, Citibank, N.A..

Letter of Release means a letter of release in the form set out in Schedule 2.

LIBOR has the meaning given to that term in the PDP Loan Agreement (as set out in Appendix B hereto).

Loan Event of Default has the meaning given to the term "*Event of Default*" in the PDP Loan Agreement (a complete list of which "*Events of Default*" as at the date hereof is set out in Appendix A) [***].

Losses includes all losses, payments, damages, liabilities, claims, proceedings, actions, penalties, fines, duties, taxes, fees, rates, levies, charges, demands or other sanctions of a monetary nature, insurance premiums, judgements, costs and expenses.

Manuals and Technical Records means together, those records, logs, manuals, technical data and other materials and documents relating to each Relevant Aircraft, as shall be delivered pursuant to the Assigned Purchase Agreement or the Replacement Purchase Agreement.

Material Event of Default means:

- (a) [***] the occurrence of an Insolvency Event in respect of the Buyer; or
- (b) the occurrence of the Loan Event of Default set out in paragraph (a) (*Non Payment*) of Appendix A, [***]; or
- (c) the occurrence of a Facility Acceleration Event.

Material Event of Default Notice means a written notice from the Security Trustee given to Airbus in accordance with the provisions of Clause 5.5.

Non-Financed Pre-Delivery Payments means in relation to a Pre-Delivery Payment, the amount equal to that Pre-Delivery Payment or that part of that Pre-Delivery Payment which has been paid or is to be paid by the Buyer (and which has not been financed or refinanced by the Lenders under the PDP Loan Agreement) as set out (i) in the case of the A320neo Aircraft, in column 4 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 4 of Part B of Schedule 1 and **Non-Financed Pre-Delivery Payment** means any one (1) such payment.

Notice means, with respect to a Relevant Aircraft:

- (a) a Step-In Notice; or

(b) a Letter of Release

as the case may be, in each case relating to such Relevant Aircraft.

Option means, in relation to any Relevant Aircraft, the option granted to Airbus pursuant to Clause 8.1.

Option Date means, in respect of an Option, the date upon which Airbus pays the Option Price to the Facility Agent.

Option Period means, in relation to any Relevant Aircraft, the period commencing on the date of the occurrence of a Step-In Event and ending on the date falling [***] after service by the Security Trustee of a Step-In Notice relating to that Relevant Aircraft.

Option Price means, in respect of a Relevant Aircraft, an amount equal to the aggregate of:

(a) all of the Financed Pre-Delivery Payments actually received by Airbus in respect of such Relevant Aircraft at the commencement of the relevant Option Period (without prejudice to Clause 11.2); and

(b) interest on the amount referred to in paragraph (a) above calculated at the rate of [***].

Original Step-In Agreement means the step-in agreement dated 23 December 2014 and entered into among the Buyer, the Security Trustee and Airbus, as amended on:

- 11 May 2015;
- 11 August 2015;
- 16 December 2016;
- 29 December 2017;
- 29 January 2019 (by way of restatement);
- 16 August 2019;
- 19 March 2020 (by way of restatement);
- 4 May 2020; and
- 15 December 2020.

Part means an appliance, component, part, instrument, accessory, furnishing or other equipment of any nature, excluding any Buyer Furnished Equipment and the Engines, which is installed in, attached to or supplied with a Relevant Aircraft on the Delivery Date thereof.

PDP Advance means, in respect of a Relevant Aircraft, an advance of funds by the Facility Agent under the PDP Loan Agreement for the purposes of financing or re-financing a Pre-Delivery Payment which is due and payable or which has been paid under the Assigned Purchase Agreement.

PDP Loan Agreement means the fourth amended and restated PDP loan agreement dated on or about the date of this Agreement made between the Buyer, as borrower, the Lenders, the Security Trustee and the Facility Agent relating to the financing and/or refinancing of certain Pre-Delivery Payments in respect of the Aircraft.

PDP Loan Margin means [***].

PDP Payment Dates means, in respect of each Aircraft, the dates when Pre-Delivery Payments are due as set out (i) in the case of the A320neo Aircraft, in column 1 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 1 of Part B of Schedule 1 and **PDP Payment Date** means any one (1) such date.

Permitted Transferee means, any person to whom the Security Trustee intends to transfer the benefit and burden of the corresponding Relevant Rights and/or Relevant Obligations in accordance with this Agreement who has been approved in writing by Airbus (such approval not to be unreasonably withheld or delayed), it being agreed and acknowledged by the Security Trustee that Airbus shall be entitled to withhold its approval in respect of any person which is:

- (a) a person to whom it is illegal for Airbus to sell an aircraft or a party with which Airbus is prohibited by applicable law or regulation from doing business; or
- (b) a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of Airbus (acting reasonably) by an entity that otherwise satisfies the definition of a Permitted Transferee);
- (c) an airframe manufacturer or an engine manufacturer, or an entity directly or indirectly controlled by an airframe manufacturer or an engine manufacturer, or an Affiliate of any such persons;
- (d) a person with which Airbus (acting reasonably) objects to doing business, either (i) by reason of the occurrence of a contractual or non-contractual dispute with that person or (ii) by reason of the default by such person or any of its Affiliates in the performance of any material obligation owed to Airbus under any contract; or
- (e) subject to or, in the reasonable opinion of Airbus, is likely to become the subject of an Insolvency Event prior to the Delivery of any Relevant Aircraft.

Pre-Delivery Payments means, in respect of each Aircraft, the amounts paid or payable by the Buyer under the Assigned Purchase Agreement (such payments being the pre-delivery payments paid or payable under the Purchase Agreement, as assigned to the Buyer) on specified dates, each as more particularly set out (i) in the case of the A320neo Aircraft, in column 2 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 2 of Part B of Schedule 1 and **Pre-Delivery Payment** means any one (1) such payment.

Purchase Agreement means the A320neo aircraft purchase agreement dated 30 September 2011, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), between Airbus (as seller) and Frontier (as buyer) with respect to, *inter alia*, the Aircraft (Frontier having acquired the rights and obligations of Republic Airways Holdings, Inc. thereunder pursuant to an assignment and assumption agreement dated 6 November 2013 between Republic Airways Holdings, Inc., Frontier and Airbus).

Re-Assigned Purchase Agreement means the Assigned Purchase Agreement, as re-assigned to and assumed by Frontier pursuant to the Re-Assignment and Assumption Agreement.

Re-Assignment and Assumption Agreement means the re-assignment and re-assumption agreement in respect of the Assigned Purchase Agreement dated 23 December 2014 (as amended from time to time) and entered into between Frontier, the Buyer and Airbus with respect to the re-assignment to Frontier and re-assumption by Frontier of rights, interests, obligations and liabilities under the

Assigned Purchase Agreement in respect of the Relevant Aircraft (as defined therein).

Re-Assignment Event has the meaning given to that term in the Re-Assignment and Assumption Agreement.

Relevant Aircraft means any Aircraft in respect of which a PDP Advance has been made.

Relevant Documents means this Agreement, the Assignment and Assumption Agreement, the Assigned Purchase Agreement, the Re-Assignment and Assumption Agreement, the Re-Assigned Purchase Agreement, each Guarantee, the Guarantee Confirmation and the Security Assignment (and, individually, each a **Relevant Document**).

Relevant Obligations means, in respect of a Relevant Aircraft, collectively:

- (a) the obligations of the Security Trustee under this Agreement;
- (b) the obligations of the “Buyer” under the Replacement Purchase Agreement (including the obligation to pay the Final Price to Airbus); and
- (c) the obligation of the Security Trustee after a Step-In and prior to Delivery to provide to Airbus a duly executed BFE Indemnity Letter in a form consistent with Airbus’ then standard practice, having regard to the circumstances.

Relevant Rights means, in respect of a Relevant Aircraft, collectively:

- (a) the right to Step-In in accordance with this Agreement;
- (b) the right to receive from Airbus in accordance with the terms and conditions set out in the Replacement Purchase Agreement any payment or repayment of an amount equal to or in respect of any part of any Pre-Delivery Payments received by Airbus [***]; and
- (c) the right to require Airbus in accordance with the terms and conditions set out in the Replacement Purchase Agreement to apply an amount equal to any such Pre-Delivery Payments relating to such Relevant Aircraft and received by Airbus and which have not pursuant to a final, non-appealable judgement been repaid by Airbus to the Buyer or any claimant acting through the Buyer (without prejudice to Clause 11.2), in partial satisfaction of the Final Price.

Replacement Purchase Agreement means, following a Step-In, the aircraft purchase agreement relating to each of the Step-In Aircraft that is an Aircraft, in the form set out in Schedule 4.

Scheduled Delivery Month means, in respect of each Aircraft, the month during which the Delivery Date is, at the date of this Agreement, scheduled to occur, as specified (i) in the case of the A320neo Aircraft, in column 6 of Part A of Schedule 1 and (ii) in the case of the A321neo Aircraft, in column 6 of Part B of Schedule 1.

Secured Obligations means any and all moneys and financial liabilities which are (or which are expressed to be) now or at any time hereafter due, owing or payable by the Buyer to any Finance Party in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever in favour of any Finance Party in relation to any PDP Advance under or pursuant to the PDP Loan Agreement, the Security Assignment and this Agreement, including as a consequence of any breach, non-performance, disclaimer or repudiation by the Buyer (or by a liquidator, receiver, administrative receiver, administrator or any

similar officer in respect of the Buyer) of any of such obligations; and any and all obligations which are (or which are expressed to be) now or at any time hereafter to be performed by the Buyer in favour of any Finance Party in relation to any PDP Advance pursuant to the PDP Loan Agreement, the Security Assignment and this Agreement.

Security Assignment means the fourth amended and restated mortgage and security agreement relating to the Assigned Purchase Agreement dated on or about the date of this Agreement made between the Buyer, the Facility Agent and the Security Trustee.

Share Charge means (i) the share charge in respect of the shares in the Buyer dated 23 December 2014 between Intertrust SPV (Cayman) Limited and the Security Trustee or (ii) any share charge over the shares in the Buyer made between Intertrust SPV (Cayman) Limited and the Security Trustee which replaces, but is not in addition to the original share charge, if the original share charge referred to in (i) above is found to be defective or unenforceable by the Security Trustee.

Standstill Period means a period ending [***] after the date Airbus serves an Airbus Termination Notice (or if, in the event of an Insolvency Event having occurred in respect of the Buyer, the Security Trustee is stayed or otherwise prohibited by law or by order of a court with jurisdiction over such proceeding from sending a Step-In Notice, [***] after the end of such stay or prohibition).

Step-In means, pursuant to the service by the Security Trustee of a Step-In Notice in accordance with the terms and conditions set out in this Agreement, the election by the Security Trustee to (i) step-in and purchase the Relevant Aircraft referred to in the Step-In Notice in accordance with the terms of the Replacement Purchase Agreement and (ii) assume the benefit and the burden of the Relevant Rights and the Relevant Obligations with respect to such Relevant Aircraft referred to in the Step-In Notice.

Step-In Aircraft means, following the occurrence of a Step-In Event, the Relevant Aircraft the Security Trustee has elected to purchase in accordance with the provisions of this Agreement and as identified in the Step-In Notice.

Step-In Event means:

- (a) the service by the Security Trustee of a Material Event of Default Notice in accordance with Clause 5.5; or
- (b) the service by Airbus of an Airbus Termination Event Notice.

Step-In Notice means the notice (if any) served by the Security Trustee pursuant to Clause 7.1 in the form set out in Schedule 3.

Terminated Aircraft has the meaning given to such term in Clause 7.3.

Termination Event means the occurrence of any of the events or circumstances set out in Clause 10.1.

US Dollars and **US\$** means the lawful currency of the United States of America.

1.2 In this Agreement:

- (a) references to Clauses, Appendices and Schedules are to be construed as references to the Clauses of, and the Appendices and Schedules to, this Agreement, references to sub-Clauses shall unless otherwise specifically stated be construed as references to the sub-Clauses of the Clause in which the reference appears and references to this Agreement include its Schedules;

- (b) references to this Agreement (or to any specified provisions of this Agreement) or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with its terms, or, as the case may be, with the agreement of the relevant parties;
- (c) words importing the plural shall include the singular and vice versa;
- (d) headings to clauses or sections are for convenience only and are to be ignored in construing this Agreement;
- (e) references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons, any state or any agency thereof and shall include references to its successors, permitted transferees and permitted assigns;
- (f) references to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- (g) **liability** includes any obligation or liability (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise);
- (h) the words **other** and **otherwise** shall not be construed *ejusdem generis* with any foregoing words where a wider construction is possible;
- (i) the words **herein**, **hereof** and **hereunder**, and words of similar import shall be construed to refer to a document in its entirety and not to any particular provision of such document; and
- (j) any representation or agreement made in favour of the Security Trustee is so made in its capacity as security trustee and is made for the benefit of the Security Trustee, the Facility Agent and the Lenders.

2 **Representations and Warranties**

2.1 Each party to this Agreement hereby represents and warrants to the other parties that, as at the date of this Agreement:

- (a) it is duly incorporated and existing under the laws of its jurisdiction of incorporation and has the power and authority to enter into and perform its obligations under this Agreement and all necessary action has been taken by it to authorise the execution, delivery and performance of this Agreement;
- (b) no authorisations, consents or approvals are required to be obtained by it under the laws, rules and regulations of any governmental authorities or other official bodies in its jurisdiction of incorporation known to be applicable in connection with this Agreement; and
- (c) this Agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms subject to general principles of equity and any applicable law from time to time in effect relating to bankruptcy or liquidation or any other applicable law affecting generally the enforcement of creditors' rights.

2.2 The Buyer further represents and warrants to the Security Trustee and Airbus that, as at the date of this Agreement:

- (a) the execution and delivery of, the performance of its obligations under, and compliance by it with the provisions of the Security Assignment and this Agreement will not:
 - (i) conflict with any agreement, mortgage, bond or other instrument or treaty to which it is a party;
 - (ii) contravene any existing applicable law of its jurisdiction of incorporation; or
 - (iii) contravene or conflict with any provision of its constitutional documents;
- (b) its business is limited exclusively to the acquisition, financing, owning, leasing and disposal of the Aircraft in accordance with the transactions contemplated by the PDP Loan Agreement and the Relevant Documents to which it is a party and matters incidental thereto;
- (c) the Assigned Purchase Agreement is in full force and effect and is enforceable against it in accordance with its terms subject to general principles of equity and any applicable law from time to time in effect relating to bankruptcy or liquidation or any other applicable law affecting generally the enforcement of creditors' rights;
- (d) it is not in breach of any provision of the Assigned Purchase Agreement;
- (e) other than pursuant to the Security Assignment, it has not created or allowed to subsist any Encumbrance over the whole or any part of its rights under the Assigned Purchase Agreement in respect of any of the Aircraft;
- (f) the extracts of the PDP Loan Agreement set out in Appendix A to this Agreement are true and accurate in all respects; and
- (g) the information set out in Schedule 1 is accurate and those Pre-Delivery Payments noted as having been paid on the date hereof have been paid to Airbus.

2.3 The Security Trustee represents and warrants to Airbus that the extracts of the PDP Loan Agreement set out in Appendix A to this Agreement are true and accurate in all respects on the date of this Agreement and Appendix A contains all events of default under the PDP Loan Agreement, the Security Assignment or any other agreement between the Security Trustee and the Buyer that relates to the financing of the Aircraft.

2.4 Airbus further represents and warrants to the Security Trustee and Buyer as follows:

- (a) [***]
- (b) [***]

3 Assumption and Agreement

3.1 Airbus acknowledges receipt of the Security Assignment and, to the extent that the same is not inconsistent or in conflict with the provisions of this Agreement, consents to the granting of the Security Assignment. Airbus, the Buyer and the Security Trustee each agree (for the benefit solely of Airbus and the Security Trustee) that, in the event of any conflict or inconsistency between the provisions of the Security Assignment (insofar as it relates to the Assigned Purchase Agreement and associated rights) and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- 3.2 [***] the Security Trustee acknowledges in favour of Airbus that Airbus shall be entitled to continue to deal with the Buyer (to the exclusion of the Security Trustee) in connection with the Relevant Rights at all times until a Step-In Notice has been served and shall be entitled to conclusively assume (without obligation to make any enquiry) that any exercise by the Buyer in connection with the Relevant Rights and the Relevant Obligations prior to the service of a Step-In Notice has been in accordance with this Clause.
- 3.3 In consideration of the Lenders entering into the PDP Loan Agreement pursuant to which they have agreed, subject to the terms and conditions thereof, to finance the Financed Pre-Delivery Payments in relation to the Relevant Aircraft payable to Airbus on the relevant PDP Payment Dates, Airbus, the Security Trustee and the Buyer hereby agree that, subject to the terms and conditions of this Agreement and provided that Airbus has not previously delivered an Airbus Termination Notice under Clause 10.2 in respect of such Relevant Aircraft following the occurrence of a Termination Event, upon receipt by Airbus of a Step-In Notice in respect of a Relevant Aircraft:
- (a) the rights and obligations of Airbus to the Buyer under the Assigned Purchase Agreement that relates solely to such Relevant Aircraft shall cease;
 - (b) the Buyer shall remain fully liable to Airbus to perform all the obligations of the "Buyer" under the Assigned Purchase Agreement, subject to the operation of the Re-Assignment and Assumption Agreement;
 - (c) the Security Trustee shall assume and perform in favour of Airbus the Relevant Obligations and receive the benefit of and be entitled to exercise the Relevant Rights in each case that relate solely to such Relevant Aircraft and in accordance with the terms of the Replacement Purchase Agreement; and
 - (d) Airbus' obligations and liabilities that relate solely to such Relevant Aircraft shall be owed solely to the Security Trustee subject to and in accordance with the terms of this Agreement and the Replacement Purchase Agreement (but not, for the avoidance of doubt, the Assigned Purchase Agreement).
- 3.4 It is a condition precedent to the obligations of Airbus under this Agreement that Airbus receives a copy of each Guarantee, the Guarantee Confirmation, the Assignment and Assumption Agreement, the Re-Assignment and Assumption Agreement and the Security Assignment, in each case duly executed by the parties thereto. Airbus hereby irrevocably confirms satisfaction of such condition precedent.
- 3.5 The condition specified in Clause 3.4 is inserted for the sole benefit of Airbus and may be waived in whole or in part and with or without conditions by Airbus at its sole discretion.
- 4 Undertakings of the Buyer**
- 4.1 Prior to the issuance of a Notice in respect of a Relevant Aircraft, the Buyer undertakes that it shall not without the prior consent of the Security Trustee, enter into any agreement with Airbus which would:
- (a) rescind, cancel or terminate any of the rights or obligations under the Assigned Purchase Agreement to the extent relating to such Relevant Aircraft; or
 - (b) [***] defer the Delivery Date of such Relevant Aircraft to the extent that the aggregate deferral in relation thereto does not exceed the date falling [***] after the last day of its Scheduled Delivery Month,

provided that the consent of the Security Trustee shall not be required in order for the Buyer to agree with Airbus to advance the Scheduled Delivery Month of such Relevant Aircraft for any period of time.

4.2 Prior to the issuance of a Notice in respect of a Relevant Aircraft, the Buyer hereby undertakes to Airbus and the Security Trustee that it shall:

- (a) notify the Security Trustee promptly after any change in the Scheduled Delivery Month of such Relevant Aircraft has been agreed; and
- (b) [***], obtain (or cause to be obtained), maintain (or cause to be maintained) in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, such consents, authorisations, licences or approvals of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things, which may from time to time be required or be desirable under law for the continued due performance of its obligations under the Relevant Documents to which it is a party.

4.3 The Buyer shall be responsible for all the documentation and transaction costs incurred in connection with the negotiation, preparation, execution and registration of the Relevant Documents including without limitation the legal fees and tax advisory fees of Airbus and the Finance Parties.

4.4 Following a Step-In the Buyer acknowledges that [***]

5 Undertakings of the Security Trustee

5.1 Until such time as a Step-In Notice has been received by Airbus in respect of a Relevant Aircraft, the Security Trustee agrees and undertakes that:

- (a) it shall not, and shall not be entitled to, exercise or otherwise enforce any of the Relevant Rights or perform any of the Relevant Obligations in respect of such Relevant Aircraft (other than the performance of its obligations under this Agreement); and
- (b) the Buyer shall be free to agree to advance the Scheduled Delivery Month of such Relevant Aircraft for any period of time without the consent of the Security Trustee; and
- (c) the Buyer together with Airbus shall be free to defer the Delivery Date of such Relevant Aircraft to the extent the aggregate deferral in relation thereto does not exceed the date falling [***] after the last day of its Scheduled Delivery Month.

5.2 The Security Trustee agrees and undertakes that:

- (a) it shall only be entitled to exercise or otherwise enforce any of the Relevant Rights or to perform any of the Relevant Obligations relating to a Relevant Aircraft in accordance with the provisions of this Agreement and the Replacement Purchase Agreement; and
- (b) the purchase price payable by it for a Step-In Aircraft shall be the Final Price as defined in and as calculated pursuant to the Replacement Purchase Agreement at the Delivery Date of such Step-In Aircraft.

5.3 The Security Trustee undertakes that:

- (a) prior to or contemporaneously with its service of the Step-In Notice relating to any Relevant Aircraft the Facility Agent shall have exercised its right to declare all amounts outstanding under the PDP Loan Agreement in respect of the Relevant Aircraft to be immediately due and payable and the Buyer

shall have failed to pay all such amounts on the date the same are expressed to be due and payable pursuant to the PDP Loan Agreement; and

- (b) unless to do so would be reasonably likely to be contrary to applicable law, prior to or contemporaneously with its service of the Step-In Notice relating to any Relevant Aircraft, the Security Trustee shall have (i) made demand under any guarantee provided by Frontier or Frontier Holdings which is now held by the Security Trustee as security for all or any other part of the Buyer's obligations under the PDP Loan Agreement and (ii) if security is hereafter created in favour of the Security Trustee as security for all or any part of the Buyer's obligations under the PDP Loan Agreement (for the avoidance of doubt other than the Share Charge and the Security Assignment), the Security Trustee shall have taken all steps reasonably available to it to enforce such security.

5.4 Nothing in this Agreement shall limit or restrict the ability of any Finance Party to exercise any rights they may have against the Buyer or any other person:

- (a) under the PDP Loan Agreement; or
- (b) under or pursuant to any security or guarantee now or hereafter held by any Finance Party for all or any part of the Buyer's obligations under the PDP Loan Agreement,

provided that it is agreed (for the benefit solely of Airbus and the Security Trustee) that, in the event of any conflict between the provisions of the PDP Loan Agreement and this Agreement, this Agreement shall prevail.

5.5 The Security Trustee undertakes to [***]

5.6 The parties agree that for the purposes of this Agreement, Airbus shall not be deemed to have knowledge of and need not recognise any event, condition, right, remedy or dispute affecting the interest of the Buyer or any Finance Party under this Agreement or the PDP Loan Agreement until such time as Airbus shall have received written notice thereof from the Security Trustee or any Finance Party.

5.7 The Security Trustee hereby confirms to Airbus that, as of the date of this Agreement, it has not and it covenants that it shall not at any time after the date of this Agreement take the benefit of any form of Encumbrance over the shares (howsoever described) of the Buyer (whether pursuant to a share pledge or other similar document and whether pursuant to a single transaction or a series of transactions) other than the Share Charge (a **Prohibited Charge**) without the prior written consent of Airbus. Without prejudice to Airbus' entitlement to exercise any rights and/or remedies pursuant to the terms of this Agreement or at law in respect of a breach by the Security Trustee of the covenant set out above, the Security Trustee and the Buyer each agree that:

- (a) if the Security Trustee:
 - (i) in breach of the covenant set out above, takes the benefit of a Prohibited Charge and, thereafter, takes any steps to enforce or otherwise exercise any of its rights arising out of any such Prohibited Charge; or
 - (ii) commences enforcement of the Share Charge in circumstances where the Security Trustee has not served the Step-In Notice pursuant to which the Security Trustee has irrevocably confirmed to Airbus that it has elected to assume and exercise all of the rights and obligations under the Assigned Purchase Agreement relating to all undelivered Relevant Aircraft,

Airbus shall, if it reasonably determines that such action has a material adverse effect on it, be entitled at any time thereafter to terminate or cancel this Agreement in respect of any or all of the Relevant Aircraft without liability to the Security Trustee or the Buyer [***] in respect of any or all of the Relevant Aircraft (following which Clauses 6.4 to 6.6 shall apply, [***]; and

- (b) the creation of any Prohibited Charge or the commencement of any enforcement of the Share Charge, in each case other than as permitted by this Clause 5.7, shall constitute a Re-Assignment Event for the purposes of the Re-Assignment and Assumption Agreement and, as contemplated by clause 2.2 of the Re-Assignment and Assumption Agreement, Airbus may, by written notice to each of the Buyer and Frontier, terminate the Assignment and Assumption Agreement with respect to any or all undelivered Relevant Aircraft.

5.8 The Security Trustee and the Buyer shall not (without the prior written consent of Airbus, not to be unreasonably withheld or delayed) [***]

(i) [***]

(ii) [***]

(iii) [***]

6 Undertakings of Airbus

6.1 Until such time as Airbus receives a Notice in respect of a Relevant Aircraft and served in accordance with the provisions of this Agreement, Airbus agrees for the benefit of the Security Trustee that it shall not, without the prior written consent of the Security Trustee, enter into any agreement with the Buyer to amend the provisions of the Assigned Purchase Agreement to the extent relating to a Relevant Aircraft in a manner which would be detrimental in any material respect to the rights of the Security Trustee in respect of the Relevant Rights or Relevant Obligations provided that:

- (a) Airbus and the Buyer may, in respect of any Relevant Aircraft, agree to:
 - (i) defer the Delivery Date of any Relevant Aircraft to the extent that the aggregate deferral in relation thereto does not exceed the date falling [***] after the last day of such Relevant Aircraft's Scheduled Delivery Month; and/or
 - (ii) advance the Delivery Date of any Relevant Aircraft for any period of time; and
- (b) this Clause 6.1 shall not (and shall not be construed to) restrict or otherwise limit the ability of Airbus to exercise its rights and to comply with its obligations under the Assigned Purchase Agreement to the extent relating to SCNs.

6.2 Airbus confirms, as at the date of this Agreement:

- (a) so far as Airbus is aware no Airbus Termination Event has occurred and is continuing; and
- (b) Airbus has received from the Buyer the amounts specified in column 5 of (in the case of the A320neo Aircraft) Part A or (in the case of the A321neo Aircraft) Part B of Schedule 1 to this Agreement on account of the Pre-Delivery Payments in respect of the Relevant Aircraft and all of the information contained in Schedule 1 is accurate as at the date hereof.

- 6.3 Subject always to the terms of this Agreement and provided no Airbus Termination Notice has been given under Clause 10.2 following the occurrence of a Termination Event with respect to any Relevant Aircraft that is continuing, Airbus undertakes to the Security Trustee that, prior to the termination or cancellation of the Assigned Purchase Agreement (which termination or cancellation by Airbus shall be made subject to Clause 6.4), Airbus will not unless required to do so by applicable law (and not by contract), transfer title to any of the Relevant Aircraft that are the subject of the Assigned Purchase Agreement to any person other than, subject to the terms and conditions set out in this Agreement, the Security Trustee or a Permitted Transferee, other than in circumstances where (a) the Security Trustee or its Permitted Transferee has executed or is required under the terms of this Agreement to execute and has failed to do so, a Letter of Release with respect to such Relevant Aircraft or (b) there has occurred a Re-Assignment Event.
- 6.4 If an Airbus Termination Event occurs with respect to any Relevant Aircraft, Airbus undertakes that:
- (a) it shall, prior to exercising any rights to terminate or cancel the Assigned Purchase Agreement, notify the Security Trustee in writing (with a copy to the Buyer) of the occurrence of the Airbus Termination Event, which notification shall specify the steps or actions (if any) which would be required to be undertaken in order to remedy the Airbus Termination Event (an **Airbus Termination Event Notice**); and
 - (b) subject to Clause 6.5, it shall not exercise any rights to terminate or cancel the Assigned Purchase Agreement to the extent relating to such Relevant Aircraft until such time as the Standstill Period has expired.
- 6.5 Notwithstanding the provisions of Clause 6.4, Airbus may exercise its rights under the Assigned Purchase Agreement to terminate the Assigned Purchase Agreement in part or in full at any time prior to the expiry of the Standstill Period, if, in the reasonable opinion of Airbus, it would be detrimental to the rights of Airbus as against the Buyer under the Assigned Purchase Agreement if such termination were delayed until the expiry of the Standstill Period. Following such termination, the provisions of Clause 6.6 shall apply as between the Security Trustee and Airbus.
- 6.6 If Airbus exercises its right to terminate or cancel the Assigned Purchase Agreement in respect of any Relevant Aircraft under the proviso to Clause 5.7 or Clause 6.5 prior to the expiry of the Standstill Period, or if the Assigned Purchase Agreement is rejected by the debtor or terminated by a bankruptcy court having jurisdiction in a proceeding under the United States Bankruptcy Code or in connection with any equivalent bankruptcy or insolvency proceedings in any other jurisdiction, Airbus agrees for the benefit of the Security Trustee that, as between Airbus and the Security Trustee and notwithstanding such termination or cancellation, the Security Trustee shall be entitled to serve a Step-In Notice prior to the expiry of the Standstill Period as if the Assigned Purchase Agreement were still in full force and effect. In such circumstances, following the service by the Security Trustee of a Step-In Notice the provisions of Clauses 7.4 to 7.5(b) shall apply as between Airbus and the Security Trustee.
- 6.7 If the Security Trustee has not served a Step-In Notice prior to the expiry of the Standstill Period, Airbus shall be entitled to exercise such rights as it then has to terminate or cancel the Assigned Purchase Agreement in respect of any or all of the relevant Aircraft without liability to the Security Trustee.
- 6.8
- (a) With regard solely to those Relevant Aircraft in respect of which:
 - (i) [***]
 - (ii) [***]

[***]

The parties agree that provided that [***].

- (b) Following the occurrence of a Step-In, the parties acknowledge and agree that [***].
- (c) The Security Trustee agrees and acknowledges that [***].
- (d) The Buyer agrees and acknowledges [***].
- (e) [***]

6.9 Upon becoming aware of the occurrence of an Airbus Termination Event, [***].

7 Rights following service of Step-In Notice

7.1 Following the occurrence of a Step-In Event which is continuing and provided: (i) the Security Trustee has complied with the provisions of Clause 5.5; and (ii) no Airbus Termination Notice has been given under Clause 10.2 following the occurrence of a Termination Event in respect of the Relevant Aircraft and is continuing:

- (a) the Security Trustee shall, prior to the Decision Date, serve the Step-In Notice to Airbus (with a copy to the Buyer) with respect to any one or more of the Relevant Aircraft;
- (b) if the Security Trustee elects to serve the Step-In Notice, the Security Trustee shall not be entitled to exercise or otherwise deal with the Relevant Rights or the Relevant Obligations in respect of a Relevant Aircraft until such time as the Step-In Notice has been served in accordance with the terms of this Agreement and received by Airbus; and
- (c) The Security Trustee shall have the right to serve only one Step-In Notice which shall relate to one or more of the Relevant Aircraft.

7.2 It is hereby agreed by the Security Trustee that the Step-In Notice shall:

- (a) identify each of the Relevant Aircraft in respect of which the Step-In Notice is served;
- (b) provide reasonable details of the breach or event which has given rise to the relevant Step-In Event; and
- (c) with respect to each Relevant Aircraft referred to therein, irrevocably confirm to Airbus that the Security Trustee elects to assume and exercise all of the Relevant Rights and to perform the Relevant Obligations relating to that Relevant Aircraft.

7.3 It is agreed by the Security Trustee that with regard to each Relevant Aircraft in respect of which no Step-In Notice is served on or before the Decision Date for such Relevant Aircraft (each a **Terminated Aircraft** and together the **Terminated Aircraft**):

- (a) the Relevant Rights of the Security Trustee in and to such Terminated Aircraft shall automatically terminate;
- (b) the obligations and liabilities of Airbus to the Security Trustee in and to the Relevant Rights relating to such Terminated Aircraft shall automatically terminate and the Encumbrance of the Security Assignment in relation thereto shall be discharged;

- (c) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus with respect of the Relevant Rights and the Relevant Obligations relating to such Terminated Aircraft; and
- (d) Airbus shall have no further obligations under this Agreement with respect to such Terminated Aircraft.

The Security Trustee undertakes that, with regard to the Terminated Aircraft, it shall upon request execute and deliver to Airbus a Letter of Release on the earlier to occur of (i) the date of the Step-In Notice (if any) and (ii) the Decision Date.

7.4 Within [***] of the date of delivery of a Step-In Notice with respect to any Relevant Aircraft, the Security Trustee shall notify Airbus in writing whether it or a Permitted Transferee is to be party to the Replacement Purchase Agreement. [***]

- (a) the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee) shall thereafter be entitled to exercise all of the Relevant Rights relating to such Relevant Aircraft in accordance with the provisions of this Agreement and the Replacement Purchase Agreement provided the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee) assumes and complies with the Relevant Obligations corresponding to such Relevant Rights; and
- (b) subject to and in accordance with the terms and conditions set out in the Replacement Purchase Agreement, Airbus shall, on such Relevant Aircraft's Delivery Date, transfer to the Security Trustee or the Permitted Transferee (as applicable) title to the Relevant Aircraft in accordance with the terms and conditions set out in the Replacement Purchase Agreement.

7.5 The Buyer hereby irrevocably confirms that following a Step-In by the Security Trustee in respect of any Relevant Aircraft and provided Airbus has not delivered an Airbus Termination Notice under Clause 10.2 prior to the occurrence of such Step-In:

- (a) any application or reimbursement of the Pre-Delivery Payments in favour of or at the direction of the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee) shall discharge Airbus from its obligations to make or apply such payments in favour of or at the direction of the Buyer. In such circumstances, the Buyer further irrevocably agrees that it shall have no entitlement to and shall not claim against Airbus any right to apply or to require Airbus to reimburse to the Buyer or Frontier an amount equal to any such Pre-Delivery Payments so applied or reimbursed in favour of, or at the direction of, the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee); and
- (b) any Delivery of a Relevant Aircraft to the Security Trustee or a Permitted Transferee (if applicable) shall discharge Airbus from its obligation to deliver such Relevant Aircraft to the Buyer. In such circumstances, the Buyer further irrevocably agrees that it shall have no entitlement to and shall not claim against Airbus any right to require Airbus to deliver such Relevant Aircraft to the Buyer.

7.6 Airbus undertakes that, following a Step-In and provided Airbus has not delivered an Airbus Termination Notice pursuant to Clause 10.2, Airbus shall, at the request of the Security Trustee, provide to the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee) a package of product support and training services in an amount which will be the lesser of (a) the amount the Seller is obligated to provide, in relation to the Relevant Aircraft, to Frontier under the Purchase Agreement (to the extent Frontier

has not consumed such services prior to the time of such request) and (b) the amount customarily provided by Airbus to the then operator of such Relevant Aircraft. The Security Trustee and Airbus agree to negotiate in good faith with a view to minimising the additional costs to Airbus associated with any such proposal. Without prejudice to the foregoing, in the event that Airbus (at its discretion) elects to propose any services in excess of the amount set out above, the Security Trustee agrees that Airbus shall be entitled to be compensated by the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee) for any additional cost incurred by Airbus in connection therewith (including any cost incurred as a consequence of having to duplicate any such services as may have already been performed in favour of the Buyer), such costs to be agreed between Airbus and the Security Trustee (or, if a Permitted Transferee has become the "Buyer" under the Replacement Purchase Agreement, the Permitted Transferee).

8 Airbus Option

- 8.1 The Security Trustee with the consent and approval of the Buyer, hereby grants Airbus the option to be released from Airbus' obligations under this Agreement in respect of any Relevant Aircraft upon payment to the Security Trustee of the Option Price, provided in each case that the option may only be exercised during the Option Period. [***]
- 8.2 If Airbus exercises an Option, Airbus shall pay to the Security Trustee the Option Price relating to the Relevant Aircraft no later than [***] after the date of exercise of the relevant Option provided that the Security Trustee has provided Airbus with details of the bank account into which such payment should be made.
- 8.3 An Option, once exercised, shall be irrevocable in respect all the Relevant Aircraft to which it relates.
- 8.4 If Airbus exercises any Option pursuant to this Clause 8, upon payment of the Option Price by Airbus to the Security Trustee in respect of the applicable Relevant Aircraft:
- (a) the rights and interests of the Security Trustee in the Relevant Rights relating to such Relevant Aircraft shall automatically terminate;
 - (b) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus in respect of the Relevant Rights and Relevant Obligations relating to such Relevant Aircraft; and
 - (c) Airbus shall have no further right or obligation whatsoever against or towards Security Trustee in respect of the Relevant Rights relating to such Relevant Aircraft,
- and concurrently therewith, Security Trustee shall execute and deliver to Airbus and the Buyer, a Letter of Release.
- 8.5 The Option relating to the Relevant Aircraft shall automatically lapse if Airbus does not exercise the Option on or before expiry of the Option Period.
- 8.6 The Buyer acknowledges and consents to the Option with respect to the Relevant Aircraft and agrees that, upon payment of the Option Price by Airbus to the Security Trustee:
- (a) the Pre-Delivery Payments received by Airbus under the Assigned Purchase Agreement in respect of the Relevant Aircraft shall be reduced by an amount equal to the Option Price; and
 - (b) an amount equal to the Option Price for all applicable Relevant Aircraft shall immediately become due and payable by the Buyer under the Assigned Purchase Agreement as Pre-Delivery Payments.

9 Liability of the Parties

- 9.1 The Security Trustee shall have no obligation or liability under the Assigned Purchase Agreement by reason of, or arising out of, any Relevant Document.
- 9.2 Following a Step-In and until the actual and due performance by the Security Trustee of all the Relevant Obligations in respect of a Step-In Aircraft, the Buyer shall not be discharged from any of the obligations assumed by it under the Assigned Purchase Agreement by reason of or arising out of this Agreement and shall remain fully liable to Airbus to perform all of the obligations of the "Buyer" under the Assigned Purchase Agreement in respect of such Step-In Aircraft and each of the other Relevant Aircraft. Nothing in this Agreement or any other Relevant Document shall in any way affect the obligation of the Buyer to perform each of the obligations set out in the Assigned Purchase Agreement relating to any other Aircraft.
- 9.3 Without prejudice to the terms of this Agreement, each of the Buyer and the Security Trustee agree that nothing contained in any Relevant Document shall:
- (a) subject Airbus to any duplicate liability in respect of a Relevant Aircraft: (i) to the Buyer after receipt of a Notice and (ii) to the Security Trustee prior to receipt of a Notice relating to such Relevant Aircraft; or
 - (b) [***]

10 Termination of the Relevant Rights

- 10.1 A Termination Event occurs if:
- (a) the Security Trustee does not serve the Step-In Notice in respect of the Relevant Aircraft on or before the Decision Date;
 - (b) the Security Trustee is required to serve a Letter of Release in respect of a Relevant Aircraft pursuant to any provision of this Agreement and has failed to do so within a reasonable time following request in writing from Airbus; or
 - (c) the Security Trustee or a Permitted Transferee (as applicable) does not enter into the Replacement Purchase Agreement [***] pursuant to Clause 7.4.
- 10.2 Upon the occurrence of any Termination Event, and provided that such event has not been cured or waived, Airbus shall have the right to terminate all or part of this Agreement with respect to any or all Relevant Aircraft by notice (the **Airbus Termination Notice**) to the Security Trustee (copied to the Buyer) and from the date of such Airbus Termination Notice
- (a) the rights and interests of the Security Trustee in and to the Relevant Rights relating to such Relevant Aircraft shall terminate;
 - (b) the obligations and liabilities of Airbus to the Security Trustee in and to the Relevant Rights relating to such Relevant Aircraft shall terminate;
 - (c) the Security Trustee shall have no further right or obligation whatsoever against or towards Airbus in respect of the Relevant Rights and the Relevant Obligations relating to such Relevant Aircraft;
 - (d) Airbus shall have no further obligations towards the Buyer or the Security Trustee under this Agreement with respect to such Relevant Aircraft;
 - (e) at the cost and expense, if any, of the Buyer, the Security Trustee agrees to release any and all Encumbrances created by the Security Trustee in respect of such Relevant Aircraft; and provided that if the events set out in

Clause 10.1(a) occur, Airbus shall be automatically released from all its obligations under this Agreement in respect of all Relevant Aircraft without the need to give an Airbus Termination Notice.

10.3 The Security Trustee undertakes that:

- (a) [***]
- (b) [***]
- (c) [***]
- (d) [***]
- (e) on or before the Delivery Date for each Relevant Aircraft, provided:
 - (i) no Material Event of Default has occurred which is then continuing; and
 - (ii) the Buyer has paid to the Facility Agent all monies then due and payable by the Buyer to the Finance Parties pursuant to the PDP Loan Agreement (other than the repayment of principal outstanding and related interest under the PDP Loan Agreement that would be payable on the Delivery Date of the Aircraft, provided that the Facility Agent (acting reasonably) is satisfied that such amount will be paid to it by the Buyer contemporaneously with Delivery of the Relevant Aircraft),

[***]

10.4 With regards to a Relevant Aircraft in respect of which a Letter of Release is executed by the Security Trustee (or is required to be executed by the Security Trustee pursuant to this Agreement and is not so executed) such Relevant Aircraft shall cease to be a "*Relevant Aircraft*" for the purposes of this Agreement and the Buyer shall continue to perform all of the obligations of the "*Buyer*" under the Assigned Purchase Agreement.

10.5 [***]

11 Indemnities

11.1 The Buyer hereby indemnifies and holds Airbus harmless from and against any and all Losses suffered by Airbus in any way relating to or arising out of:

- (a) the entry into, and performance of, this Agreement; and
- (b) any action or inaction of the Buyer or the Security Trustee in connection with this Agreement,

except to the extent that any such Loss arises as a consequence of the gross negligence or wilful misconduct of Airbus or the breach by Airbus of any representation or warranty made by it under this Agreement.

11.2 If Airbus, having applied or reimbursed, as the case may be, an amount equal to any Pre-Delivery Payments then held by Airbus in accordance with the direction of the Security Trustee in any exercise by the Security Trustee of the Relevant Rights, is subsequently obliged to comply with a final, non-appealable judgment to reimburse any Pre-Delivery Payments to the Buyer, the Security Trustee hereby undertakes, upon the first written demand of Airbus, to reimburse to Airbus, an amount equal to the amount so reimbursed to the Buyer, [***]

- (a) [***]
- (b) [***]
- (c) [***]

If Airbus becomes aware of any possibility of any proceedings or other events which may lead to the indemnity contained in this Clause 11.2 becoming applicable, [***]

[***]

- 11.3 The Security Trustee agrees to indemnify and hold Airbus and its officers, directors and employees (collectively, the **Indemnitees**) harmless from and against any and all Losses which are imposed upon or incurred by or asserted against such Indemnitee in any manner resulting from or arising out of the exercise (or purported exercise) by the Security Trustee of its rights or remedies under this Agreement if it is determined by a final judgment of a court of competent jurisdiction that the Security Trustee was not entitled to exercise such rights or remedies or that such rights or remedies were exercised contrary to the provisions of the Security Assignment, this Agreement, or applicable law.

The Buyer irrevocably agrees to indemnify the Security Trustee against any Losses incurred by the Security Trustee in complying with its obligations pursuant to Clause 11 of this Agreement except to the extent that any such Loss arises as a consequence of the gross negligence or wilful misconduct of the Security Trustee.

- 11.4 Any claim for payment by an Indemnitee under this Clause 11 shall be substantiated by the certificate of the Vice-President, Contracts Division of Airbus containing evidence of such claim, including if applicable, a copy of any relevant judgement.
- 11.5 The indemnities set out in this Clause 11 shall survive the execution and delivery of this Agreement and shall continue in full force and effect notwithstanding the occurrence of the Delivery Date in respect of any Relevant Aircraft.

12 Onward Transfer of Rights

- 12.1 Save for any transfer to a Permitted Transferee pursuant to this Clause 12 below, the Security Trustee may not assign, sell, transfer, delegate or otherwise deal with or dispose of any Relevant Right or Relevant Obligation relating to any Relevant Aircraft.
- 12.2 No transfer of the Relevant Rights and/or the Relevant Obligations applicable to any Relevant Aircraft by the Security Trustee to a Permitted Transferee shall be permitted or effective until and unless:
- (a) the Security Trustee shall have served a Step-In Notice on Airbus in accordance with the provisions of this Agreement;
 - (b) Airbus and the Permitted Transferee have entered into arrangements satisfactory to Airbus (acting reasonably) pursuant to which, amongst other things, the Permitted Transferee irrevocably commits to: (i) step-in and purchase the Relevant Aircraft in accordance with the Replacement Purchase Agreement and (ii) assume the Relevant Rights and Relevant Obligations with respect to such Relevant Aircraft; and
 - (c) Airbus confirms in writing to the Security Trustee that, with regard to the subject Relevant Aircraft: (i) the arrangements referred to in Clause 12.2(b) have been entered into; and (ii) the Security Trustee is released from its obligations under this Agreement (including its obligations under the Replacement Purchase Agreement for such Relevant Aircraft) with respect to such Relevant Aircraft.

12.3 Any purported assignment, sale, transfer, delegation or other disposal of any Relevant Rights or Relevant Obligations in contravention of the provisions of this Agreement shall be null and void and have no force or effect on or against Airbus.

13 Notices

13.1 Any notice or other communication given or made under this Agreement shall be in writing in the English language and, provided it shall be addressed as set out below, it shall be deemed to have been duly given as follows:

- (a) if sent by personal delivery, upon delivery at the address of the relevant party;
- (b) if sent by post, [***] after being deposited in the post, postage prepaid, in a correctly addressed envelope;
- (c) if sent by facsimile, when despatched during business hours (or if after business hours, the next Business Day) with correct confirmation printout, to the parties as follows:

(i) in the case of the Buyer to:

Vertical Horizons, Ltd.
c/o Intertrust SPV (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman, KY1 9005
Cayman Islands

Fax: +# ### ##

Email: ###

Attention: Directors

with a copy to:

Frontier Airlines, Inc.
4545 Airport Way
Denver, CO 80239
United States of America

Fax: +# ### ##

Attention: SVP – General Counsel

(ii) in the case of the Security Trustee to:

Bank of Utah
200 E. South Temple
Suite 210
Salt Lake City, UT 84111
United States of America

Fax: +# ### ##

Attention: Corporate Trust Services

(iii) in the case of Airbus to:

Airbus S.A.S.
2 rond point Emile Dewoitine
31700 Blagnac
France

Fax: +### # ## ## ## ## ##
Attention: Head of Contracts

Any party may change its contact details by giving [***] prior written notice to the other parties.

13.2 Each party shall be entitled to rely on the information contained in any notice issued or served pursuant to this Agreement and shall not have to further enquire as to the accuracy of the information contained in any such notice.

14 **Confidentiality**

Each party agrees that it shall not disclose any information relating to any Relevant Document except:

- (a) as required by any applicable law or governmental regulations;
- (b) as required in connection with any legal proceedings arising from or in connection with any Relevant Document;
- (c) with the prior written consent of each other party hereto;
- (d) to its professional, legal and other advisors **provided that** such advisors are under a legal, ethical or professional duty to treat such information as confidential and not to disclose the same to third parties;
- (e) [***]
- (f) [***]
- (g) to any proposed Permitted Transferee **provided that** such proposed Permitted Transferee has executed a confidentiality agreement (in form and content satisfactory to Airbus) in favour of Airbus or has otherwise agreed in favour of Airbus to maintain confidentiality (in a manner satisfactory to Airbus),

subject, in the case of each Relevant Document (other than this Agreement), to the confidentiality provisions contained in such Relevant Document that apply as between the parties to such Relevant Document.

15 **Provisions severable**

Every provision contained in this Agreement shall be severable and distinct from every other such provision and if at any time any one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining such provisions shall not in any way be affected thereby. Any provision of this Agreement which may prove to be or becomes illegal, invalid or unenforceable in whole or in part, shall so far as reasonably possible and subject to applicable laws, be performed according to the spirit and purpose of this Agreement.

16 **Amendments**

The parties agree that the provisions of this Agreement shall not be amended except by an instrument in writing executed by or on behalf of each of the Buyer, the Security Trustee and Airbus.

17 **Further Assurance**

The parties agree, at the cost and expense the Buyer (and in any event subject to its costs and expenses being paid), from time to time to do and perform, or cause

to be done and performed, such other and further acts and execute and deliver or cause to be executed and delivered any and all such other instruments as may be required by law or reasonably requested by a party hereto in order to establish, maintain and protect the rights and remedies of the parties and to carry out and effect the intent and purpose of this Agreement.

18 **Third party rights**

The parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement. The parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under and to the extent permitted pursuant to the terms of this Agreement without the consent of any person who is not a party to this Agreement.

19 **Entire agreement**

This Agreement sets out the entire agreement between the parties. It supersedes all previous agreements between the parties on the subject matter of this Agreement. No other term, express or implied, forms part of this Agreement. No usage, custom or course of dealing forms part of or affects this Agreement.

20 **Counterparts**

This Agreement may be executed by the parties on separate counterparts, each of which when so executed shall be an original, and each such counterpart shall together constitute one and the same instrument.

21 **Cape Town Convention**

Prior to the Delivery Date of a Relevant Aircraft none of the Security Trustee or the Buyer shall seek, nor shall they be entitled, to register any interest in such Relevant Aircraft or this Agreement at the International Registry. [***]

22 **Governing Law and Jurisdiction**

22.1 This Agreement is governed by English law. The parties hereto agree that the courts of England shall have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with this Agreement.

22.2 The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and accordingly that they will not argue to the contrary.

22.3 Each party waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- (b) the issue of any process against its assets or revenues for the enforcement of a judgement or, in an action *in rem*, for the arrest, detention or sale of any of its assets or revenues.

23 **Service of Process**

23.1 Without prejudice to any other mode of service allowed under any relevant law, each of the parties to this Agreement irrevocably appoints:

- (a) in the case of the Buyer: Walkers at 6 Gracechurch Street, London EC3V 0AT, United Kingdom;
- (b) in the case of the Security Trustee: Walkers at 6 Gracechurch Street, London EC3V 0AT, United Kingdom; and
- (c) in the case of Airbus: Airbus Operations Limited, Pegasus House, Aerospace Avenue, Filton, Bristol, BS34 7PA, United Kingdom (Attention: Legal Department),

as its agent for service of process in relation to any proceedings before the English courts in connection with this Agreement.

23.2 Each party agrees that:

- (a) the addresses referred to in Clause 23.1 above may be revised provided at least five (5) Business Days prior written notice is given to the other parties; and
- (b) failure by a process agent to notify the relevant party of the process will not invalidate the proceedings concerned.

24 [***]

24.1 [***]

24.2 [***]

24.3 [***]

- (a) [***]
 - (i) [***]
 - (ii) [***]
 - (iii) [***]

- (b) [***]
- (c) [***]
- (d) [***]

24.4 [***]

- (a) [***]
- (b) [***]
- (c) [***]
- (d) [***]

[***]

24.5 [***]

24.6 [***]

24.7 [***]

24.8 [***]

25 **Limitation of Security Trustee Liability**

It is expressly understood and agreed by the parties that:

25.1 this document is executed and delivered by Bank of Utah, not individually or personally, but solely as Security Trustee;

25.2 each of the representations, undertakings and agreements herein made on the part of the Security Trustee is made and intended not as personal representations, undertakings and agreements by Bank of Utah, but only in its capacity as Security Trustee for the Facility Agent and the Lenders;

25.3 nothing herein contained shall be construed as creating any liability on Bank of Utah, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto; and

25.4 under no circumstances shall Bank of Utah be personally liable for the payment of any indebtedness or expenses of the Lenders or the Facility Agent or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Security Trustee under this Agreement, the Relevant Documents or any other related documents excluding, in each case, gross negligence, wilful misconduct or simple negligence in the handling of money by the Security Trustee for which it shall be liable in its individual capacity.

IN WITNESS whereof each of the parties has executed this Agreement as a deed the day and year first before written.

Schedule 1 Pre-Delivery Payments, Scheduled Delivery Months

Part A – A320neo Aircraft

Schedule 2 Form of Letter of Release

To: **Vertical Horizons, Ltd.**
c/o Intertrust SPV (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman, KY1 9005
Cayman Islands

Fax: +# #### #### #####
Attention: Directors

with a copy to:

Frontier Airlines, Inc.
4545 Airport Way
Denver, CO 80239
United States of America

Fax: +# #### #### #####
Attention: SVP – General Counsel

Airbus S.A.S.
2 rond-point Emile Dewoitine
31700 Blagnac France

Fax: +## # ## ## ## ##
Attention: Head of Contracts

Dated: [●]

Dear Sirs

Amended and Restated Step-In Agreement made between (i) Vertical Horizons, Ltd., (ii) Bank of Utah, not in its individual capacity but solely as security trustee (the “Security Trustee”) and (iii) Airbus S.A.S. (“Airbus”) relating to [*] Airbus A320neo Aircraft and [***] Airbus A321neo Aircraft (the “Aircraft”) dated [●] (the “Agreement”).**

We refer to the Agreement. Capitalised terms and expressions used in this Letter of Release not otherwise defined herein shall have the meanings given in the Agreement.

This Letter of Release relates to [● (●) [A320neo/A321neo] aircraft, MSN[s] ●, CAC ID[s] ●] (the **Released Aircraft**) which [is one of] [are ● (●) of] the Aircraft as defined in the Agreement.

With effect from the date of this Letter of Release, we hereby irrevocably confirm to Airbus and the Buyer that:

- 1 the Released Aircraft is released from the terms and conditions of the Agreement and the Agreement shall terminate with respect to the Released Aircraft;
- 2 we terminate all our right, title or interest in and to the Relevant Rights [(with respect to the Released Aircraft only)];
- 3 the Encumbrance of the Security Assignment created in respect of the Relevant Rights relating to the Released Aircraft is hereby released and the Relevant Rights relating to the Released Aircraft are free and clear of all Encumbrances attributable to the Security Trustee; and
- 4 Airbus is released from its duties, obligations and liabilities to us [(but only in respect to the Released Aircraft)] under the Agreement.

For the avoidance of doubt this release does not extend to the Buyer's other obligations to the Security Trustee or the Finance Parties pursuant the Security Assignment or the PDP Loan Agreement, including without limitation, its obligation to repay amounts owing thereunder, with respect to the Aircraft.

By countersigning this Letter of Release, Airbus releases the Security Trustee from its obligations under the Agreement with respect to the Released Aircraft.

[The Agreement shall remain in full force and effect and nothing in this Letter of Release is to be construed as a release of the Security Trustee rights, title and interest in and to the Relevant Rights with respect to any other Relevant Aircraft (as defined in the Agreement) arising pursuant to the Agreement.]

This Letter of Release shall be governed by and construed in accordance with the laws of England.

Please countersign this Letter of Release and confirm your agreement to the aforementioned.

Yours faithfully

Executed as a Deed by
Bank of Utah
(not in its individual capacity but solely as Security
Trustee))
and signed by [●])
its [●])

in the presence of:

Name:

Address:

Acknowledged and agreed

By and on behalf of
Vertical Horizons, Ltd.

Schedule 3 Form of Step-In Notice

To: **Airbus S.A.S.**
2 rond-point Emile Dewoitine
31700 Blagnac
France

Fax: +## # ## ## ## ##
Attention: Head of Contracts

Cc: **Vertical Horizons, Ltd.**
c/o Intertrust SPV (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman, KY1 9005
Cayman Islands

Fax: +# ### ### #####
Attention: Directors

with a copy to:

Frontier Airlines, Inc.
7001 Tower Road
Denver, CO 80249
United States of America

Fax: +# ### ### #####
Attention: SVP – General Counsel

Dated: [●]

Dear Sirs

Amended and Restated Step-In Agreement made between (i) Vertical Horizons, Ltd., (ii) Bank of Utah, not in its individual capacity but solely as security trustee (the “Security Trustee”) and (iii) Airbus S.A.S. (“Airbus”) relating to [*] Airbus A320neo Aircraft and [***] Airbus A321neo Aircraft dated [●] (the “Agreement”).**

We refer to the Agreement. Capitalised terms and expressions used in this Step-In Notice not otherwise defined herein shall have the meanings given in the Agreement.

This is the Step-In Notice for the purposes of the Agreement.

This Step-In Notice is being served pursuant to clause 7 of the Agreement as a result of:

[The occurrence of a Step-In Event arising from the service by [Airbus of a notice in accordance with clause 6.4 of the Agreement] [the Security Trustee of a Material Event of Default Notice in accordance with clause 5.5 of the Agreement and the Material Event of Default relating to such Material Event of Default have not been waived or cured for the purposes of clause 5.6 of the Agreement].

In accordance with clause 7 of the Agreement, the Security Trustee hereby irrevocably confirms to Airbus that it elects to assume and exercise the Relevant Rights and perform the Relevant Obligations relating to the following Relevant Aircraft (hereinafter the Step-In Aircraft):

[●]

This Step-In Notice is governed by and shall be construed in accordance with English law.

Yours faithfully

For and on behalf of:

Bank of Utah not in its individual capacity but solely as Security Trustee

By:
Title:

Schedule 4 Form of Replacement Purchase Agreement

Appendix A: PDP Loan Agreement Extracts

Clause 4 – Events of Default

4 Events of Default

Each of the following events shall constitute an Event of Default which shall continue so long as, but only as long as, it shall not have been remedied:

- (a) *Non Payment.* The Borrower shall have failed to make a payment of any principal on any Loan Certificate within [***] after the same shall have become due; or the Borrower shall have failed to make a payment of interest on any Loan Certificate within [***] after the same shall have become due;
- (b) *Other Payments.* The Borrower shall have failed to make any payment of any amount owed to any Finance Party under the Operative Documents, including without limitation, any payment owed pursuant to Clause 5.2 or Clause 5.9 of the Credit Agreement, other than as provided under paragraph (a) of this Clause 4 after the same shall have become due and such failure shall continue for five (5) Business Days after the Borrower has received notice that such payment is due;
- (c) *Special Purpose Covenants.* The Borrower shall have failed to perform or observe, or caused to be performed and observed, any covenant or agreement to be performed or observed by it under Clause 10.3 of the Credit Agreement;
- (d) *Other Covenants.* The Borrower or any Guarantor shall have failed to perform or observe, or caused to be performed and observed, in any respect, any other covenant or agreement to be performed or observed by it under any Operative Document, and such failure (if capable of remedy) shall continue unremedied for a period of [***] after Borrower's or any Guarantor's receipt of written notice from the Security Trustee or the Facility Agent; provided however that such grace period shall not apply if such breach gives rise to any reasonable likelihood of the sale, forfeiture or other loss of any of the Collateral or the Aircraft or any interest therein;
- (e) *Representations and Warranties.* Any representation or warranty made by the Borrower or any Guarantor in any Operative Document or any document or certificate furnished by any such Obligor in connection therewith or pursuant thereto shall prove to have been incorrect or misleading at the time made, which, if capable of cure, is not cured within thirty (30) days after the Borrower or any Guarantor obtains knowledge thereof and to the extent such incorrect or misleading representation or warranty is materially adverse to the Security Trustee or any Lender;
- (f) *Voluntary Bankruptcy.* The commencement by the Borrower or any Guarantor of a voluntary case or winding up under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal, state or other bankruptcy, insolvency or other similar law in the United States or the Cayman Islands, or the consent by the Borrower or any Guarantor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or any Guarantor or for all or substantially all of its property, or the making by the Borrower or any Guarantor of any assignment for the benefit of creditors of the Borrower or any Guarantor shall take any corporate action to authorize any of the foregoing (including, without limitation, by the passing of a shareholders' resolution for its involuntary winding up) or to authorize a general payment moratorium;

- (g) *Involuntary Bankruptcy.* The commencement of an involuntary case, winding up or other proceeding in respect of the Borrower or any Guarantor under the federal, bankruptcy laws, as now or hereafter constituted, or any other applicable federal state or other bankruptcy, insolvency or other similar law in the United States or the Cayman Islands or seeking the appointment of a liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Borrower or any Guarantor for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding remains undismissed and unstayed for a period of [***], or an order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent of the Borrower or any Guarantor, a receiver, trustee or liquidator of the Borrower or any Guarantor, or for all or substantially all of its property, or sequestering of all or substantially all of the property of any Guarantor or the occurrence of such in respect of any property of the Borrower and any such order, judgment or decree or appointment or sequestration shall be final or shall remain in force undismissed, unstayed or unvacated for a period of [***], after the date of entry thereof;
- (h) *Perfected Security Interest.* The Security Trustee shall cease to hold a valid and perfected security interest in any of the Collateral (except with respect to Permitted Liens);
- (i) *Breach of Assigned Purchase Agreements or Engine Agreement.* The Borrower or any Guarantor breaches or repudiates or evidences an intention to repudiate the terms of either Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Servicing Agent, either Engine Agreement, or either Airbus Purchase Agreement, as applicable, and such breach is not cured within [***];
- (j) *Cross Defaults.* For any reason, any Financial Indebtedness of any Guarantor (or any Financial Indebtedness which a Guarantor has agreed to guarantee) in an aggregate amount in excess of [***] (or its equivalent in other currencies as determined by the Security Trustee), is not paid when due nor within any originally applicable grace period, and such Financial Indebtedness is declared to be due and payable prior to its specified maturity as a result of an event of default or termination event (howsoever described);
- (k) *Judgments:* any judgment against a Guarantor for an amount equal to or in excess of [***] is not paid by the date required by the court, unless such judgment is appealable and is being contested in good faith and by appropriate proceedings by such Guarantor;
- (l) *BFE Payments.* The Borrower or any Guarantor shall have failed to make the payment of any amount listed in Schedule VI to the Credit Agreement in respect of BFE for each Aircraft in respect of which a Loan is then outstanding when due;
- (m) *Servicing Agreement.* An event occurs that entitles Frontier Airlines to terminate the Servicing Agreement pursuant to Clause 5.2 of the Servicing Agreement;
- (n) *Step-In Agreement.* The occurrence of an Insolvency Event in respect of the Borrower or any Guarantor or a Step-In Event (as defined in the Step-In Agreement); and
- (o) *Financial Covenants.* Frontier Group Holdings, Inc. shall have failed to perform, observe or comply with, or caused to be performed, observed and

complied with, any covenant or agreement to be performed, observed or complied with by it under Clause 9(f) of the relevant Guarantee.

Selected Definitions

"Administration Agreement" means the administration agreement between the Borrower and the Agent dated as of December 18, 2014, together with the administrator fee letter dated as of December 18, 2014, to which, *inter alia*, Frontier Airlines is a party.

"Advance" means each Purchase Price Installment paid or payable by or on behalf of the Borrower in respect of each Aircraft in accordance with the terms of the Assigned Purchase Agreement which, for each Purchase Price Installment due on or after the Original Signing Date, is in the amount and payable on the date specified in Schedule III to the Credit Agreement.

"Airbus" means Airbus S.A.S., in its capacity as manufacturer of the Aircraft, and its successors and assigns.

"Aircraft" means each "Aircraft" identified as such for the purposes of the Credit Agreement.

"Airbus Purchase Agreement" means, with respect to each Aircraft, the A320neo aircraft purchase agreement dated as of September 30, 2011 between Airbus and Frontier Airlines, as amended and supplemented from time to time (but excluding any letter agreements entered into from time to time in relation thereto), to the extent related to the Aircraft and as the same may be further amended and supplemented from time to time.

"Assigned Purchase Agreement" means the Airbus Purchase Agreement as assigned and transferred to the Borrower and amended and restated in the terms set forth in Schedule 3 to the Assignment and Assumption Agreement.

"Assignment and Assumption Agreement" means the Amended and Restated Assignment and Assumption Agreement entered into among Frontier Airlines, the Borrower and Airbus in respect of the assignment, in part, of the Airbus Purchase Agreement to the Borrower in respect of the Aircraft.

"Borrower" means Vertical Horizons, Inc., a Cayman Islands exempted company, and its successors and permitted assigns.

"Borrowing Date" means (a) the Original Signing Date, (b) the AR Signing Date, (c) the Amendment No. 2 Signing Date, (d) the AR No. 2 Signing Date, (e) the AR No. 3 Signing Date, (f) the AR No. 4 Signing Date, the Initial Borrowing Date, (g) each date on which an Advance is payable in respect of an Aircraft under the related Assigned Purchase Agreement as specified in Schedule III to the Credit Agreement and (h) each date on which a Line of Credit is requested by the Borrower.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in London England and New York City, provided that, if such day relates to the giving of notices or quotes in connection with LIBOR, Business Day shall mean a day on which commercial banks are required or authorized to stay open in London England only.

"Buyer Furnished Equipment" or **"BFE"** means those items of equipment which are identified in the specification of an Aircraft in the related Assigned Purchase Agreement as being furnished by the "Buyer" and are listed in the Credit Agreement.

"Collateral" means, collectively, (i) all of the collateral subject to the granting clause in the Mortgage and (ii) the all of the collateral subject to the Share Charge.

"Commitment Termination Date" means the later of (i) December 31, 2021 and (ii) the Extension Date in the most recent Extension Notice.

"Cost of Funds" means (i) for any "stub" Interest Period described in clause (x) of the definition of "LIBOR", a percentage per annum that equals the cost of funds of each Lender for such Interest Period (as determined by the Facility Agent from cost-of-funds quotations provided by the Lenders, as certificated thereby), and (ii) with respect to any other Interest

Period, a rate per annum equal to the Lender's cost of funds for such Interest Period determined in accordance with the Credit Agreement and calculated on the basis of a year of 360 days and the actual number of days elapsed.

"Credit Agreement" means that certain Credit Agreement entered into or to be entered into, as the context may require, between the Borrower, the Lenders, the Facility Agent and the Security Trustee, as amended and supplemented from time to time.

"Delivery Date" means, for any Aircraft, the date on which such Aircraft is to be delivered by Airbus and accepted by Borrower or its permitted assignee under the Assigned Purchase Agreement.

"Effective Date" has the meaning specified in Clause 2.3 of the Credit Agreement.

"Engine Agreement" means, (i) in respect of the A320neo Aircraft other than the Incremental A320neo Aircraft, each of (a) the Engine Manufacturer consent agreement dated as of the Effective Date, (b) the Engine Manufacturer consent agreement dated as of January 29, 2019, (c) the Engine Manufacturer consent agreement dated as of December 16, 2016 and (c) the Engine Manufacturer consent agreement dated as of August 11, 2015, and (ii) in respect of the A321neo Aircraft, the Engine Manufacturer consent agreement dated on or prior to the earlier of (i) the first Borrowing Date in respect of an A321neo Aircraft to occur after the Effective Date and (ii) April 15, 2020, in each case among the applicable Engine Manufacturer, Frontier Airlines and the Security Trustee substantially in the form of Exhibit D to the Credit Agreement.

"Engine Manufacturer" means (a) in respect of the A320neo Aircraft other than the Incremental A320neo Aircraft, CFM International, Inc., (b) in respect of the Incremental A320 neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent on or prior to the earlier of (i) the first Borrowing Date in respect of an Incremental A320neo Aircraft to occur after the Effective Date and (ii) April 15, 2020 and (c) in respect of the A321neo Aircraft, the engine manufacturer certified by Frontier Airlines to the Facility Agent on or prior to the earlier of (i) the first Borrowing Date in respect of an A321neo Aircraft to occur after the Effective Date and (ii) April 15, 2020.

"Facility Agent" means Citibank N.A. in its capacity as Facility Agent under the Credit Agreement and any successor thereto in such capacity.

"Finance Parties" means together the Lenders, the Facility Agent and the Security Trustee (each a **"Finance Party"**).

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease, lease purchase, installment sale, conditional sale, hire purchase or credit sale or other similar arrangement (whether in respect of aircraft, machinery, equipment, land or otherwise) entered into primarily as a method of raising finance or for financing the acquisition of the relevant asset;
- (e) payments under any lease with a term, including optional extension periods, if any, capable of exceeding two years (whether in respect of aircraft, machinery, equipment, land or otherwise) characterized or interpreted as an operating lease in accordance with the relevant accounting standards but either entered into primarily as a method of financing the acquisition of the asset leased or having a termination sum payable upon any termination of such lease;

- (f) any amount raised by receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis) including any bill discounting, factoring or documentary credit facilities;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) obligations (whether or not conditional) arising from a commitment to purchase or repurchase shares or securities where such commitment is or was in respect of raising finance;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) through (j) above.

"**Frontier Airlines**" means Frontier Airlines, Inc..

"**Frontier Holdings**" means Frontier Airlines Holdings, Inc..

"**Guarantee**" means each Fifth Amended and Restated Guarantee dated as of the Effective Date and entered into by a Guarantor in favor of the Security Trustee on account of the obligations of the Borrower.

"**Guarantor**" means each of Frontier Airlines and Frontier Holdings.

"**Interest Payment Date**" means the date falling [***] after the Original Signing Date and each such date which falls at [***] intervals thereafter, *provided* that, if any such date shall not be a Business Day, then the relevant Interest Payment Date shall be the next succeeding Business Day; *provided, further*, that no Interest Payment Date may extend past the Termination Date and the last Interest Payment Date shall be the Termination Date.

"**Interest Period**" means, (1) in respect of a Loan (a) initially, the period commencing on the Original Signing Date or on the date that such Loan is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, the first to occur of the Delivery Date of the Aircraft funded by such Loan and the Termination Date and (2) in respect of a Line of Credit (a) initially, the period commencing on the date that such Line of Credit is made and ending on the first Interest Payment Date occurring thereafter, and (b) thereafter, the period commencing on the last day of the previous Interest Period and ending on the next Interest Payment Date or, if earlier, and the Termination Date.

"**Lender**" means each Lender identified in the Credit Agreement and any assignee or transferee of such Lender.

"**LIBOR**" means, with respect to any Interest Period, a rate per annum equal to (x) for the first (if for a period of less than one month) Interest Period and for any Interest Period under the last two sentences of Clause 5.2(d) of the Credit Agreement, the rate certified by the Lenders as their Cost of Funds for such period and (y) otherwise, (i) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate Reuter's Screen LIBOR 01 Page for a period equal or comparable to such Interest Period as of 11:00 A.M. (London time) on the day [***] London business days prior to the first day of such Interest Period, or

(ii) if the Thomson Reuter's Screen LIBOR 01 Page or LIBOR 02 Page is not available but no Market Disruption Event exists, the arithmetic mean of the offered rates (rounded upwards to the nearest 1/16th of one percent) as supplied to the Facility Agent at its request quoted by the principal London offices of Citibank, N.A., HSBC Bank plc and Barclays Bank plc (or such other banks as may from time to time be agreed by the Borrower and the Facility Agent) for deposits to leading banks in the London Interbank Market as of 11:00 A.M. (London time) on the day [***] London business days prior to the first day of such Interest Period for a period equal or comparable to such Interest Period, and if, in any case, that rate is less than zero, LIBOR shall be deemed to be zero.

"Lien" means any mortgage, pledge, lien, claim, encumbrance, lease, security interest or other lien of any kind on property.

"Loan" in respect of any Advance means the borrowing made by the Borrower on the Borrowing Date with respect to such Advance from each Lender.

"Loan Certificates" means the loan certificates issued pursuant to the Credit Agreement and any such certificates issued in exchange or replacement therefor pursuant to the Credit Agreement.

"Market Disruption Event" means, for each Interest Period:

- (a) the Facility Agent (acting on the advice of the Lenders) determines (which determination shall be binding and conclusive on all parties) that, by reason of circumstances affecting the London interbank market or any other applicable financial market generally, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period; or
- (b) one or more Lenders collectively holding at least [***] of the principal amount of the Loans advises the Facility Agent that (by reason of circumstances affecting the London interbank market or any other applicable financial market generally) LIBOR for such Interest Period will not adequately and fairly reflect the cost to such Lender of maintaining or funding its Loan for such Interest Period.

"Mortgage" means the Fourth Amended and Restated Mortgage and Security Agreement dated as of the Effective Date, among the Borrower, the Facility Agent and the Security Trustee.

"Obligor" means each of the Borrower, Frontier and Frontier Holdings.

"Operative Documents" means the Administration Agreement, the Credit Agreement, the Mortgage, the Loan Certificates, the Share Charge, the Guarantees, the Assigned Purchase Agreement, the Assignment and Assumption Agreement, the Step-In Agreement, the Engine Agreements, the Option Agreement, the Servicing Agreement, the Subordinated Loan Agreement, any fee letter and any amendments or supplements of any of the foregoing.

"Option Agreement" means the Option Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower.

"Original Signing Date" means December 23, 2014.

"Parent" means Intertrust SPV (Cayman) Limited, a Cayman Islands company (as trustee of the Vertical Horizons, Ltd.).

"Permitted Lien" means any Lien permitted under the Credit Agreement.

"Purchase Price Installment" has the meaning given to the term Pre-Delivery Payment Amount in the Amended and Restated Assignment and Assumption Agreement (to the extent of such amount as having been received by Airbus pursuant to the Airbus Purchase Agreement, and as being more specifically set out in column 5 of Part A and Part B of Schedule 1 to the Step-In Agreement).

"**Security Trustee**" means Bank of Utah, not in its individual capacity but solely as Security Trustee on behalf of the Facility Agent and the Lenders under the Credit Agreement, and any successor thereto in such capacity.

"**Servicing Agreement**" means the Servicing Agreement entered into or to be entered into, as the context may require, between the Borrower and Frontier Airlines.

"**Share Charge**" means the Share Charge entered into or to be entered into, as the context may require, among the Parent and the Security Trustee.

"**Step-In Agreement**" means the Amended and Restated Step-In Agreement dated as of the Effective Date among the Borrower, as assignor, the Security Trustee, as assignee, and Airbus in the form of Exhibit C to the Credit Agreement.

"**Subordinated Loan Agreement**" means the Subordinated Loan Agreement, dated as of the Original Signing Date, between Frontier Airlines and the Borrower and the Subordinated Promissory Note dated the Original Signing Date, issued by the Borrower thereunder.

"**Termination Date**" means the date that is [***] following the then-current Commitment Termination Date.

Execution page 1

Step-In Agreement

Frontier / Citibank

The Buyer

**Executed as a Deed by
Vertical Horizons, Ltd.
and signed by**

)
) /s/ Evert Brunekreef
)

being a person/persons who in accordance with the laws of the Cayman Islands is acting under the authority of the company in the presence of:

Name:
Address:

Matthew Rich /s/ Matthew Rich
One Nexus Way, Camana Bay, Grand Cayman KY1-9005,
Cayman Islands

The Security Trustee

**Executed as a Deed by
Bank of Utah not in its individual capacity but solely as
Security Trustee
and signed by**

)
) /s/ Jon Croasmun
) Jon Croasmun, Senior Vice President
)

its being a person/persons who in accordance with the laws of the State of Utah is/are acting under the authority of the company in the presence of:

Name:
Address:

/s/ Christina Craven Christina Craven
50 S. 200 E., Ste. 110, SLC, UT 84111

Execution page 2

Step-In Agreement

Frontier / Citibank

Airbus

Executed as a Deed by Airbus S.A.S.
and signed by

its
being a person/persons who in accordance with the laws of
France is/are acting under the authority of the company
in the presence of:

)
)
) /s/ Paul Meijers
) Paul Meijers
) EVP Aircraft Leasing,
) Trading and Financing
)
)

Name:
Address:

/s/ Alexandra Antonin
/s/ Alexandra Antonin Alexandra Antonin
1 rond point Maurice Bellonte 31700 Blagnac

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.43

EXECUTION VERSION

SECOND AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT

A321NEO AIRCRAFT (2022, 2023 AND 2024 DELIVERIES)

THIS SECOND AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT, dated as of December 28, 2021 (this “**Agreement**”), is among Vertical Horizons, Ltd., a Cayman Islands company (the “**Borrower**”), International Aero Engines, LLC, a Delaware limited liability company (the “**Engine Manufacturer**” or “**IAE**”), Bank of Utah, not in its individual capacity but solely as Security Trustee for the Lenders under the Credit Agreement (together with its successors and assigns in such capacity, the “**Security Trustee**”), and Frontier Airlines, Inc., a Colorado corporation (“**Frontier**”).

WHEREAS, this Agreement amends and restates in its entirety the Amended and Restated IAE engine benefits agreement A321neo aircraft (2022 and 2023 Deliveries) dated as of December 22, 2020, among the Borrower, the Engine Manufacturer, the Security Trustee and Frontier;

WHEREAS, pursuant to the Seventh Amended and Restated Credit Agreement, dated as of December 28, 2021 among the Borrower, the Lenders from time to time party thereto, Citibank, N.A., as facility agent, and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Credit Agreement**”; capitalized terms used herein and not otherwise defined herein being used herein as defined in the Credit Agreement) the Lenders have agreed to reimburse the Borrower for, and finance further, certain pre-delivery payments made and to be made to Airbus with respect to forty three (43) model A321neo aircraft to be delivered in 2022, 2023 and 2024 pursuant to the Assigned Purchase Agreement (as identified in Exhibit 1 of this Agreement, the “**Subject Aircraft**”);

WHEREAS, the Engine Manufacturer has agreed to supply and Airbus has agreed to install on the Subject Aircraft the engines which are identified for each Subject Aircraft (each, a “**Subject Engine**” and collectively, the “**Subject Engines**”);

WHEREAS, pursuant to the Seventh Amended and Restated Mortgage and Security Agreement dated as of December 28, 2021 between the Borrower and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Security Agreement**”), the Borrower has pledged to the Security Trustee, among other things, all of the Borrower’s right, title and interest in and to the Assigned Purchase Agreement relating to the Subject Aircraft; and

WHEREAS, it is a condition precedent to each Lender’s funding of Loans in respect of the Subject Aircraft under the Credit Agreement to the Borrower that, among other things, the Engine Manufacturer shall have executed and delivered this Agreement;

THEREFORE, in consideration of the payment of [***], and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meaning:

"**Assigned Purchase Agreement**" has the meaning given to such term in the Credit Agreement.

"**Engine Purchase Agreement**" means the PW1100G-JM Engine Purchase and Support Agreement by and between the Engine Manufacturer and Frontier.

"**Engine Warranties**" means the Engine Manufacturer's PW1100G-JM Engine Warranty and Service Policy, as set forth in Appendix 7 of the Engine Purchase Agreement, and as modified by Section 8.3 of the Engine Purchase Agreement, in the form of Attachment A hereto.

"**Permitted Transferee**" means the Facility Agent, Citibank, N.A., in its capacity as a Lender, and any other person to whom the Security Trustee intends to transfer the rights granted to it pursuant to this Agreement and who has been approved in writing by IAE (such approval not to be unreasonably withheld or delayed), which transferee may be another Lender, a sub-participant of a Lender, or any of their affiliates; it being understood by the Security Trustee and IAE that it shall only be reasonable for IAE to refuse its approval in respect of any person proposed by the Security Trustee: (i) who is a person to whom it is illegal for IAE to sell an engine or a party with which IAE is prohibited or restricted by applicable law or regulation from doing business; or (ii) who is a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of IAE by an entity that otherwise satisfies the definition of a Permitted Transferee); or (iii) who is a competitor to IAE or its affiliates or shareholders or Raytheon Technologies Corporation or any of its subsidiaries or affiliates, including, without limitation, an engine manufacturer or an airframe manufacturer or an affiliate of any such person; or (iv) who is a person with which IAE, acting reasonably, objects to doing business generally either (A) by reason of the occurrence of a contractual or non-contractual dispute with that person or any of its affiliate(s) or (B) by reason of the default by such person or any of its affiliates in the performance of any obligation owed to IAE under any contract.

2. Provision of Engine Warranties.

2.1 The Engine Manufacturer hereby confirms to Frontier, the Borrower and the Security Trustee that (i) if the Security Trustee or a Permitted Transferee takes delivery from Airbus of a Subject Aircraft such Security Trustee or Permitted Transferee, as applicable, will receive the Engine Warranties for the Subject Engines installed on such Subject Aircraft and

shall assume and accept all of the rights, obligations, liabilities, exceptions, and limitations with respect to such Engine Warranties with respect to such Subject Engines and (ii) it consents to the collateral assignment by the Borrower to the Security Trustee of its rights under this Agreement, and agrees that the Security Trustee's rights under Section 2.1(i) and such assignment shall not give rise to any duties or obligations whatsoever on the part of the Security Trustee owing to the Engine Manufacturer except (i) for the Security Trustee's agreement that in exercising any right under the this Agreement with respect to such Engines, or in making any claim with respect to such Engines, the terms and conditions of such Engine Purchase Agreement relating to the Engines and the Engine Warranties shall apply to and be binding upon the Security Trustee to the same extent as Frontier and/or the Borrower and (ii) as otherwise expressly provided in this Agreement, including without limitation pursuant to Section 5.2 of this Agreement. In no event shall the Engine Manufacturer have any liability or obligation under the Engine Warranties with respect to an Engine more than once in respect of any particular claim. In exercising any rights under such Engine Warranties or in making any claim with respect thereto, the applicable terms and conditions of the Engine Purchase Agreement, as far as disclosed in Attachment A, shall apply to, and be binding upon the Security Trustee or Permitted Transferee (if applicable).

2.2 The Security Trustee acknowledges and agrees, in relation to each Subject Aircraft, that Frontier will continue to have the right to receive any applicable credit or other allowance for the Subject Engines installed on such Subject Aircraft (each of such two Subject Engines, a "**Subject Engine Set**") that is available under the Engine Purchase Agreement and the right to exercise any applicable warranties for such Subject Engine Set (or the relevant individual Subject Engine) under the Engine Purchase Agreement until such time as the Security Trustee has served a Step-In Notice in accordance with the Step In Agreement.

3. Provision of Credits

3.1 IAE hereby confirms that the Introductory Assistance Credits, as provided in the table below and as further described below, corresponding with a given Subject Aircraft identified in the such table (such amount, [***], the "**Introductory Assistance Credit**" or "**Credit**") shall be made available by IAE to the Security Trustee or the Permitted Transferee, as the case may be, upon delivery and acceptance of such applicable Subject Aircraft by such person, and subject to Section 3.6 below. The Credit for each Subject Aircraft, and the corresponding Unit Base Price per Subject Engine Set, as provided in the table below, [***]. For the avoidance of doubt, the Introductory Assistance Credits set forth in the table below shall apply solely to the Subject Aircraft.

INTRODUCTORY ASSISTANCE CREDITS FOR SUBJECT AIRCRAFT			
EXPRESSED IN [***] UNITED STATES DOLLARS			
Subject Aircraft Model	Subject Engine Model	Unit Base Price Per Subject Engine Set	Introductory Assistance Credit Per Subject Aircraft
A321neo	PW1133GA-JM	[***]	[***]
A321neo	PW1133G1-JM	[***]	[***]

3.2 IAE will issue the Introductory Assistance Credit directly to Airbus and will instruct Airbus, in writing, to credit such Introductory Assistance Credit against the purchase price for the applicable Subject Aircraft. IAE shall be entitled to rely on a notice from the Security Trustee (or the Permitted Transferee, if applicable) that the Security Trustee or such Permitted Transferee is entitled to take delivery of a Subject Aircraft and shall have no liability for any such reliance.

3.3 The Security Trustee agrees and, if applicable will cause the Permitted Transferee to agree, that the Credit for any applicable Subject Aircraft shall not vest in Airbus nor be applied toward payment of the purchase price for such Subject Aircraft until acceptance by and delivery of such Subject Aircraft to the Security Trustee or Permitted Transferee, as the case may be; provided that the parties agree that the assignment of the Credit shall occur sufficiently in advance of delivery to allow for timely delivery and shall take final effect at delivery to and acceptance by the Security Trustee or Permitted Transferee of the respective Subject Aircraft. In the event that the Security Trustee or Permitted Transferee does not accept delivery of any Subject Aircraft, the Security Trustee or Permitted Transferee, as applicable, shall have its management team induce Airbus' management to refund the Credit to IAE.

3.4 Frontier hereby acknowledges and agrees that payment of the Credit by IAE in respect of the applicable Subject Aircraft pursuant to this Section 3 of this Agreement will relieve and release IAE of any and all obligations to pay the Credit with respect to such Subject Aircraft under the Engine Purchase Agreement. The parties further agree IAE shall have no liability to any other party, or any Permitted Transferee, for paying a Credit in respect of the applicable Subject Aircraft pursuant to this Section 3 or for relying on any notice provided by the Security Trustee or any Permitted Transferee of its right to take delivery of a Subject Aircraft. Save to the extent expressly provided in this Agreement, all other terms of the Engine Purchase Agreement (including, without limitation, the Engine Warranties) shall continue to apply and shall have full force and effect between the Frontier and IAE.

3.5 Each of Frontier, Borrower, the Security Trustee or the Permitted Transferee, as applicable, will ensure its compliance with any, and all, requirements (including but not limited to reporting and approval requirements) of any applicable currency control or other law, rule, or regulation relating to an Introductory Assistance Credit issued under this Agreement.

3.6 The Security Trustee acknowledges and agrees that IAE's obligation to pay the Credit with respect to a Subject Aircraft to be purchased by the Security Trustee or a Permitted Transferee (as provided above) shall be subject to the Security Trustee (or Permitted Transferee, if applicable) providing prior written notice to IAE that the Security Trustee (or Permitted Transferee, if applicable) has exercised its right to purchase such Subject Aircraft pursuant to the Step In Agreement and is entitled to purchase the Aircraft under the Assigned Purchase Agreement (the "**Purchase Notice**"). IAE shall be entitled to (and Frontier and Borrower hereby authorize IAE to) rely on the information contained in any such Purchase Notice from the Security Trustee (or Permitted Transferee, if applicable). The Security Trustee (or Permitted Transferee, if applicable) shall provide the Purchase Notice to IAE as soon as reasonably practicable after such person has acquired an unfettered right to purchase such Subject Aircraft under the Step In Agreement. The Security Trustee (or Permitted Transferee, if applicable) is not, and will not, be obligated to purchase any Subject Aircraft or serve any Purchase Notice unless it exercises the right to purchase a Subject Aircraft under the Step In Agreement.

4. Except as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall subject the Engine Manufacturer to any obligation, and nothing contained in this Agreement shall subject the Engine Manufacturer to any liability, in each case to which it would not otherwise be subject under the Engine Purchase Agreement, nor shall anything contained in this Agreement modify in any respect the Engine Manufacturer's contract rights under the Engine Purchase Agreement. In no event shall the Engine Manufacturer be subject to any multiple or duplicative liability or obligation under the Engine Purchase Agreement or any Engine Warranties. The Engine Manufacturer shall have no obligation to recognize an assignment by Security Trustee of its rights with respect to the Engine Warranties in connection with a transfer of a Subject Engine (i) unless Security Trustee has given the Engine Manufacturer written notice of such assignment and the assignee is a Permitted Transferee, or (ii) if the Engine Manufacturer reasonably believes that is prohibited or restricted by law from dealings with the purported assignee. The Engine Warranties will be kept confidential in accordance with Section 18 of the Credit Agreement. To the extent that there is any inconsistency in the terms of the assignment provided for in the Security Agreement and this Agreement, the terms of this Agreement shall govern.

5. Representations and Warranties.

5.1 The parties hereby represent and warrant as follows:

- 5.1.1 The Engine Manufacturer hereby represents and warrants to the Security Trustee that, as of the date hereof, (a) the Engine Manufacturer is a limited liability company duly organized and existing under the laws of the State of Delaware, (b) the Engine Manufacturer's execution of this Agreement has been duly authorized and (c) this Agreement and the Engine Warranties constitute the legal, valid and binding obligation of the Engine Manufacturer, enforceable against the Engine Manufacturer in accordance with their respective terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- 5.1.2 The Security Trustee hereby represents and warrants to the Engine Manufacturer that, as of the date hereof, (a) the Security Trustee is a corporation duly organized and existing under the laws of the State of Utah, (b) the Security Trustee's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of the Security Trustee, enforceable against the Security Trustee in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- 5.1.3 Frontier hereby represents and warrants to each of the Engine Manufacturer and the Security Trustee that, as of the date hereof, (a) Frontier is a corporation duly incorporated and existing under the laws of the State of Colorado, (b) Frontier's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of Frontier, enforceable against Frontier in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.2 In consideration of the Introductory Assistance Credits and the Engine Warranties, Borrower and the Security Trustee each agrees that it shall not disassemble any of the Subject Engines for the purposes of selling parts of any such Subject Engine. If Borrower or the Security Trustee decides to sell, assign, transfer or otherwise dispose of any Subject Engines, Borrower or the Security Trustee, as applicable, shall ensure in any agreement with a third party (including a Permitted Transferee) for the sale, assignment, transfer or other disposal of any Subject Engine that such third party

agrees not to disassemble such Subject Engine for the purpose of selling parts from such Subject Engine or for use in support of other Subject Engines and agrees that IAE is a third party beneficiary of such commitment by the third party.

5.3 Frontier, Borrower, and the Security Trustee hereby confirm that:

- 5.1.1 nothing in this Agreement, unless otherwise stated herein, shall modify in any way the contractual rights of IAE and Frontier with respect to the Engine Warranties or credits under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or shall subject IAE to any obligation or liability with respect to the Engine Warranties or credits to which it would not otherwise be subject under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or modify in any respect IAE's contractual rights with respect to the Engine Warranties or credits thereunder, except pursuant to the terms of this Agreement;
- 5.1.2 except as otherwise specifically stated herein or otherwise required by law, IAE shall incur no obligations, costs, expenses or liabilities whatsoever by reason of this Agreement, the Credit Agreement, or any of the transactions contemplated thereby; and
- 5.1.3 Frontier shall indemnify and hold harmless IAE from and against any and all costs, expenses, losses and liabilities (including any taxes or duties of any kind) imposed on, incurred by or asserted against IAE in any way relating to or arising out of this Agreement and which costs, expenses, losses and liabilities would not have been incurred but for IAE entering into this Agreement, except to the extent such costs, expenses, losses and liabilities are the result of the negligence, willful misconduct or bad faith by IAE.

5.4 Acknowledgment of Security Trustee. The Security Trustee hereby confirms to the Engine Manufacturer that in exercising any right it may have in this Agreement or the Engine Purchase Agreement with respect to the Engines, or in making any claim under the Engine Warranties or otherwise with respect to the Engines, the terms and conditions of this Agreement, the Engine Purchase Agreement and the Engine Warranties, including, without limitation, the terms and conditions contained therein, shall apply to and be binding upon the Security Trustee to the same extent as Frontier. The Engine Manufacturer hereby represents and warrants to the Security Trustee that the terms of the Engine Warranties provided herein are the same in all material respects to the warranties for the Subject Engines in the Engine Purchase Agreement.

6. Assignment. Neither this Agreement, nor any of the rights, benefits, duties, or obligations set forth in this Agreement or any related agreement may be assigned in

whole or in part without the prior written consent of each of the Parties, which consent shall not be unreasonably delayed or withheld, and any attempted assignment in contravention of this restriction shall be null and void, except that (i) IAE may, without recourse, assign its rights and/or delegate its obligations under this Agreement to any of its affiliates or to any subsidiary or affiliate of Raytheon Technologies Corporation, or in connection with the merger, consolidation, reorganization or voluntary sale or transfer of its assets and (ii) with respect to any of the Subject Aircraft, the Security Trustee shall be entitled to assign or transfer, in whole or in part, with prior written notice to IAE, its rights under this Agreement (and/or the Engine Warranties) to a Permitted Transferee.

7. Confidentiality. This Agreement and its contents are confidential and, as such, shall not be disclosed by any party to this Agreement to any third party other than:

(a) with the prior written consent of the Engine Manufacturer;

(b) pursuant to any applicable law or in connection with any proceeding arising out of or in connection with the Security Agreement, provided however that the Security Trustee shall provide the Engine Manufacturer reasonable notice prior to disclosing this Agreement and allow the Engine Manufacturer the opportunity to seek protective orders;

(c) to any successor, permitted assign or permitted transferee of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer;

(d) to Citibank, N.A., provided that Citibank agrees in writing to not disclose this Agreement without the prior written consent of the Engine Manufacturer; or

(e) to the legal advisers of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer.

8. Section References. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

9. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so

executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

12. Submission to Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13. Entire Agreement. This Agreement supersedes any previous arrangements between the parties in relation to the matters set forth herein.

[This space intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond

Name: Howard Diamond

Title: General Counsel

INTERNATIONAL AERO ENGINES, LLC,
as Engine Manufacturer

By: /s/ Nicholas Tomassetti

Name: Nicholas Tomassetti

Title: Vice President, Sales, Americas

BANK OF UTAH, as Security Trustee

By: /s/ Jon Croasmun

Name: Jon Croasmun

Title: Senior Vice President

By: _____

Name:

Title:

VERTICAL HORIZONS, LTD.

By: /s/ Evert Brunekreef

Name: Evert Brunekreef

Title: Director

Exhibit 1
Subject Aircraft

- 11-

ATTACHMENT A
ENGINE WARRANTIES

- 12-

[US-DOCS\119910947.2]

ATTACHMENT B

[***]

[***]

- 13-

List of Subsidiaries of Frontier Group Holdings, Inc.

<u>Subsidiaries</u>	<u>Jurisdiction of Incorporation or Organization</u>
Frontier Airlines Holdings, Inc.	Delaware
Frontier Airlines, Inc.	Colorado

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-255060) pertaining to the 2014 Equity Incentive Plan and 2021 Incentive Award Plan of Frontier Group Holdings, Inc. of our report dated February 23, 2022, with respect to the consolidated financial statements of Frontier Group Holdings, Inc. incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Denver, Colorado

February 23, 2022

CERTIFICATION

I, Barry L. Biffle, certify that:

1. I have reviewed this Annual Report on Form 10-K of Frontier Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2022

/s/ Barry L. Biffle

Barry L. Biffle

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, James G. Dempsey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Frontier Group Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2022

/s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2022

/s/ Barry L. Biffle

Barry L. Biffle

President and Chief Executive Officer

(Principal Executive Officer)

Certification of Chief Financial Officer Pursuant to 18 U.S.C. § 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2022

/s/ James G. Dempsey

James G. Dempsey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)